

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2018
City of Springfield, Oregon



springfield-or.gov

SPRINGFIELD



OREGON

CITY OF SPRINGFIELD, OREGON

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Fiscal Year Ended June 30, 2018

Prepared by:

Finance Department
Accounting Division

SPRINGFIELD



OREGON

City of Springfield, Oregon

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2018

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Introductory Section

SPRINGFIELD



OREGON



January 15, 2019

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, 2018.

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, 2018, 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, 2018, 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 60,865 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 2012, Springfield voters renewed a special purpose five-year property tax levy for police, municipal court, and jail services at a rate of \$1.28 per thousand for five years beginning July 1, 2013. Subsequently, in November 2017, Springfield voters re-authorized that levy for another five years at an increased rate of \$1.40 per thousand. In November 2015, voters re-authorized the levy for fire and life-safety services at a rate of \$0.36 per thousand beginning July 1, 2016. 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, 2018, the amount of the tax levy for general obligation bonded debt was \$0.40 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.

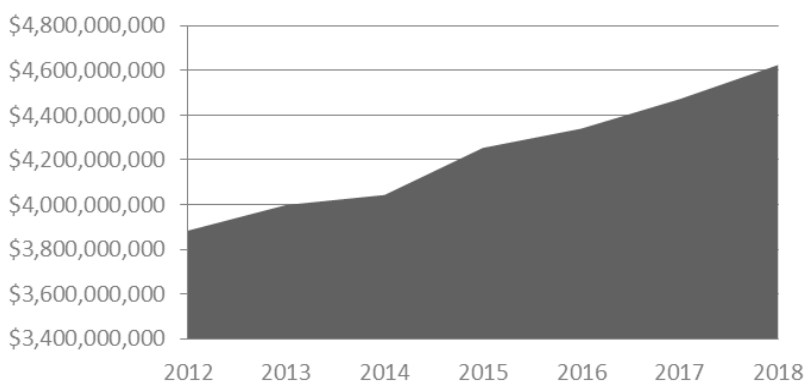
The City of Springfield, Oregon continues to see gradual positive impacts of the long economic recovery, with continued patterns of investments in local manufacturing and traded sector activities, increased values in property, momentum in private and public projects, and decreases in city-wide residential inventory and commercial and industrial vacancy rates. Area businesses and local partners continue to play a role in this recovery by investing in existing Springfield facilities and Springfield employees and partnering with one another to improve the business 'climate' through sourcing relationships, events, and peer-to-peer support. These investments can be seen clearly in increased interest and use of the Springfield Community Enterprise Zone, a mechanism which incentivizes taxable investment and growth of workforce.

With an emphasis on removing policy barriers to investment in infrastructure and support of existing industry retention and expansion, the City Council continues to champion projects and initiatives which prioritize 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 FY17 and FY18. This is consistent with the increase between FY16 and FY17. In total, FY18 assessed property values in the City of Springfield totaled just over \$4.6 billion, an increase of \$152 million over FY17.

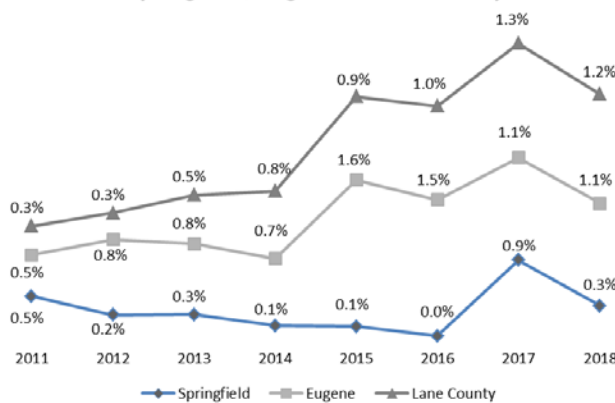
Assessed Property Values
Springfield, OR



Source: Lane County, OR Assessment & Taxation Department

Population Growth:

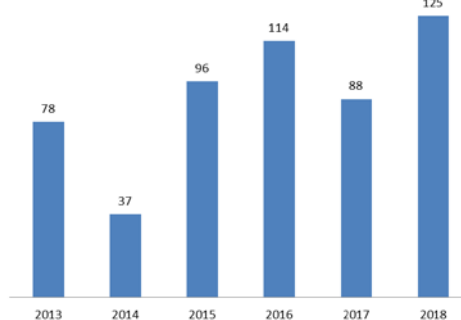
Population Trends
Springfield, Eugene & Lane County



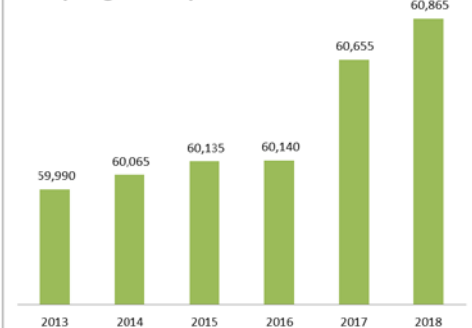
Source: Portland State University; Population Research Center.
<https://www.pdx.edu/prc/population-reports-estimates>

of variables, including population estimation methodology used by the Portland State University Population Research Center, but also impacts of existing limited housing supply and land, rising costs of construction, and trends in new single and multi-family housing starts. Population growth for the City of Springfield from 2017 through 2018 showed greater increases than years prior. When compared to trends in residential units constructed, the largest increase in new starts occurred two years prior, beginning in 2015.

Springfield Residential Units
New Construction

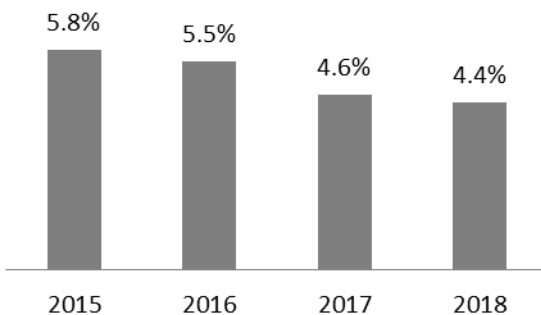


Springfield Population



Unemployment Rate

Springfield, OR MSA



Source: State of Oregon Employment Department [Qualityinfo.org](http://qualityinfo.org); LAUS Reflected as Seasonally Adjusted Average of Year beginning July through June. Typical LAUS Reporting Reflects Calendar Year.

Job Growth:

Job growth continues to increase in Lane County with unemployment in Springfield decreasing from 4.6% in FY17 to 4.4% in FY18. While slightly higher than the State-wide average of 4.1%, 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 and nationally.

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.

Springfield Target Industries:

**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 with the significant FY18 impacts of the Springfield Symantec Site downsizing, creating brief opportunity for local talent to be made available for new company expansions. In FY18, the City of Springfield participated in the successful recruitment of two significant technology firms specializing in software publishing and customer

service. Both of these firms hired substantial Symantec talent, allowing community members to grow in new opportunities in Springfield and Eugene. These efforts will continue with substantial goals that may create a brief influx of employment talent available on the local labor market. The downsizing of Symantec also created opportunities for nearby existing Springfield employers, like IEQ Technologies and Royal Caribbean Cruises Ltd., to hire much desired and well trained talent. In FY18, Royal Caribbean was estimated to employ 800 people.

In FY18, the City of Springfield maintained a focus on local industry trends, prioritizing target industries for economic development with large footprints from a physical, economic, and employment standpoint. Springfield target industries include; advanced timber manufacturing, technology, craft food and beverage, and medical technology.

Springfield Significant Industry:

The Springfield traded sector target industries are reflective of both future goals and also existing significant economic footprints. Industry location quotients (LQ) quantify the relative “concentration” of an industry compared to other areas within the United States. A LQ of zero indicates that a particular region is no more or less likely to host an industry than any other region. Where an area has a concentration of industries at a higher LQ, the area is demonstrating an area of industry density or specialty.

The Springfield target industries are, primarily, reflective of industries with high local LQs, illustrating that Springfield already offers existing infrastructure, workforce, supply chains, and opportunities to facilitate successful operation and growth within these industries.

Traded Sector Industry Description	Local Location Quotient
WOOD PRODUCTS	
Sawmills	13.4
Hardwood Veneer and Plywood Manufacturing	50.75
Softwood Veneer and Plywood Manufacturing	27.14
Engineered Wood Member Manufacturing	54.22
Paperboard Mills	9.49
Custom Architectural Woodwork and Millwork	8.22
Wood Preservation	24.19
Adhesive Manufacturing	4.63
TECHNOLOGY	
Software Publishers	5.19
E-Commerce Customer Service	2.26
SPECIALTY FOOD AND BEVERAGE	
Ice Cream and Frozen Dessert Manufacturing	12.38
Commercial Bakeries	2.32
Coffee and Tea Manufacturing	6.01
Breweries	5.83

Source: IMPLAN ES202 data, Bureau of Labor Statistics Employment 2015

Springfield Industry Employer Sampling:

The City of Springfield's positive relationships with existing employers is a hard-earned and critical resource in fostering trust and facilitating opportunities to support growth and expansion of those industries and, specifically, employers. Employment data specific to an individual private employer is highly sensitive and considered protected information by the State Employment Department. Any provision of listed private employers with directly attributed private employment numbers would be speculative and at the risk of compromising established long-term relationship. A sample list of significant employers and estimated employment numbers is provided below based on information voluntarily and knowingly provided by Springfield employers.

Industry	Employer	2018 Estimated Average Annual Employees	+ / - Over 2017	2017 Estimated Average Annual Employees
Public Sector	Springfield Public Schools	1380	+	1241
Public Sector	City of Springfield	400	-	410
Public Sector	Willamalane	360	-	381
Public Sector	State Government	310	+	308
Public Sector	Federal Government	207	+	171
Medical Services	Peace Health Corporation	3500	-	5500
Medical Services	McKenzie-Willamette Medical Center	940	+	880
Wood Products	Top 3 Wood Products Employers	780	+	522
Technology	Top 3 Technology Employers	1200	-	1800
Food & Beverage	Top 3 Food Beverage Employers	410	+	400

Source: Public Sector employer estimates provided by the State of Oregon Employment Department. All other private employer estimates are considered protected information by the State Employment Department and reflective of estimates gathered through standard business retention efforts.

Springfield Significant Event Sampling:

Manufacturing; Wood Products, Food and Beverage, and General Manufacturing:

- **Swanson Lumber Mill Rebuild** – The Swanson's Group mill rebuild continues to be an example of Springfield's incredible will and innovation. The rebuild, following a devastating 2014 fire, was completed and back in production by 2016. The mill continues to add state of the art equipment and jobs, showcasing one of the highest technology manufacturing facilities on the west coast. The site includes a new 330,000-square-foot veneer plywood layup operation, over 200 employees, and an investment estimated at over \$55 million in facility and equipment.



The site is a beneficiary of the Springfield Community Enterprise Zone which provided a five-year extended property tax abatement. The first non-exempted property tax year will be 2022.

- **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 supported the estimated \$101.6 million facility upgrade at their 42nd Street area paper mill. This investment received the first tax exemption in 2017 and 2022 will be the first non-exempted property tax year. The site currently employs over 275 employees and is responsible for the manufacturing of kraft liner/containerboard, supplying to key customers around the world (Pacific Northwest, California, Japan, Korea and China).
- **Cross Laminated Timber and the Glenwood Riverfront** – Developing the Glenwood Riverfront project area and site infrastructure to connect the community to the river continued as a priority initiative for the City of Springfield, with an emphasis on successfully completing the negotiations and acquisition of key properties. These negotiations were completed in FY18, paving the way for a final acquisition and future development of infrastructure, the Cross Laminated Timber Parking Structure, and a mix of housing, commercial and hospitality development. The marketing of the site and recruitment of development partners will begin in FY19.
- **Franz Bakery** – Franz Bakery (owned by United States Bakery) moved forward in FY18 with the selection of their Springfield-Glenwood site as the location for their next substantial company investment. The determination to invest in the Springfield bakery was supported by the City with the use of the Springfield Community Enterprise Zone extended abatement. The project, set to begin construction in FY19, will include an estimated \$20 million facility expansion, increasing their facility to over 200,000 square feet from the current 150,000 square feet. The project anticipates adding 45 new full time employees and a new organic breadline. The project will be completed and the new bread line placed into service during FY19. Currently, Franz employs approximately 220 full-time employees.
- **Hyland Mid-Springfield Industrial Park** – In FY18, John Hyland Construction, Inc. began and completed construction of much needed high value and high demand industrial business space in multiple areas of Springfield. The new units at the High Banks Business Park, located just north of High Banks Road and 52nd Street, offer opportunities for a mix of small to medium sized manufacturing firms and are leasing almost immediately, showing the continued strength of the local manufacturing industry.

Healthcare:

- **McKenzie-Willamette Medical Center** – The McKenzie-Willamette Medical Center, located at 1460 G Street, continued construction of their major additions and renovations to hospital facilities in Springfield Mohawk area. The project has added nearly 153,000 square feet of space and an additional 56,000 square feet of renovations to the existing structure. The project has created private patient rooms for all patients, added private exam and trauma rooms in the Emergency Room, constructed a new patient tower with new entrance, lobby and housing a new neonatal NICU (4-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 has doubled in size from eight to 16 total beds. Estimated to cost of nearly \$80 million, the three-year project is nearing the final completion, estimated in early FY19.
- **Oregon Medical Labs & PeaceHealth** – In late FY17, PeaceHealth sold a significant portion of their laboratory business to Quest Diagnostics, a New Jersey based for-profit. As part of this sale, services, employees, and local resources were maintained in the region but shifted to Quest Diagnostic ownership during FY18. This FY17 sale/acquisition impacted FY18 PeaceHealth

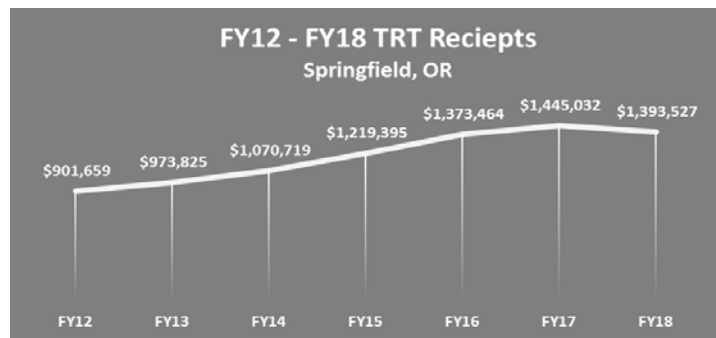
laboratory employment numbers, with some existing employees and also new hires becoming employees of Quest Diagnostics.

Technology:

- **Symantec** – A substantial employer in the Springfield area for over 25 years, Symantec Corporation underwent substantial downsizing during FY18. By the end of FY18, the company had maintained an estimated employment count of 150 in their Springfield facility. The City of Springfield worked closely with the firm during this timeframe to strategically position the building and employees for future success through the transition and into targeted opportunities. While the downsizing is significant, substantial new opportunities and partnerships are targeted for the site in FY19.

Leisure, Hospitality and Mixed-Use:

- **Transient Room Tax Collections** – Transient Room Tax (TRT) revenues in FY18 remained consistent with those received in FY17. While revenues have steadily increased during the recent years of economic recovery, FY17 and FY18 saw a slight 3% decrease in annual revenues, which was both unsurprising and anticipated due to a number of projects and trending environmental conditions.



Source: Travel Lane County

Beginning in FY18, reconstruction of the nearby Hayward Field resulted in the loss of traditional track events which previously contributed to peak hotel/tourism seasons. Additionally, Oregon wildfires substantially impacted Springfield during the first quarter of FY18, contributing to an overall direct and indirect economic impact for Springfield and the broader region with an estimated 3,000 overnight stays lost, tourism related events canceled, and visitor spending impacted. It is estimated that the Springfield TRT impact in the month of September 2017 alone to be over \$20,000. Overall, Springfield hotel occupancies in FY18 remained flat over FY17 at 68%. The average daily rate (ADR) fell by just over 1%, resulting in a FY18 ADR of \$97 (\$98 in FY 17).



Source: Wildfire Smoke Impact; NASA WorldView, August 29, 2017 - Oregon

These are likely reflections of a decrease in regionally held large sporting events, new hotel room inventory added in nearby City of Eugene, and seasonal weather and environmental impacts.

- **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 opened a second hotel in FY18, a Marriott-branded Fairfield Inn and Suites with 81 rooms and an indoor/outdoor swimming pool, bringing the total rooms available at the development to 175 rooms. The addition of the new Fairfield Inn and Suites properties contributed positively to FY18 Springfield Transient Room Tax revenues, helping to balance, in part, the impacts of regional economic and environmental variables.

The developer, Alko Investments, LLC, continues to pursue a third phase of the project at the site which is anticipated to begin in FY19.

- **The Award Winning Franklin Blvd Reconstruction Project** –

Franklin Blvd Phase I reconstruction broke ground in FY17 and completed construction in May of 2018, four months ahead of schedule and within budget. The project, consisting of a complete realignment, upgrades to the street and adjacent property owner driveways, two roundabouts, stormwater facilities, sidewalks, bike facilities, bus transit facilities and



additional future capacity, signals the coming years of City investment in the redevelopment of the Glenwood area. Following completion, the project and project manager were awarded the 2018 American Public Works Association Project of the Year Award in the category of Transportation in the \$5 million to less than \$25 million. This project was funded in combination by the City of Springfield, Springfield Economic Development Agency, and the State of Oregon.

Community Placemaking:

- **Incentivizing Housing Development Through Springfield's Affordable Housing Strategy** – Beginning in FY18 and extending through FY19, the City of Springfield will offer Systems



Development Charge payments on behalf of developers building the newly permitted Accessory Dwelling Units (ADUs). This waiver is intended to reduce the cost to construct much needed housing while incentivizing the use of the newly Council approved smaller housing type. To support this goal, planning staff worked tirelessly with the community and City Council to revise and amend the Springfield Development Code, making it easier to build ADUs within the City. These amendments took effect in FY18.

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. Our objective is to update 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 sixth 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 worked with the City Council to update its three-to-five-year strategic outcomes that are in response to the longer term Council goals.

In October 2018, staff scheduled a budget workshop with the City Council to discuss and receive direction on the next 5-year financial strategy that would begin with FY20. To prepare this workshop, projections and analytic data was updated to provide Council with the clear understanding of what strategies could best accomplish the goal of a sustainable financial future in FY24. The accompanying data indicated that many of the City services requiring additional resources through taxes are not seeing a growth in projected resources that able to support the expected cost increases due to labor contracts and

inflationary pressures. Using historical trends, expenditure growth is estimated to outpace revenue growth by about 2%. For local governments in Oregon, such as Springfield, there is a dependency on the health of the housing and construction segment of the economy to support sustained growth. Recent planning and building activity for the City is indicating that there is a renewed confidence that housing activity for the community may allow for improved numbers. Major remodel/rebuilds for three large local commercial enterprises have shown an economic commitment to this area by three major employers. The real market value for the City rose by just over 8% for the current year.

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.

The City updates its Capital Improvement Program (CIP) every two years and will be embarking on the latest update soon. Capital projects for the sanitary and stormwater programs are continuing to occur on schedule and have secure funding for the next CIP cycle. After borrowing funds in the early 2000's to catch up on capital needs, these utilities have been able to establish adequate reserves to meet current needs.

The City's capital resources for street improvements have not been able to match capital needs and the City asked voters for the approval of a general obligation bond in November of 2018, which passed with 55% voter approval, to address the most immediate needs. The bond proceeds will fund the next street improvement projects spanning the next five years.

New development pressure in two recently expanded urban growth boundary areas will begin to occur soon with a need for infrastructure expansion. 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:

The City continues to have two special-purpose taxing levies approved by the voters. Both levies were initially approved in 2002 and have been re-authorized by citizens several times. The levy for fire services allows the City to operate a fifth engine company for first response and fire services and was last approved for an additional five years beginning in FY17. The levy for police services funds additional services for patrol, dispatch, records and our municipal jail. The citizens recently renewed the police levy for an additional five years beginning in FY19.

Urban Renewal:

Within the past eleven 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 was completed in FY18. 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. The District recently expended \$5.6M to acquire property to aid in the solicitation of a developer for the first phase of a major development along the riverfront.

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. The Urban Renewal District Board has no immediate plans for either the Glenwood or Downtown District to borrow additional resources at this time.

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:

- **Street Preservation Program** – In November 2018 Springfield voters passed a \$10 million general obligation bond to be dedicated to preservation of several arterial and collector streets throughout the City. It is anticipated that the bond proceeds will allow the for an overlay preservation treatment to be completed on approximately 4.7 miles. All construction is anticipated to be completed by 2022. In addition to preserving the identified segments, American with Disabilities Act facilities will be updated as required. Following is the list of projects identified in the Bond documents:

Street	Length (feet)	Estimated Cost
Olympic Street	3,700	\$1,650,000
Centennial Boulevard	2,600	\$700,000
Commercial Street	450	\$85,000
42 nd Street	2,750	\$855,000
Thurston Road	5,800	\$2,500,000
High Banks Road/58 th St.	4,400	\$1,700,000
14 th Street	1,250	\$305,000
Mohawk Boulevard	3,800	\$2,100,000

- **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. Due to funding constraints, the project has been split into three phases, with the first phase (42nd Street east to Bob Straub Parkway) currently in design and planned for construction in FY 2020. Two future phases (the 42nd Street Roundabout and 32nd Street to 42nd Street) will be completed in future years as transportation funding is secured.

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. The City continues to work on implementation of its Capacity, Management, Operations, and Maintenance (CMOM) program to remain in line with both State and Federal regulations. A flow monitoring plan and update of the collection system models is currently underway, and will lead to the 2008 Wastewater Master Plan update in future years.

Stormwater:

- **42nd Street Levee Study** – An initial study has been completed which identified several existing deficiencies. It also identified areas for further study and investigation of the condition of the High Banks Road (42nd Street) Levee to identify any structural or non-structural deficiencies and to evaluate the potential for obtaining federal accreditation of this dike as a flood control facility under the National Flood Insurance Program and for compliance with the National Levee Safety Program. In October 1983, the City entered into an Agreement with the Soil Conservation Service for the operations and maintenance of the High Banks Road Dike that was constructed by Lane County in the 1950's adjacent to what is now known as 42nd Street. This dike provides flood control protection for areas of Springfield north of Highway 126 and west of 42nd Street from McKenzie River flooding. The Federal Emergency Management Agency (FEMA) has developed an accreditation program for levees that are relied upon under the National Flood Insurance Program (NFIP) and the National Levee Safety Committee has developed recommendations to Congress for a National Levee Safety Program.
- **Channel 6 Flood Insurance Rate Map (FIRM) Update / Channel 6 Phase II** – The Master Plan and an evaluation and update to the Flood Insurance Rate Map (FIRM) have been completed. Phase II will implement the Council approved Master Plan. Implementation will begin with an upgrade of several culverts to improve water flow and mitigate potential flooding.
- In addition to the above major projects, several other projects are also already budgeted and are currently in process or scheduled, including: Glenwood Stormwater Master Plan, Stormwater Channel Improvement, 5th Street/EWEB Path Storm Pipe, Mill Street Reconstruction, and Franklin Boulevard Phase II design.

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, 2017. This was the thirty-seventh 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

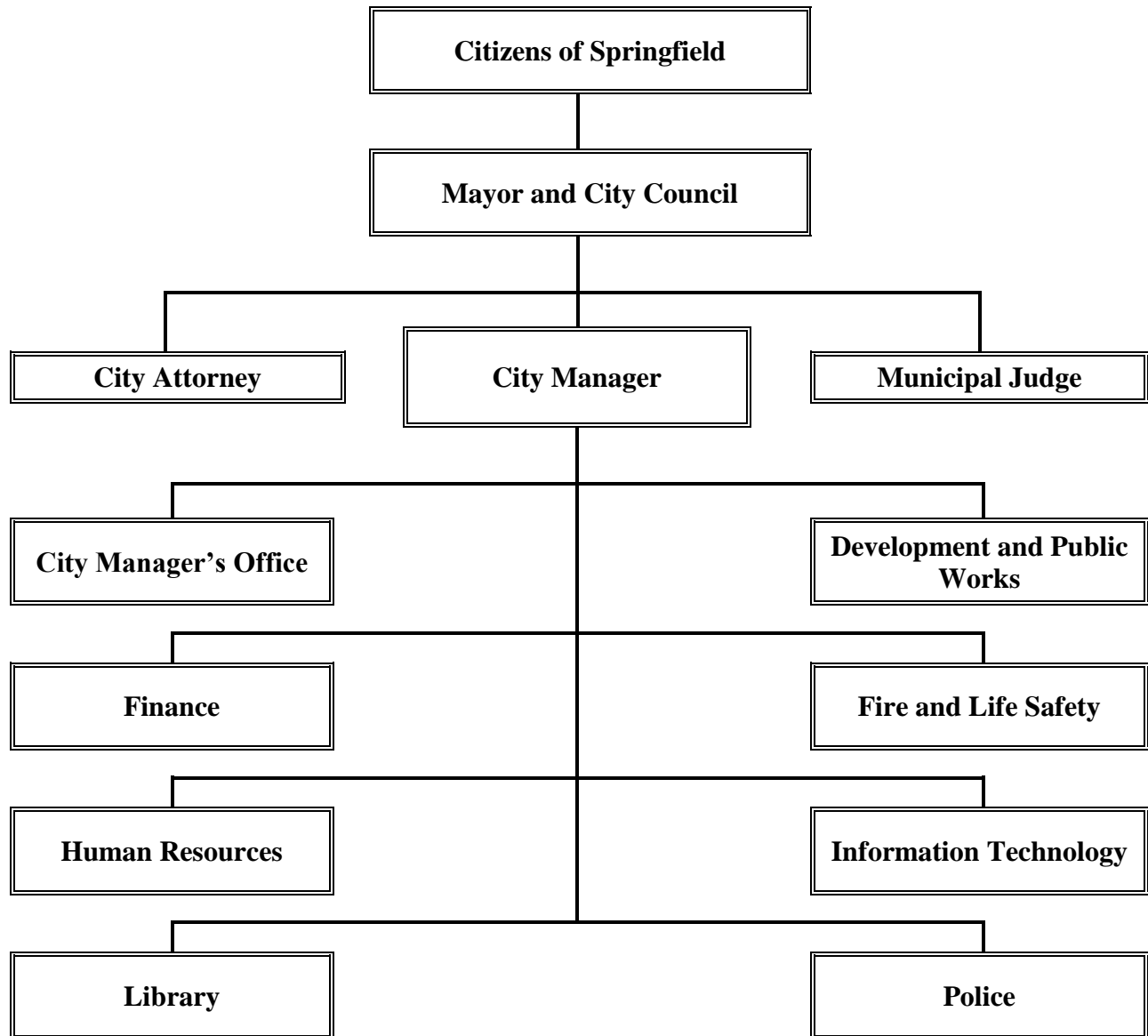


Nathan Bell,
Finance Director



CITY OF SPRINGFIELD

Organization Chart



City of Springfield, Oregon

Principal City Officials

June 30, 2018

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, 2022

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, 2022

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, 2017

Christopher P. Morrell

Executive Director/CEO



Financial Section



Independent Auditor's Report





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, 2018, 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. 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, 2018, 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 basis 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*

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 15, 2019, 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
January 15, 2019



Management's Discussion and Analysis



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, 2018. 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, 2018 decreased \$2.2 million from \$339.0 million to \$336.8 million, or 0.7% from the prior year. This decrease in total assets and deferred outflows of resources was primarily due to a \$5.6 million decrease in the carrying value of capital assets and a \$7.5 million decrease in deferred pension outflows offset by an \$8.7 million increase in cash and investments, a \$1.4 million increase in receivables and a \$0.5 million increase in deferred OPEB outflows.
- The City's total liabilities and deferred inflows of resources decreased by \$4.5 million from \$120.4 million to \$115.9 million, or 4.0% from the prior year. This decrease was primarily due to a \$1.7 million decrease in bonded debt and a \$3.4 million decrease in the City's net pension liability offset by a \$0.5 million increase in deferred OPEB inflows.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$220.9 million at the close of fiscal year 2018. Unrestricted net position totaled \$16.7 million with the remainder of the City's net position invested in capital assets (\$176.1 million) and restricted for capital projects, public safety, transportation, community development, debt service, and other purposes (\$28.1 million).
- At June 30, 2018, the City's governmental funds reported a combined ending fund balance of \$32.0 million, an increase of \$6.6 million (20.7%) from the prior year. Of this total amount, \$8.4 million (26.2%) constitutes unassigned fund balance which is available for spending at the government's discretion, \$23.3 million (72.8%) 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 (1.0%) is in a nonspendable form.
- At the end of fiscal year 2018, the unassigned fund balance in the General Fund was \$8.4 million which was 23.6 % 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 117-119. 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 66-114 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 117-124 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 129-173.

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 \$220.9 million at the close of the most recent fiscal year.

The largest portion of the City's net position, \$176.1 million (79.7%) reflects its net 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 59,382,150	\$ 52,383,718	\$ 47,291,494	\$ 43,998,295	\$106,673,644	\$ 96,382,013
Capital assets, net, where applicable, of accumulated depreciation	135,465,267	139,453,696	77,831,489	79,419,948	213,296,756	218,873,644
Total assets	194,847,417	191,837,414	125,122,983	123,418,243	319,970,400	315,255,657
Deferred outflows of resources	12,290,529	17,852,864	4,496,367	5,916,418	16,786,896	23,769,282
Noncurrent liabilities	71,414,264	73,460,162	34,170,111	36,388,524	105,584,375	109,848,686
Other liabilities	5,262,418	5,691,887	1,539,247	1,750,096	6,801,665	7,441,983
Total liabilities	76,676,682	79,152,049	35,709,358	38,138,620	112,386,040	117,290,669
Deferred inflows of resources	2,980,877	2,718,198	523,867	417,699	3,504,744	3,135,897
Net position:						
Net investment in capital assets	120,175,702	122,230,625	55,901,549	54,802,364	176,077,251	177,032,989
Restricted	22,674,644	17,295,648	5,457,331	4,733,337	28,131,975	22,028,985
Unrestricted	(15,369,959)	(11,706,242)	32,027,245	31,242,641	16,657,286	19,536,399
Total net position	\$127,480,387	\$127,820,031	\$ 93,386,125	\$ 90,778,342	\$220,866,512	\$218,598,373

A portion of the City's net position, \$28.1 million (12.7%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$16.7 million (7.6%) 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	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 9,624,408	\$ 9,490,802	\$ 21,918,787	\$ 22,018,852	\$ 31,543,195	\$ 31,509,654
Operating grants and contributions	5,135,869	4,954,592	-	-	5,135,869	4,954,592
Capital grants and contributions	2,177,260	4,085,842	1,164,761	2,803,923	3,342,021	6,889,765
General revenues:						
Taxes	36,032,025	35,583,292	-	-	36,032,025	35,583,292
Payment in lieu of taxes	2,414,018	2,353,365	-	-	2,414,018	2,353,365
Shared revenue	1,743,533	2,019,553	-	-	1,743,533	2,019,553
Investment earnings	783,330	573,280	528,250	317,398	1,311,580	890,678
Miscellaneous receipts	1,345,586	972,473	209,703	19,552	1,555,289	992,025
Total revenues	59,256,029	60,033,199	23,821,501	25,159,725	83,077,530	85,192,924
Expenses:						
General government	7,450,495	8,105,716	-	-	7,450,495	8,105,716
Fire and life safety	13,890,821	13,351,001	-	-	13,890,821	13,351,001
Police	22,233,956	22,068,423	-	-	22,233,956	22,068,423
Library	1,727,501	1,981,508	-	-	1,727,501	1,981,508
Development & public works	12,687,939	12,483,443	-	-	12,687,939	12,483,443
Unallocated depreciation and amortization	250,435	250,435	-	-	250,435	250,435
Interest on debt	457,480	518,495	-	-	457,480	518,495
Sewer	-	-	7,269,835	7,158,008	7,269,835	7,158,008
Drainage	-	-	6,316,516	5,559,128	6,316,516	5,559,128
Booth Kelly	-	-	1,410,609	1,424,527	1,410,609	1,424,527
Ambulance	-	-	6,515,453	6,574,936	6,515,453	6,574,936
Total expenses	58,698,627	58,759,021	21,512,413	20,716,599	80,211,040	79,475,620
Increase (decrease) in net position before transfers	557,402	1,274,178	2,309,088	4,443,126	2,866,490	5,717,304
Transfers	63,000	-	(63,000)	-	-	-
Increase (decrease) in net position	620,402	1,274,178	2,246,088	4,443,126	2,866,490	5,717,304
Net position - beginning, previously reported	127,820,031	126,545,853	90,778,342	86,335,216	218,598,373	212,881,069
Prior period adjustment - Note Q	(84,188)	-	562,967	-	478,779	-
Restatement per GASB 75 implementation	(875,858)	-	(201,272)	-	(1,077,130)	-
Net position - beginning, as restated	126,859,985	126,545,853	91,140,037	86,335,216	218,000,022	212,881,069
Net position - ending	\$127,480,387	\$127,820,031	\$ 93,386,125	\$ 90,778,342	\$220,866,512	\$218,598,373

Entity-wide change in net position: Entity-wide net position increased by \$2.9 million in the current fiscal year compared to an increase of \$5.7 million in the prior year. This \$2.8 million year-to-year decrease in the change in entity-wide net position can be attributed to some one-time events in both the previous and current year, the details of which are provided below.

Governmental Activities. The governmental activities during the fiscal year increased the City's net position by \$0.6 million, a decrease from a prior year surplus of \$1.3 million, explained by the following highlights:

- Capital grants and contributions decreased by \$1.9 million (46.7%) from the prior year and can be primarily attributed to a decrease in the transfer of infrastructure and right of way 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 \$0.2 million (3.7%) from the prior year. This can be primarily attributed to a \$0.4 million payment of conflagration funds reimbursing wages for assistance in fighting the 2017/2018 wildfires, and a \$0.3 million decrease in federal funding from the U.S. Department of Housing and Urban Development.
- Taxes increased by \$0.5 million (1.3%) from the prior year and can be partially attributed to a \$0.2 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. Additionally there was a \$0.1 million increase in transient room taxes and \$0.1 million increase in local fuel tax.
- Shared revenue decreased by \$0.3 million (14%) from the prior year. This decrease from the prior year and can be primarily attributed to the City's first receipts from the State of Oregon for both local and state tax revenue from the sale of recreational marijuana in the prior year. This spike in the prior year resulted from a new revenue and the delay, and subsequent catch up, in turning those revenues over to the individual cities.
- Investment earnings in total increased by \$0.4 million (47.3%) from the prior year and can be primarily attributed to an increase in the interest earned on its investments.
- Primary government expenses as a whole stayed flat, while charges for services saw a minor increase of \$134,000 (1.4%) from the prior year.
- Interest on long-term debt decreased by \$61,015 (11.8%) from the prior year and can be attributed to the payoff of a fire station loan.

The net position decreased in governmental activities by \$0.9 million due to the implementation of GASB Statement No. 75 and the resulting restatement. See Note O in the Notes to Financial Statements section of this report. In addition, net position decreased by \$0.1 million as a result of a prior period adjustment explained in further detail in Note Q in the Notes to Financial Statements.

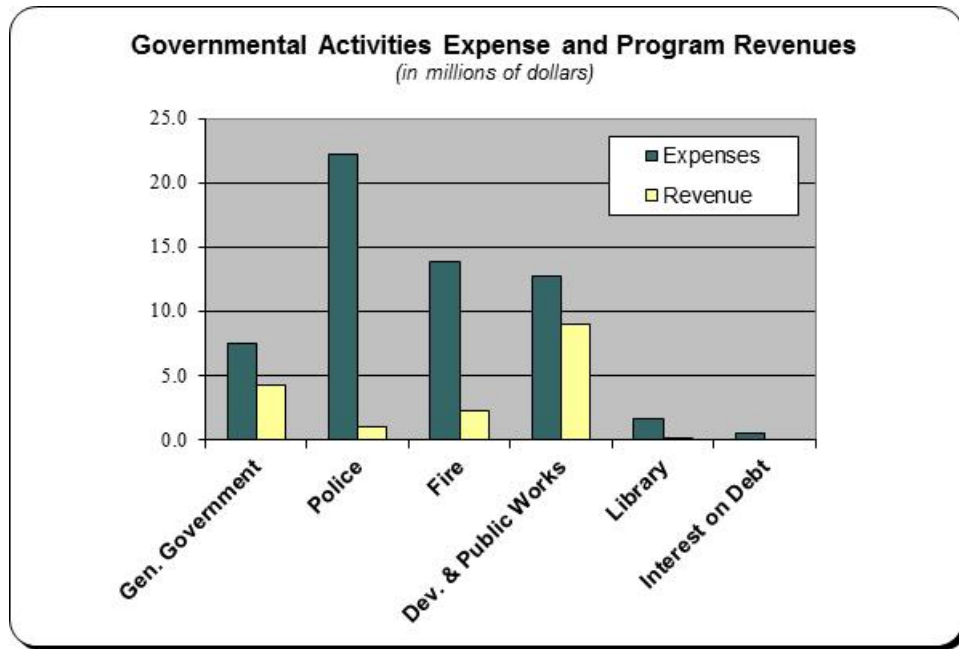


Chart 1

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.

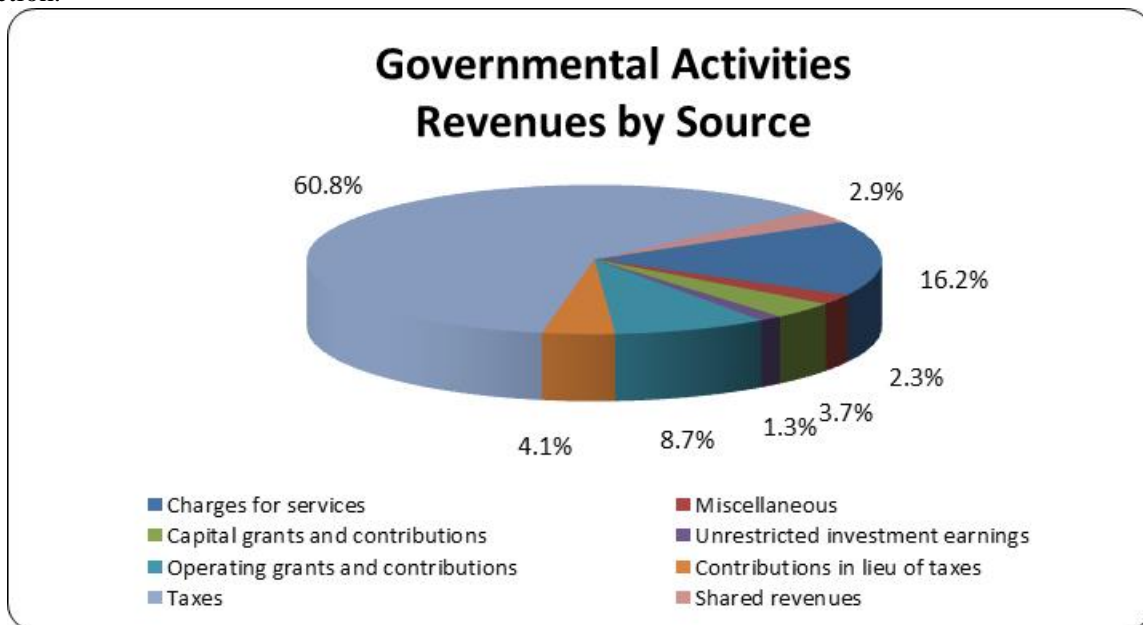


Chart 2

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 decreased from a \$4.4 million surplus in the prior year to \$2.2 million in the current year. This decrease of \$2.2 million can be explained by the following highlights:

- Total operating expenses for all business-type activities increased by \$0.8 million (3.8%) from the prior year, which can be attributed to normal inflationary pressures.
- Total revenues decreased by \$1.3 million (5.3%) 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 an 11% decrease in net ambulance billings.
- Sewer expenses increased by \$0.1 million (1.6%) from the prior year as a result of normal inflationary factors offset partially by position allocation changes between sewer and storm funds during the year. Sewer revenues increased 3.63% which is consistent with the rate increase.
- Storm drainage expenses increased by \$0.8 million (13.6%) from the prior year as a result of normal inflationary pressures as well as some staff reassignment from the Sewer Fund and reorganization within the public works department. Revenues increased 2.9% as a result of rate increases.
- Ambulance expenses showed no significant change from the prior year, although the revenue related to ambulance billings decreased by 11%.

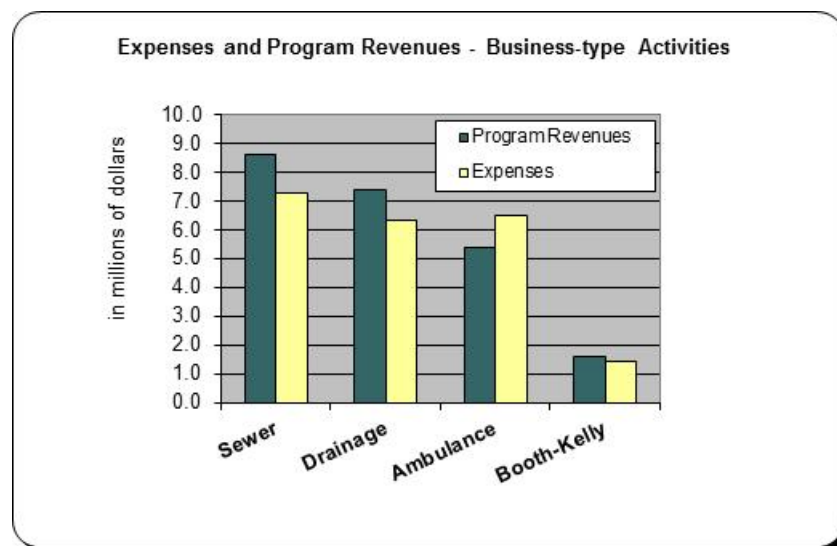


Chart 3

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.

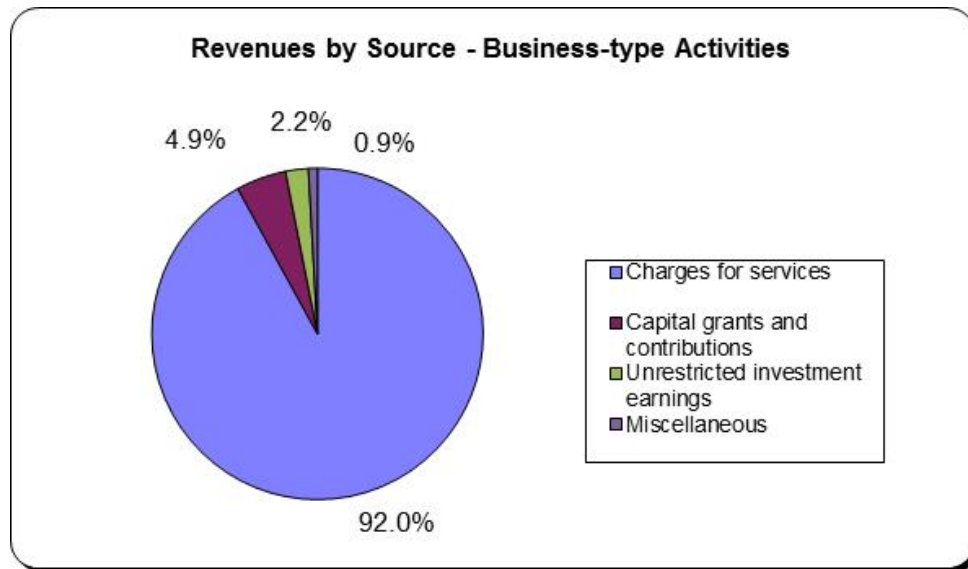


Chart 4

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 \$32 million. Of this total amount, \$8.4 million (26.2%) constitutes unassigned fund balance which is available for spending at the government's discretion, \$23.3 million (72.8%) 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 (1.0%) 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 \$8.4 million, while the total fund balance was \$9.7 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 23.6% of total General Fund expenditures, while total fund balance represents 27.4% of that same amount.

The fund balance of the City's General Fund increased by \$1.0 million during the current fiscal year compared to a decrease of \$0.1 million in the prior year. This year-to-year increase of \$1.1 million can be explained by the following highlights:

- Property taxes increased by \$0.7 million (3.6%) 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 decreased slightly (2.0%) from the prior year and can be attributed to a leveling out after a small spike in all City license, permit, and fee revenue in fiscal year 2017.
- General government expenditures decreased by \$0.1 million (2.3%) from the prior year and can be primarily attributed to a decrease in the legal costs due to a one-time expense in the prior year.
- Fire and Life Safety expenditures increased by \$0.6 million (5.5%) 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 remained relatively flat with an insignificant increase of (0.2%) from the prior year. This was driven by unfilled vacancies, offset by normal inflationary factors.
- Debt service in the general fund decreased by \$0.5 million to zero in the current year as a result of the early payoff of the loan used to construct Fire Station 16.

The Street Fund balance increased by \$0.7 million in the current fiscal year compared to a prior year increase of \$0.1 million. This year-to-year increase of \$0.6 million can be primarily attributed to state highway apportionment revenue that increased \$0.3 million from the prior year and reduced expenses for vehicle and equipment rent from fiscal year 2017.

The Police Local Option Levy Fund balance decreased by \$0.3 million in the current year compared to a decrease of \$0.1 million in the prior year. This year-to-year decrease of \$0.2 million can be primarily attributed to a \$0.2 million increase in property tax revenues, a \$0.2 million increase in charges for service revenue and 0.6 million in operating expenses split evenly between personnel and materials and services. The expense increases were a combination of increased overtime and several one-time expenses such as election costs and a security system.

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 \$93.4 million. Of this amount, \$32.0 million (34.3%) constitutes unrestricted net position. Proprietary fund highlights are as follows:

The Sewer Fund reported a \$1.7 million increase in net position. The sewer rates are set to provide for sufficient net operating revenue to fund capital projects in the sewer system, as well as comply with bond covenants. The user rate increase in the current year was 2.5%, and net operating income remained flat. The change in net position was less than the prior year driven mainly by lower capital contributions.

The Storm Drainage Fund reported a \$1.6 million increase in net position. The storm rate increase of 3.5% was a factor in the increase, and helps produce sufficient net revenue to fund capital projects and satisfy bond requirements. The most significant difference between the 2017 net position increase (\$2.7

million) and the 2018 net position increase (\$1.6 million) was a reduction in capital contributions of \$0.9 million.

The Ambulance Fund reported a \$1.0 million decrease in net position. This decrease was primarily due to a significant decrease in net revenues (6.3%) 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 \$1,175,740. Details of this increase are as follows:

- \$ 309,462 increase to General Government
- 12,140 increase to Library
- 5,000 increase to Development Services
- 305,838 increase in Fire & Life Safety
- 50,000 increase in Police
- 25,823 increase in transfers
- 467,477 increase in the City reserves

For actual expenditures, the City General Fund under spent the amended budget by \$1,360,265.

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. These differences in actual revenue received compared to the amended budget are as follows:

- \$ 247,607 increase in property taxes
- 134,382 increase in licenses, permits and fees
- 161,746 increase in intergovernmental revenues
- 72,803 increase in interest and investment earnings
- 139,576 decrease in charges for service
- 87,368 decrease in fines and forfeitures
- 19,928 decrease in miscellaneous revenues
- 413,574 decrease in internal transfers
- 786,729 increase in beginning cash (amended over adopted budget)

For the year ended June 30, 2018, 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 0.12%, where actual revenues were less than budgeted revenues. The combined actual current and delinquent property tax revenues exceeded the budgeted amounts by 1.22% and the City actual growth rate was in line with expectations. Licenses and permits continue to grow as the economy improves, but the City is still experiencing a reduction from previous strong economy levels. 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, 2017 was \$786,729 greater than budgeted (10%) while ending fund balance on June 30, 2018 was \$871,730 (9.9%) greater than was projected in the FY19 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, 2018, amounts to \$213.3 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 \$0.8 million.
- Street work continued on the Franklin Boulevard Recon Phase I project with expenditures of \$7.8 million to date (\$0.3 million in the current year). The project was completed this year and \$2.4 million of prior year costs from construction in progress was capitalized.
- The South 42nd Street Jasper Roundabout was finalized in the current year, capitalizing \$0.2 million of construction costs incurred in prior years.
- The City Attorney Office, Security windows, IT Server room upgrades and other minor City Hall improvements were done and capitalized for a total cost of \$0.2 million in the current year.
- Sanitary Sewer Rehab B and C were completed and capitalized for \$1.1 million in FY18.
- The Over/Under Channel was completed in the Stormwater fund for \$1.6 million (\$0.7 million spent in the current fiscal year). Additionally, the Franklin Boulevard storm drainage project was completed and \$1.2 million dollars capitalized in FY18.
- The decrease in net capital assets from the prior year of \$4 million was caused primarily by the annual depreciation exceeding additions to capitalized assets for FY18.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 67,615,125	\$ 67,093,122	\$ 6,375,436	\$ 6,298,566	\$ 73,990,561	\$ 73,391,688
Land improvements	-	-	20,316	21,559	20,316	21,559
Work in progress	2,499,103	4,713,974	638,802	2,534,888	3,137,905	7,248,862
Buildings	21,034,465	23,219,857	69,749,665	69,207,489	90,784,130	92,427,346
Infrastructure	37,010,483	36,511,820	-	-	37,010,483	36,511,820
Machinery & equipment	6,869,125	7,375,223	446,084	643,543	7,315,209	8,018,766
Studies	436,966	539,700	601,186	713,903	1,038,152	1,253,603
Total	<u>\$135,465,267</u>	<u>\$139,453,696</u>	<u>\$ 77,831,489</u>	<u>\$ 79,419,948</u>	<u>\$213,296,756</u>	<u>\$218,873,644</u>

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 \$32.6 million. Of this amount, \$13.1 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	
	2018	2017	2018	2017	2018	2017
General obligation bonds - 2016	\$ 13,075,000	\$ 14,465,000	\$ -	\$ -	\$ 13,075,000	\$ 14,465,000
Revenue bonds series 2010	-	-	7,215,000	7,650,000	7,215,000	7,650,000
Revenue bonds series 2017	-	-	12,290,000	13,610,000	12,290,000	13,610,000
Total	<u>\$ 13,075,000</u>	<u>\$ 14,465,000</u>	<u>\$ 19,505,000</u>	<u>\$ 21,260,000</u>	<u>\$ 32,580,000</u>	<u>\$ 35,725,000</u>

The City's total bonded debt decreased by \$3.1 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 FY19 budget:

- Assessed (taxable) value for the City is projected to increase by 3.25%. 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 3.0% with the overall market possibly viable for debt refinancing.
- Inflation will not be a major factor during the next fiscal year as it appears that Federal Reserve is following its intent to start slowly raising rates on a quarterly basis.
- AFSCME employees, the City's smallest employee group, will receive a 2.5% cost of living adjustment on July 1, 2018. SEIU employees received market pay adjustments July 1, 2018 as a result of a market survey completed in the spring of 2018 that resulted in an average increase of approximately 3%. No additional increases are expected in FY19. Non-union employees received their first increase in 3 years on July 1, 2018, also a result of a completed market study.

- Springfield Police Association (SPA) employee's current contract covers the 3 year period from July 1, 2017 through June 30, 2020 and provides for a 3% cost of living increase in each of the next two 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 has been negotiated with a three year contract that will expire on June 30, 2021. Members represented by this contract will receive a cost of living increase on July 1, 2018 and July 1, 2019 of 2.5%. The battalion chief's contract will expire on June 30, 2021 and calls for a cost of living increase on July 1, 2018 and July 1, 2019 of 2.5%, and another increase of 1% on January 1, 2019 and January 1, 2020.
- 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, 2018, the City held rates flat. For the plan year beginning January 1, 2019, the City is not projecting an increase.
- Oregon PERS rates are bi-annual and rates were adjusted on July 1, 2017 and in effect until June 30, 2019. No rate change occurred on July 1, 2018. The City has three separate PERS retirement rates for its employees with the lowest % rate increase being 8.34% and the highest at 16.85% with an estimated dollar impact over the two year period of \$2.9 million. For FY20 the City is planning for a rate hike of about 29%. 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, 2018 as a result of increased costs. The local storm water increase was 2.5% 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

City of Springfield, Oregon

Basic Financial Statements



City of Springfield, Oregon
STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 52,555,624	\$ 41,935,955	\$ 94,491,579
Receivables, net of allowance for uncollectable receivables	6,615,681	3,170,354	9,786,035
Internal balances	(608,638)	608,638	-
Inventory	272,368	-	272,368
Investment in foreclosed properties	1,970	-	1,970
Prepaid items	157,118	28,730	185,848
Deposits	200,000	-	200,000
Accrued interest	188,027	141,043	329,070
Due from other governments	-	1,406,774	1,406,774
Capital assets:			
Land and work in progress	70,114,228	7,014,238	77,128,466
Other capital assets, net of accumulated depreciation	65,351,039	70,817,251	136,168,290
Total assets	194,847,417	125,122,983	319,970,400
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflow	11,658,826	3,573,344	15,232,170
Deferred OPEB outflow	351,431	158,991	510,422
Deferred charge for debt refunding	280,272	764,032	1,044,304
Total deferred outflows of resources	12,290,529	4,496,367	16,786,896
LIABILITIES			
Current liabilities:			
Accounts payable	2,592,411	504,715	3,097,126
Accrued payroll and other liabilities	2,484,620	553,390	3,038,010
Unearned revenue	138,682	247,420	386,102
Accrued interest payable	41,126	187,083	228,209
Deposits	1,500	46,639	48,139
Due to other governments	4,079	-	4,079
Noncurrent liabilities:			
Due within one year:			
Accrued claims liabilities	227,722	-	227,722
General obligation long-term debt	1,445,000	-	1,445,000
Revenue bonds payable	-	1,695,000	1,695,000
Notes payable	527,682	739,418	1,267,100
Capital leases	143,635	-	143,635
Due in more than one year:			
Accrued absence payable	3,232,459	643,118	3,875,577
Accrued claims liabilities	480,278	-	480,278
General obligation long-term debt (net of unamortized premium)	13,473,847	-	13,473,847
Revenue bonds payable (net of unamortized discount)	-	19,495,522	19,495,522
Notes and contracts payable	3,979,283	506,567	4,485,850
Capital leases	297,355	-	297,355
Net pension liability	41,730,526	9,679,298	51,409,824
Net OPEB obligation	5,876,477	1,411,188	7,287,665
Total liabilities	76,676,682	35,709,358	112,386,040
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflow	2,646,965	359,237	3,006,202
Deferred OPEB inflow	333,912	164,630	498,542
Total deferred inflows of resources	2,980,877	523,867	3,504,744
NET POSITION			
Net investment in capital assets	120,175,702	55,901,549	176,077,251
Restricted for:			
Capital projects	1,595,051	5,457,331	7,052,382
Public safety	2,791,703	-	2,791,703
Transportation	5,697,743	-	5,697,743
Urban renewal	6,370,657	-	6,370,657
Community development	5,217,334	-	5,217,334
Debt service	643,068	-	643,068
Other purposes	359,088	-	359,088
Unrestricted	(15,369,959)	32,027,245	16,657,286
Total net position	\$ 127,480,387	\$ 93,386,125	\$ 220,866,512

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

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	\$ 7,450,495	\$ 4,248,830	\$ 63,104	31,500	\$ (3,107,061)	\$ -	\$ (3,107,061)
Fire and life safety	13,890,821	1,916,552	408,233	-	(11,566,036)	-	(11,566,036)
Police	22,233,956	715,863	294,876	-	(21,223,217)	-	(21,223,217)
Library	1,727,501	117,114	106,012	-	(1,504,375)	-	(1,504,375)
Development and public works	12,687,939	2,626,049	4,263,644	2,145,760	(3,652,486)	-	(3,652,486)
Depreciation, unallocated	250,435	-	-	-	(250,435)	-	(250,435)
Interest on long-term debt	457,480	-	-	-	(457,480)	-	(457,480)
Total governmental activities	58,698,627	9,624,408	5,135,869	2,177,260	(41,761,090)	-	(41,761,090)
Business-type activities:							
Sanitary sewer	7,269,835	7,709,636	-	924,753	-	1,364,554	1,364,554
Storm drainage	6,316,516	7,194,627	-	240,008	-	1,118,119	1,118,119
Booth Kelly	1,410,609	1,630,764	-	-	-	220,155	220,155
Ambulance	6,515,453	5,383,760	-	-	-	(1,131,693)	(1,131,693)
Total business-type activities	21,512,413	21,918,787	-	1,164,761	-	1,571,135	1,571,135
Total primary government	\$ 80,211,040	\$ 31,543,195	\$ 5,135,869	\$ 3,342,021	(41,761,090)	1,571,135	(40,189,955)
General revenues:							
Property taxes					30,910,303	-	30,910,303
Payment in lieu of taxes					2,414,018	-	2,414,018
Franchise & utility taxes					2,405,662	-	2,405,662
Local fuel tax					1,162,188	-	1,162,188
Transient room tax					1,553,872	-	1,553,872
Shared revenue					1,743,533	-	1,743,533
Investment earnings					783,330	528,250	1,311,580
Miscellaneous					1,345,586	209,703	1,555,289
Transfers					63,000	(63,000)	-
Total general revenues and transfers					42,381,492	674,953	43,056,445
Change in net position					620,402	2,246,088	2,866,490
Net position, beginning, as restated (Note Q)					126,859,985	91,140,037	218,000,022
Net position, ending					\$ 127,480,387	\$ 93,386,125	\$ 220,866,512

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	Street	Police Levy	Nonmajor Governmental	Total Governmental
ASSETS					
Cash and investments	\$ 10,576,180	\$ 1,321,889	\$ 1,382,051	\$ 19,405,470	\$ 32,685,590
Receivables:					
Accounts	1,343,600	697,452	62,613	338,530	2,442,195
Taxes	1,328,160	-	368,351	447,795	2,144,306
Grants	-	-	-	140,750	140,750
Accrued interest	50,472	2,950	6,975	60,658	121,055
Assessments and liens	-	-	-	79,717	79,717
Notes	-	-	-	1,746,485	1,746,485
Deferred system development charges	1,234	-	-	644,418	645,652
Inventory	2,775	242,982	-	-	245,757
Investment in foreclosed property	1,970	-	-	-	1,970
Prepaid items	59,663	-	-	1,016	60,679
Total assets	<u>\$ 13,364,054</u>	<u>\$ 2,265,273</u>	<u>\$ 1,819,990</u>	<u>\$ 22,864,839</u>	<u>\$ 40,314,156</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 654,624	\$ 158,923	\$ 147,091	\$ 517,517	\$ 1,478,155
Accrued payroll and other liabilities	679,822	83,455	116,995	59,829	940,101
Unearned revenue	138,682	-	-	-	138,682
Deposits	-	-	-	1,500	1,500
Total liabilities	<u>1,473,128</u>	<u>242,378</u>	<u>264,086</u>	<u>578,846</u>	<u>2,558,438</u>
Deferred inflows of resources:					
Unavailable revenue	<u>2,145,462</u>	<u>103,013</u>	<u>369,381</u>	<u>3,154,029</u>	<u>5,771,885</u>
Fund balances:					
Nonspendable	64,408	242,982	-	1,016	308,406
Restricted	-	1,676,900	1,186,523	16,010,130	18,873,553
Committed	293,004	-	-	2,200,742	2,493,746
Assigned	1,000,000	-	-	920,076	1,920,076
Unassigned	8,388,052	-	-	-	8,388,052
Total fund balances	<u>9,745,464</u>	<u>1,919,882</u>	<u>1,186,523</u>	<u>19,131,964</u>	<u>31,983,833</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,364,054</u>	<u>\$ 2,265,273</u>	<u>\$ 1,819,990</u>	<u>\$ 22,864,839</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.					5,771,885
Capital assets are not financial resources in governmental funds, but are reported in the statement of net position at their net depreciable value.					129,602,555
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.					(62,971,700)
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.					23,093,814
Net position of governmental activities					<u>\$ 127,480,387</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, 2018

	General	Street	Police Levy	Nonmajor Governmental	Total Governmental
Revenues:					
Taxes	\$ 20,947,987	\$ 1,081,791	\$ 5,581,613	\$ 6,183,595	\$ 33,794,986
Licenses, permits and fees	2,941,854	153,433	105,107	51,515	3,251,909
Intergovernmental	4,568,539	4,144,800	-	802,280	9,515,619
Charges for services	5,564,006	101,343	394,504	2,680,802	8,740,655
Fines and forfeitures	1,688,632	-	-	125,310	1,813,942
Investment earnings	170,530	11,262	23,857	221,922	427,571
Special assessments	-	-	-	13,082	13,082
Miscellaneous revenues	314,431	20,478	6,611	444,379	785,899
Total revenues	36,195,979	5,513,107	6,111,692	10,522,885	58,343,663
Expenditures:					
Current operating:					
General government	6,306,645	253,062	713,236	628,861	7,901,804
Fire and life safety	11,409,469	-	-	1,485,213	12,894,682
Police	14,000,766	-	5,667,150	80,563	19,748,479
Library	1,489,012	-	-	157,787	1,646,799
Development and public works	2,337,866	4,944,817	-	1,753,375	9,036,058
Capital projects	-	-	-	967,170	967,170
Debt service:					
Principal	-	-	-	1,695,530	1,695,530
Interest	-	-	-	653,657	653,657
Total expenditures	35,543,758	5,197,879	6,380,386	7,422,156	54,544,179
Excess of revenues over (under) expenditures	652,221	315,228	(268,694)	3,100,729	3,799,484
Other financing sources (uses):					
Issuance of debt	-	-	-	2,729,248	2,729,248
Transfers in	766,332	423,873	-	39,250	1,229,455
Transfers out	(437,123)	-	-	(729,332)	(1,166,455)
Total other financing sources (uses)	329,209	423,873	-	2,039,166	2,792,248
Net change in fund balance	981,430	739,101	(268,694)	5,139,895	6,591,732
Fund balances, beginning	8,764,034	1,147,353	1,455,217	13,992,069	25,358,673
Change in reserve for inventories	-	33,428	-	-	33,428
Fund balances, ending	<u>\$ 9,745,464</u>	<u>\$ 1,919,882</u>	<u>\$ 1,186,523</u>	<u>\$ 19,131,964</u>	<u>\$ 31,983,833</u>

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, 2018

Net change in fund balances - total governmental funds	\$	6,591,732
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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.		838,905
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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.		75,616
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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.		(3,297,405)
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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.		(2,382,295)
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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.		(1,239,579)
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Decreases in inventory in governmental funds increase expenses.		33,428
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Change in net position of governmental activities	\$	620,402
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The accompanying notes are an integral part of this statement.

City of Springfield, Oregon
 PROPRIETARY FUNDS
 STATEMENT OF FUND NET POSITION
 June 30, 2018

	Business-type Activities - Enterprise Funds					Governmental Activities
				Nonmajor		Internal Service Funds
	Sewer	Storm Drainage	Ambulance	Booth Kelly	Total	
ASSETS						
Current assets:						
Cash and investments	\$ 21,647,173	\$ 17,508,383	\$ 1,542,837	\$ 1,237,562	\$ 41,935,955	\$ 19,870,034
Accounts receivable, net of allowance for estimated uncollectibles	1,158,427	1,324,173	617,917	69,837	3,170,354	62,228
Prepays	-	-	28,730	-	28,730	96,439
Deposits	-	-	-	-	-	200,000
Accrued interest	71,239	58,675	7,405	3,724	141,043	66,972
Deferred system development fees	414,218	45,021	-	-	459,239	61,130
Inventory	-	-	-	-	-	26,611
Total current assets	23,291,057	18,936,252	2,196,889	1,311,123	45,735,321	20,383,414
Noncurrent assets:						
Capital assets - net	57,330,916	11,249,879	30,573	2,205,883	70,817,251	5,862,712
Construction in progress	441,854	196,948	-	-	638,802	-
Land and land rights	2,048,070	1,685,809	-	2,641,557	6,375,436	-
Due from other governments	1,406,774	-	-	-	1,406,774	-
Total noncurrent assets	61,227,614	13,132,636	30,573	4,847,440	79,238,263	5,862,712
Total assets	84,518,671	32,068,888	2,227,462	6,158,563	124,973,584	26,246,126
DEFERRED OUTFLOWS OF RESOURCES						
Deferred pension outflow	1,236,693	1,066,534	1,236,693	33,424	3,573,344	218,777
Deferred OPEB outflows	67,971	62,557	26,134	2,329	158,991	12,478
Deferred charge for debt refunding	764,032	-	-	-	764,032	-
Total deferred outflows of resources	2,068,696	1,129,091	1,262,827	35,753	4,496,367	231,255
LIABILITIES						
Current liabilities:						
Accounts payable	96,123	288,637	116,162	3,793	504,715	1,114,256
Accrued payroll and other liabilities	177,323	124,632	249,248	2,187	553,390	256,112
Accrued claims liabilities, current portion	-	-	-	-	-	227,722
Accrued interest payable	116,587	66,201	-	4,295	187,083	2,146
Deposits	-	-	-	46,639	46,639	-
Notes payable - current maturity	-	-	-	739,418	739,418	-
Capital lease payable - current maturity	-	-	-	-	-	143,635
Unearned revenues	-	-	238,542	8,878	247,420	-
Revenue bonds payable - current maturity	1,245,000	450,000	-	-	1,695,000	-
Total current liabilities	1,635,033	929,470	603,952	805,210	3,973,665	1,743,871
Noncurrent liabilities:						
Accrued absence payable	370,807	79,542	192,769	-	643,118	8,778
Accrued claims liabilities	-	-	-	-	-	480,278
Revenue bonds payable (net of unamortized premium)	12,410,887	7,084,635	-	-	19,495,522	-
Notes payable	506,567	-	-	-	506,567	-
Net pension liability	3,349,893	2,888,974	3,349,893	90,538	9,679,298	592,610
Net OPEB obligation payable	387,244	361,948	648,010	13,986	1,411,188	71,779
Capital lease obligation	-	-	-	-	-	297,355
Total noncurrent liabilities	17,025,398	10,415,099	4,190,672	104,524	31,735,693	1,450,800
Total liabilities	18,660,431	11,344,569	4,794,624	909,734	35,709,358	3,194,671
DEFERRED INFLOWS OF RESOURCES						
Deferred pension inflow	124,328	107,221	124,328	3,360	359,237	21,995
Deferred OPEB inflow	72,729	67,511	21,824	2,566	164,630	13,423
Total deferred inflows of resources	197,057	174,732	146,152	5,926	523,867	35,418
NET POSITION						
Net investment in capital assets	46,164,953	5,598,001	30,573	4,108,022	55,901,549	5,421,722
Restricted for capital projects	3,972,531	1,484,800	-	-	5,457,331	-
Unrestricted	17,592,395	14,595,877	(1,481,060)	1,170,634	31,877,846	17,825,570
Total net position	\$ 67,729,879	\$ 21,678,678	\$ (1,450,487)	\$ 5,278,656	93,236,726	\$ 23,247,292
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.					149,399	
Net position of business-type activities					\$ 93,386,125	

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, 2018

	Business-type Activities - Enterprise Funds					Governmental Activities
				Nonmajor		
	Sewer	Storm Drainage	Ambulance	Booth Kelly	Total	Internal Service Funds
OPERATING REVENUES						
Charges for services	\$ 7,709,636	\$ 7,194,627	\$ 14,993,353	\$ 1,630,764	\$ 31,528,380	\$ 12,289,225
Less: Contractual adjustments	-	-	(9,963,729)	-	(9,963,729)	-
Licenses, permits and fees	-	-	-	-	-	144,089
Intergovernmental revenues	-	-	354,136	-	354,136	-
Miscellaneous revenue	875	199,057	8,771	1,000	209,703	115,448
Total operating revenues	7,710,511	7,393,684	5,392,531	1,631,764	22,128,490	12,548,762
Operating expenses:						
Human resources	-	-	-	-	-	9,769,654
Finance	14,737	14,715	-	-	29,452	28,580
Information technology	247,549	187,003	-	-	434,552	274,509
Library	-	-	-	-	-	6,441
Fire and life safety	-	-	6,429,813	-	6,429,813	107,650
Police	-	-	-	-	-	13
Development and public works	3,686,331	5,280,251	-	490,643	9,457,225	870,157
Depreciation	2,778,605	505,728	8,390	843,967	4,136,690	1,271,223
Total operating expenses	6,727,222	5,987,697	6,438,203	1,334,610	20,487,732	12,328,227
Operating income (loss)	983,289	1,405,987	(1,045,672)	297,154	1,640,758	220,535
Nonoperating revenues (expenses):						
Investment earnings	267,368	218,677	28,119	14,086	528,250	251,386
Interest expense	(432,536)	(242,009)	-	(76,010)	(750,555)	(13,315)
Gain on disposal of equipment	-	-	-	-	-	77,436
Total nonoperating revenues (expenses)	(165,168)	(23,332)	28,119	(61,924)	(222,305)	315,507
Income (loss) before contributions and transfers	818,121	1,382,655	(1,017,553)	235,230	1,418,453	536,042
Transfers out	-	-	-	(63,000)	(63,000)	(5,290)
Capital contributions	924,753	240,008	-	-	1,164,761	6,958
Change in net position	1,742,874	1,622,663	(1,017,553)	172,230	2,520,214	537,710
Net position, beginning of year as restated (Note Q)	65,987,005	20,056,015	(432,934)	5,106,426		22,709,582
Net position, end of year	<u>\$ 67,729,879</u>	<u>\$ 21,678,678</u>	<u>\$ (1,450,487)</u>	<u>\$ 5,278,656</u>		<u>\$ 23,247,292</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(274,126)	
Change in net position of business-type activities					<u>\$ 2,246,088</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, 2018

	Business type activities - Enterprise Funds					Governmental Activities
	Sewer	Storm Drainage	Ambulance	Nonmajor Booth Kelly	Total	Internal Service Funds
Cash flows from operating activities:						
Cash received from customers	\$ 7,681,599	\$ 6,959,144	\$ 4,749,945	\$ 1,635,151	\$ 21,025,839	\$ 12,225,625
Cash paid for employee services	(2,030,741)	(3,194,917)	(4,203,789)	(89,675)	(9,519,122)	(668,396)
Cash paid to suppliers for goods and services	(1,754,903)	(1,731,160)	(2,174,562)	(390,549)	(6,051,174)	(10,467,161)
Other operating receipts	875	199,057	362,907	1,000	563,839	259,537
Net cash provided by (used in) operating activities	<u>3,896,830</u>	<u>2,232,124</u>	<u>(1,265,499)</u>	<u>1,155,927</u>	<u>6,019,382</u>	<u>1,349,605</u>
Cash flows from noncapital financing activities:						
Transfers to other funds	-	-	-	(63,000)	(63,000)	(5,290)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,000)</u>	<u>(63,000)</u>	<u>(5,290)</u>
Cash flows from capital and related financing activities:						
System development charges	873,080	232,070	-	-	1,105,150	-
Acquisition and construction of capital assets	(1,395,866)	(1,152,365)	-	-	(2,548,231)	(688,256)
Disposition of capital assets	-	-	-	-	-	108,263
Contributed capital	51,673	7,938	-	-	59,611	-
Principal paid on long-term debt	(1,320,000)	(435,000)	-	(754,687)	(2,509,687)	(348,059)
Interest paid on long-term debt	(470,055)	(271,323)	-	(80,393)	(821,771)	(19,426)
Net cash used in capital and related financing activities	<u>(2,261,168)</u>	<u>(1,618,680)</u>	<u>-</u>	<u>(835,080)</u>	<u>(4,714,928)</u>	<u>(947,478)</u>
Cash flows from investing activities:						
Interest received	274,792	230,282	29,798	13,670	548,542	256,114
Net change in cash and investments	<u>1,910,454</u>	<u>843,726</u>	<u>(1,235,701)</u>	<u>271,517</u>	<u>1,789,996</u>	<u>652,951</u>
Cash and investments, beginning of year	19,736,719	16,664,657	2,778,538	966,044	40,145,958	19,217,083
Cash and investments, end of year	<u>\$ 21,647,173</u>	<u>\$ 17,508,383</u>	<u>\$ 1,542,837</u>	<u>\$ 1,237,561</u>	<u>\$ 41,935,954</u>	<u>\$ 19,870,034</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 983,289	\$ 1,405,987	\$ (1,045,672)	\$ 297,154	\$ 1,640,758	\$ 220,535
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	2,778,605	505,728	8,390	843,967	4,136,690	1,271,223
Changes in assets and liabilities:						
Accounts receivable	(28,037)	(229,810)	(63,115)	1,242	(319,720)	(63,600)
Due from other governments	(373,962)	(5,673)	-	-	(379,635)	-
Prepaid expenses	-	-	(28,730)	-	(28,730)	(27,525)
Accounts payable	(61,457)	105,537	(270,728)	(369)	(227,017)	(209,505)
Accrued payroll and other liabilities	54,561	9,093	(4,756)	(227)	58,671	31,046
Accrued claims liabilities	-	-	-	-	-	60,000
Net pension liability and related deferrals	561,093	491,642	307,125	18,559	1,378,419	675
Net OPEB obligation and related deferrals	(17,262)	(50,380)	48,551	(7,544)	(26,635)	(5,401)
Deposits	-	-	-	(782)	(782)	65,500
Unearned revenue	-	-	(216,564)	3,927	(212,637)	-
Inventory	-	-	-	-	-	6,657
Net cash provided by (used in) operating activities	<u>\$ 3,896,830</u>	<u>\$ 2,232,124</u>	<u>\$ (1,265,499)</u>	<u>\$ 1,155,927</u>	<u>\$ 6,019,382</u>	<u>\$ 1,349,605</u>
Noncash capital and related financing activities:						
Contributed capital assets	\$ 51,673	\$ 7,938	\$ -	\$ -	\$ 59,611	\$ 6,958

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
June 30, 2018

ASSETS

Cash and investments	<u>\$ 89,741,230</u>
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LIABILITIES

Amounts held for other parties	<u>\$ 89,741,230</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, 2018

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, 2018

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, 2018

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, 2018

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, 2018, the City's tax levy did not exceed the Oregon constitutional limitation. The total property tax levy was \$32,510,580. This includes general property taxes to support general obligation bond debt service of \$1,861,282.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

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, 2018 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, 2018

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. Deferred charges for refunding are amortized straight-line over the life of the new debt.

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, 2018

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, 2018

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, 2018 were as follows:

<u>Fund Balances</u>	General	Street	Police Levy	Nonmajor Governmental	Total Governmental Funds
Nonspendable:					
Inventories	\$ 2,775	\$ 242,982	\$ -	\$ -	\$ 245,757
Prepays	59,663	-	-	1,016	60,679
Investment in foreclosed property	1,970	-	-	-	1,970
Restricted:					
Debt service	-	-	-	382,512	382,512
Urban renewal	-	-	-	6,262,175	6,262,175
Capital projects	-	-	-	1,595,284	1,595,284
Street repairs and maintenance	-	1,676,900	-	-	1,676,900
Transportation	-	-	-	-	-
Street improvements	-	-	-	2,996,261	2,996,261
Public Safety - Fire	-	-	-	439,575	439,575
Public Safety - Police general	-	-	1,186,523	179,749	1,366,272
Public Safety - Police forfeitures	-	-	-	490,230	490,230
Building code	-	-	-	2,289,989	2,289,989
Economic development	-	-	-	1,360,914	1,360,914
Library services	-	-	-	13,441	13,441
Committed:					
Development assessment	-	-	-	532,569	532,569
Capital projects	-	-	-	1,668,173	1,668,173
Technology fee reserve	293,004	-	-	-	293,004
Assigned:					
Capital projects	-	-	-	484,533	484,533
Contingency reserve	1,000,000	-	-	-	1,000,000
Public Safety - Police K9	-	-	-	85,480	85,480
Public Safety - Police general	-	-	-	148,189	148,189
Other purposes	-	-	-	201,874	201,874
Unassigned	8,388,052	-	-	-	8,388,052
Total fund balances	<u>\$ 9,745,464</u>	<u>\$ 1,919,882</u>	<u>\$ 1,186,523</u>	<u>\$ 19,131,964</u>	<u>\$ 31,983,833</u>

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

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, 2018, the City implemented the following GASB pronouncements:

- *GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The purpose of this Statement is to establish standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to the employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. This statement also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. It replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurement by Agent Employers and Agent Multiple-Employer Plans*. The adoption of Statement No. 75 had no impact on the City's governmental fund financial statements. However, the adoption has resulted in the restatement of the City's Fiscal Year 2017 government-wide financial statements and proprietary funds financial statements to reflect the reporting of total OPEB liabilities, deferred inflows of resources, deferred outflows of resources and the recognition of OPEB expense in accordance with the provisions of the Statement. See Note O (Other Post-employment Benefits) in the Notes to Basic Financial Statements section of this report for additional information.
- *GASB Statement No. 81, Irrevocable Split-Interest Agreements.* The Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognizes assets, liabilities, and deferred inflows of resources at the inception of the agreement. GASB 81 also provides expanded guidance for circumstances in which the government holds the assets. As a result, there is no impact in the current year as a result of the application of this standard.
- *GASB Statement No. 85, Omnibus 2017.* The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).
- *GASB Statement No. 86, Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. As a result, there is no impact in the current year as a result of the application of this Statement.

- *GASB Statement No. 89 – Accounting for Interest Cost Incurred before the End of a Construction Period.* This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. There is no impact in the current year as a result of the application of this Statement.

- *GASB Statements No. 83, 84, 87, 88, and 90 – 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 \$62,971,700 difference are as follows:

Bonds payable, net of original issue premium and deferred charges	\$ 14,638,575
Notes payable	4,296,965
Interfund loan payable	1,166,022
Due to developer	210,000
Accrued interest payable	38,980
Compensated absences	4,512,088
Net pension liability and related deferrals	32,322,836
Net OPEB obligation	5,786,234
	<hr/>
Total	<u>\$ 62,971,700</u>

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

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

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 \$129,602,555 are as follows:

Capital assets (net of accumulated depreciation) reported in the Statement of Net Position - governmental activities column:	
Land and work in progress	\$ 70,114,228
Other capital assets (net of accumulated depreciation)	65,351,039
Total capital assets reported in internal service funds included in the Statement of Net Position - governmental activities column (net of accumulated depreciation):	<u>(5,862,712)</u>
	<u>\$ 129,602,555</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 \$(3,297,405) difference are as follows:

Capital outlay	\$ 996,405
Donated capital assets	784,562
Depreciation	<u>(5,078,372)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (3,297,405)</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 \$(1,239,579) difference are as follows:

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

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

Issuance of note payable	\$ (2,729,248)
Principal repayment of general obligation debt	1,390,000
Principal repayment of note payable	305,530
Amortization of deferred charges	(35,034)
Amortization of bond premiums	230,481
Increase in interfund loan payable	(415,353)
Decrease in accrued interest payable	14,045
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (1,239,579)</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 \$(2,382,295) difference are as follows:

Increase in accrued compensated absences	\$ (175,530)
Increase in net pension liability and related deferrals	(2,477,020)
Decrease in net OPEB obligation	<u>270,255</u>
Net adjust to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (2,382,295)</u>

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.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE C – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

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, 2018, the City Council approved several transfer resolutions and supplemental budgets increasing appropriations by \$8,525,074.

The Ambulance Fund reported a negative fund balance of \$1,450,487. This negative fund balance was the result of the Fund not receiving the anticipated ambulance billing revenue in the current and prior fiscal year.

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, 2018, cash and investments are comprised of the following:

Cash on Hand	\$ 5,371
Cash with Fiscal Agent	5,500
Deposits	4,777,037
Local Government Investment Pool Accounts	70,988,582
Investments	<u>108,456,319</u>
	<u>\$ 184,232,809</u>

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

Governmental Funds	\$ 52,555,624
Business-type Funds	41,935,955
Not Appearing on Statement of Net Position	
Fiduciary Fund	<u>89,741,230</u>
	<u>\$ 184,232,809</u>

Deposits

Deposits with financial institutions are comprised of checking and money market accounts. As of June 30, 2018, the City of Springfield had a book balance of \$4,777,037 and a bank balance of \$5,329,010. 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,

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE D – CASH AND INVESTMENTS - Continued

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 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, 2018 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, 2018, the fair value of the City's deposits with the LGIP approximates cost.

Cash and Investments

On June 30, 2018, the City of Springfield held \$108,456,319 of investments; corporate indebtedness of \$43,760,459, and government agency securities totaling \$64,695,860.

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.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE D – CASH AND INVESTMENTS - Continued

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, 2018, 100% of the total investments were considered short-term and had 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, 2018.

Short-Term Investments:

<u>Maturity</u>	<u>Amount</u>	<u>Actual %</u>	<u>Investment Policy %</u>
Under 30 days	\$ 80,675,080	44%	10 % minimum
Under 90 days	97,163,235	53%	25 % minimum
Under 270 days	118,565,935	64%	50 % minimum
Under one year	145,286,878	79%	80 % minimum
Under 18 months	184,232,809	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, 2018, 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

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE D – CASH AND INVESTMENTS - Continued

safekeeping - registered to the City of Springfield - with a designated custodian. All of the City's investments at June 30, 2018 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% of the total portfolio will be invested with any one corporate entity. As of June 30, 2018, the City was in compliance with the City's investment policy.

Diversification by Financial Instrument:

<u>Instrument</u>	<u>Amount</u>	<u>% Invested</u>	<u>Maximum % of Portfolio</u>
State of Oregon Investment Pool	\$ 70,988,582	38%	100%
Interest Bearing Checking Account	1,441,624	1%	50%
Money Market Account	3,335,413	2%	50%
Corporate Bonds	43,760,459	24%	25%
Municipal Bonds	64,695,860	35%	50%
Other	10,871	0%	0%
Totals	<u>\$ 184,232,809</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.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE D – CASH AND INVESTMENTS - Continued

- 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, 2018, 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.

NOTE E – RECEIVABLES AND UNAVAILABLE REVENUE

Receivables at June 30, 2018 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	\$ 1,328,160	\$ 1,343,600	\$ -	\$ -	\$ 50,472	\$ -	\$ 1,234	\$ 2,723,466
Street	-	697,452	-	-	2,950	-	-	700,402
Police Levy	368,351	62,613	-	-	6,975	-	-	437,939
Sewer	-	1,158,427	-	-	71,239	-	-	1,229,666
Storm Drainage	-	1,324,173	-	-	58,675	-	-	1,382,848
Ambulance	-	617,917 *	-	-	7,405	-	-	625,322
Nonmajor governmental	447,795	338,530	79,717	140,750	60,658	1,746,485	644,418	3,458,353
Nonmajor enterprise	-	69,837	-	-	3,724	-	-	73,561
Internal Service	-	62,228	-	-	66,972	-	-	129,200
	<u>\$ 2,144,306</u>	<u>\$ 5,674,777</u>	<u>\$ 79,717</u>	<u>\$ 140,750</u>	<u>\$ 329,070</u>	<u>\$ 1,746,485</u>	<u>\$ 645,652</u>	<u>\$ 10,760,757</u>

*Net of allowances for uncollectible accounts totalling \$954,900

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

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE E – RECEIVABLES AND UNAVAILABLE REVENUE - Continued

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, 2018, 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	\$ 1,328,160	\$ 817,302	\$ -	\$ -	\$ -	\$ 2,145,462
Street	-	103,013	-	-	-	103,013
Police Levy	368,351	-	-	-	1,030	369,381
Nonmajor governmental	447,795	842,046	1,375,901	79,718	408,569	3,154,029
Total unavailable revenue	<u>\$ 2,144,306</u>	<u>\$ 1,762,361</u>	<u>\$ 1,375,901</u>	<u>\$ 79,718</u>	<u>\$ 409,599</u>	<u>\$ 5,771,885</u>

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE F – CAPITAL ASSETS

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 67,093,122	\$ 577,339	\$ (55,336)	\$ 67,615,125
Work in progress	4,713,974	695,786	(2,910,657)	2,499,103
Total capital assets, not being depreciated	71,807,096	1,273,125	(2,965,993)	70,114,228
Capital assets, being depreciated:				
Buildings	48,447,227	98,325	-	48,545,552
Infrastructure	73,851,714	3,117,880	-	76,969,594
Machinery & equipment	23,762,026	956,845	(1,016,566)	23,702,305
Library books	1,998,269	-	-	1,998,269
Studies	1,261,746	-	(183,592)	1,078,154
Total capital assets, being depreciated	149,320,982	4,173,050	(1,200,158)	152,293,874
Less accumulated depreciation for:				
Buildings	(25,227,370)	(2,283,717)	-	(27,511,087)
Infrastructure	(37,339,894)	(2,619,217)	-	(39,959,111)
Machinery & equipment	(16,386,803)	(1,343,928)	897,551	(16,833,180)
Library books	(1,998,269)	-	-	(1,998,269)
Studies	(722,046)	(102,734)	183,592	(641,188)
Total depreciation	(81,674,382)	(6,349,596)	1,081,143	(86,942,835)
Total capital assets, being depreciated, net	67,646,600	(2,176,546)	(119,015)	65,351,039
Governmental activities capital assets, net	<u>\$ 139,453,696</u>	<u>\$ (903,421)</u>	<u>\$ (3,085,008)</u>	<u>\$ 135,465,267</u>

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 6,298,566	\$ 76,870	\$ -	\$ 6,375,436
Work in progress	2,534,888	991,348	(2,887,434)	638,802
Total capital assets, not being depreciated	8,833,454	1,068,218	(2,887,434)	7,014,238
Capital assets, being depreciated:				
Buildings & infrastructure	107,126,666	4,346,850	-	111,473,516
Land improvements	532,806	-	-	532,806
Equipment	2,118,325	-	-	2,118,325
Studies	1,851,857	20,599	-	1,872,456
Total capital assets, being depreciated	111,629,654	4,367,449	-	115,997,103
Less accumulated depreciation for:				
Land improvements	(511,247)	(1,243)	-	(512,490)
Buildings & infrastructure	(37,919,177)	(3,804,674)	-	(41,723,851)
Equipment	(1,474,782)	(197,459)	-	(1,672,241)
Studies	(1,137,954)	(133,316)	-	(1,271,270)
Total depreciation	(41,043,160)	(4,136,692)	-	(45,179,852)
Total capital assets, being depreciated, net	70,586,494	230,757	-	70,817,251
Business-type activities capital assets, net	<u>\$ 79,419,948</u>	<u>\$ 1,298,975</u>	<u>\$ (2,887,434)</u>	<u>\$ 77,831,489</u>

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE F – CAPITAL ASSETS – Continued

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

<u>Governmental activities:</u>	
General government	\$ 92,542
Police	1,985,642
Fire and life safety	724,596
Development and public works	3,276,051
Library	20,330
Unallocated	250,435
	<hr/>
Total depreciation expense – governmental activities	<u>\$ 6,349,596</u>
 <u>Business-type activities:</u>	
Sewer	\$ 2,778,606
Storm	505,728
Booth-Kelly	843,968
Ambulance	8,390
	<hr/>
Total depreciation expense – business type activities	<u><u>\$ 4,136,692</u></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, 2018

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
2013	\$ -	\$ 2,256,826	\$ (1,791,735)	\$ 465,091
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
2018	735,727	6,293,791	(6,292,611)	736,907

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, 2018

Year	Case Reserves	IBNR Reserves	Outstanding LCF	Closeout Risk Adj.	IBNR & LCF after Closeout	Net Outstanding Liabilities
Prior	\$ 30,319	\$ -	\$ -	\$ -	\$ -	\$ 30,319
2012-13	-	-	-	-	-	-
2013-14	-	-	-	-	-	-
2014-15	97,368	22,358	23,945	13,663	-	157,334
2015-16	-	52,277	10,455	3,943	-	66,675
2016-17	51,402	59,938	22,268	5,795	-	139,403
2017-18	129,618	135,586	53,041	5,991	-	324,236
Total	<u>\$ 308,707</u>	<u>\$ 270,159</u>	<u>\$ 109,709</u>	<u>\$ 29,392</u>	<u>\$ -</u>	717,967
Less investment income offset						<u>(9,967)</u>
Net accrued claims liability						<u>\$ 708,000</u>

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.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

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 \$593,108 with no down payment and annual payments over 5 years. These lease agreements 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	(502,417)
Total	<u>\$ 1,193,923</u>

The future minimum lease obligations as of June 30, 2018, are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2019	\$ 143,635	\$ 10,247
2020	146,970	6,912
2021	150,385	3,496
Totals	<u>\$ 440,990</u>	<u>\$ 20,655</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, 2018 are as follows:

	Issue Date	Final Maturity Date	Effective Interest Rate	Outstanding July 1, 2017	Issued During year	Retired During Year	Outstanding June 30, 2018	Due Within One Year
Series 2016	6/29/2016	2026	1.36%	\$ 14,465,000	\$ -	\$ (1,390,000)	\$ 13,075,000	\$ 1,445,000
					Unamortized premium		1,843,847	
					Due in current year		<u>(1,445,000)</u>	
					Total general obligation long-term debt		<u>\$ 13,473,847</u>	

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

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 \$23,610,000.

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.

Revenue obligation bonds payable transactions for the year ended June 30, 2018 are as follows:

	Issue Date	Final Maturity Date	Effective Interest Rate	Outstanding July 1, 2017	Issued During year	Retired During Year	Outstanding June 30, 2018	Due Within One Year
Series 2010	10/6/2010	2030	3.149%	\$ 7,650,000	\$ -	\$ (435,000)	\$ 7,215,000	\$ 450,000
Series 2017	6/27/2017	2027	1.725%	13,610,000	-	(1,320,000)	12,290,000	1,245,000
					Unamortized premium		1,685,522	
					Due in current year		<u>(1,695,000)</u>	
					Total revenue bonds payable		<u>\$ 19,495,522</u>	

Maturities of bond principal and interest are as follows:

Year	General Obligation Bonds		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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
2022-23	1,695,000	277,200	1,930,000	483,975	3,625,000	761,175
2023-28	5,235,000	413,800	8,490,000	1,231,000	13,725,000	1,644,800
2028-31	-	-	1,995,000	121,700	1,995,000	121,700
Total	<u>\$ 13,075,000</u>	<u>\$ 2,426,400</u>	<u>\$ 19,505,000</u>	<u>\$ 4,409,150</u>	<u>\$ 32,580,000</u>	<u>\$ 6,835,550</u>

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE I - LONG-TERM DEBT – Continued

The City issues debt backed solely by future fees received for certain services. At June 30, 2018, 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 6/30/2018	Debt payments Y/E 6/30/2018
Revenue bonds:						
Sewer System series 2017	Sewer system fees	2027	\$ 14,735,750	11.0%	\$ 7,228,135 *	\$ 1,705,084
Revenue bonds:						
Storm System series 2010	Sewer system fees	2030	<u>9,178,400</u>	4.5%	7,228,135 *	<u>706,325</u>
Business -type activities			<u>\$ 23,914,150</u>			<u>\$ 2,411,409</u>

* same revenue source pledged for two purposes

Notes Payable

At June 30, 2018 notes payable are as follows:

Governmental activities:

Bank of Cascades (SEDA), payable in monthly installments including interest at 3.08%, due 2024	\$ 1,625,548
Bank of Cascades (SEDA), payable in monthly installments including interest at 4.15%, due 2025	<u>2,671,417</u>
Total governmental activities	<u>\$ 4,296,965</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	\$ 739,418
Total business-type activities	<u>\$ 739,418</u>

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE I - LONG-TERM DEBT – Continued

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>
2018-19	\$ 527,682	\$ 739,418
2019-20	596,380	-
2020-21	619,164	-
2021-22	642,584	-
2022-23	666,908	-
2023-25	1,244,247	-
	<u>\$ 4,296,965</u>	<u>\$ 739,418</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, 2018

NOTE I - LONG-TERM DEBT – Continued

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 14,465,000	\$ -	\$ (1,390,000)	\$ 13,075,000	\$ 1,445,000
Less deferred amounts for issuance premiums	2,074,327	-	(230,480)	1,843,847	-
Total bonds payable	16,539,327	-	(1,620,480)	14,918,847	1,445,000
Notes payable	1,873,246	2,729,249	(305,530)	4,296,965	527,682
Deferred system development fees	750,668	415,354	-	1,166,022	-
Contracts payable	210,000	-	-	210,000	-
Capital leases	789,049	-	(348,059)	440,990	143,634
Accrued claims liability	648,000	-	(12,000)	708,000	227,722
Compensated absences	4,355,635	1,408,376	(1,234,877)	4,529,134	1,296,675
OPEB obligation	5,262,439	614,037	-	5,876,476	-
Net pension liability	45,056,647	-	(3,326,121)	41,730,526	-
Governmental activity long-term liabilities	<u>\$ 75,485,011</u>	<u>\$ 5,167,016</u>	<u>\$ (6,847,067)</u>	<u>\$ 73,876,960</u>	<u>\$ 3,640,713</u>
<u>Business-type activities:</u>					
Bonds payable:					
Revenue bonds	\$ 21,260,000	\$ -	\$ (1,755,000)	\$ 19,505,000	\$ 1,695,000
Less deferred amounts for issuance premiums	1,863,478	-	(177,956)	1,685,522	-
Total bonds payable	23,123,478	-	(1,932,956)	21,190,522	1,695,000
Notes payable	1,494,105	-	(754,687)	739,418	739,418
Compensated absences	902,170	365,750	(304,164)	963,756	320,637
OPEB obligation	1,297,521	113,668	-	1,411,189	-
Net pension liability	9,766,126	-	(86,829)	9,679,297	-
Business-type activities long-term liabilities	<u>\$ 36,583,400</u>	<u>\$ 479,418</u>	<u>\$ (3,078,636)</u>	<u>\$ 33,984,182</u>	<u>\$ 2,755,055</u>

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

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	\$ 42,236
Storm Drainage	Internal service funds	32,036
Booth Kelly	Internal service funds	22,215
Ambulance	Internal service funds	<u>52,912</u>
Total due to/from other funds (different fund types)		<u>\$ 149,399</u>

The balances shown above are for services rendered and are generally paid 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	\$ 309,977
Sewer	SEDA Downtown	104,242
Storm Drainage	SEDA Glenwood	<u>45,021</u>
Total advance to/from other funds (different fund types)		<u>\$ 459,240</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	395,961
Street Capital	SEDA Glenwood	248,432
Internal Service Funds	SEDA Glenwood	43,496
Internal Service Funds	SEDA Downtown	<u>17,634</u>
Total due to/from other funds (similar fund types)		<u>\$ 706,782</u>

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

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

Interfund Transfers

<u>Fund description</u>	<u>General</u>	<u>Street</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Transfers Out</u>
General	\$ -	\$ 423,873	\$ -	\$ 423,873
Nonmajor Governmental	766,332	-	39,250	805,582
Total Transfers In	<u>\$ 766,332</u>	<u>\$ 423,873</u>	<u>\$ 39,250</u>	<u>\$ 1,229,455</u>

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 refunded two previous general obligation bonds in June of 2016 that had zero arbitrage liability. These were replaced with the 2016 general obligation bond in the amount of \$14,690,000. The 2016 bond also has no arbitrage liability as of June 30, 2018.

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, 2018.

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, 2018, there were 26 participants in the plan, of which 16 are active employees and 10 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, 2018

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

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE L – CITY DEFINED BENEFIT PENSION PLAN – Continued

annual single lump sum in each year of the bi-annual cycle. The percentage contribution for all covered salary is now 30.0%. The annual lump sum contribution for the current bi-annual period is \$1,161,000.

Employer contributions for the year ended June 30, 2018 were \$1,949,686. 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, 2018, the City reported a net pension liability of \$10,256,349. The net pension liability and fiduciary net position were measured as of June 30, 2018. The total pension liability was determined using actuarial valuation results as of July 1, 2016 rolled forward to June 30, 2018. The following table presents the changes in the net pension liability for the fiscal year ended June 30, 2018:

<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, 2017	\$ 36,633,705	\$ 25,254,554	\$ 11,379,151
Changes for the year:			
Service cost	576,750	-	576,750
Interest on total pension liability	2,137,457	-	2,137,457
Effect of plan changes	-	-	-
Effect of economic/demographic (gains) or losses	-	-	-
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(8,653,011)	(8,653,011)	-
Administrative expenses	-	(86,436)	86,436
Net investment income	-	1,973,759	(1,973,759)
Employer contributions	-	1,949,686	(1,949,686)
Net changes	(5,938,804)	(4,816,002)	(1,122,802)
Balances as of June 30, 2018	\$ 30,694,901	\$ 20,438,552	\$ 10,256,349

For the year ended June 30, 2018, the City recognized pension expense of \$1,051,617, the details of which are presented in the following table:

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE L – CITY DEFINED BENEFIT PENSION PLAN – Continued

<u>Pension Expense</u>	<u>July 1, 2017 to June 30, 2018</u>
Service cost	\$ 576,750
Interest on total pension liability	2,137,457
Administrative expenses	86,436
Expected investment return net of investment expenses	(1,420,879)
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	21,188
Pension Expense	<u>\$ 1,051,617</u>

At June 30, 2018, 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	\$ (912,718)	\$ -
Changes of assumptions or inputs	-	39,381
Net difference between projected and actual earnings	(566,113)	-
Total	<u>\$ (1,478,831)</u>	<u>\$ 39,381</u>

The \$1,439,450 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>
2019	\$ (328,148)
2020	(453,237)
2021	(547,489)
2022	(110,576)
2023	-
Thereafter	-
Total	<u>\$ (1,439,450)</u>

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE L – CITY DEFINED BENEFIT PENSION PLAN – Continued

Actuarial Valuations – The total pension liability in the July 1, 2016 actuarial valuation rolled forward to June 30, 2018 was determined using the following actuarial assumptions:

Actuarial Valuation Assumptions

Valuation date	July 1, 2016 rolled forward to June 30, 2018.
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

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 (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Total pension liability	\$ 32,117,286	\$ 30,694,901	\$ 29,341,916
Fiduciary net position	20,438,552	20,438,552	20,438,552
Net pension liability	<u>\$ 11,678,734</u>	<u>\$ 10,256,349</u>	<u>\$ 8,903,364</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

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE L – CITY DEFINED BENEFIT PENSION PLAN – Continued

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%

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

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE M – PERS DEFINED BENEFIT PENSION PLAN – Continued

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 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 2018 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.

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.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE M – PERS DEFINED BENEFIT PENSION PLAN – Continued

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. The surviving spouse, or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70 ½ years.

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 2018 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, 2015 actuarial valuation. The City contribution rates in effect for the fiscal year ended June 30, 2018 were 16.85% for Tier One/Tier Two covered members, 13.08% for OPSRP Pension Program Police and Fire Members, and 8.31% for OPSRP Pension Program General Service Members.

Employer contributions for the year ended June 30, 2018 were \$3,930,696. 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.

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the City reported a liability of \$41,153,474 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. 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, 2017, the City's proportion was 0.3053%, which was changed from 0.2894% measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$8,991,238. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE M – PERS DEFINED BENEFIT PENSION PLAN – Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,990,200	\$ -
Changes of assumptions	7,501,544	-
Net difference between projected and actual earnings of pension plan investments	423,977	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,346,371	(804,737)
Differences between employer contributions and employer's proportionate share of system contributions	-	(722,633)
Total (prior to post measurement date contributions)	11,262,092	(1,527,370)
Contributions subsequent to the measurement date	3,930,696	-
Total Deferred Outflow/Inflow of Resources	<u>\$ 15,192,788</u>	<u>\$ (1,527,370)</u>

The \$3,930,696 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, 2019. 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,	
2019	\$ 1,793,212
2020	5,146,769
2021	3,503,326
2022	(833,619)
2023	125,034
Total	<u>\$ 9,734,722</u>

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, 2015 actuarial valuation was determined using the following actuarial assumptions:

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE M – PERS DEFINED BENEFIT PENSION PLAN – Continued

Valuation date	December 31, 2015
Measurement date	June 30, 2017
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	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>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.</p>

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 pattern 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.

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.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE M – PERS DEFINED BENEFIT PENSION PLAN – Continued

Depletion Date Projection – GASB Statement No. 68 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)	\$70,133,034	\$41,153,474	\$16,921,196

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, 2018

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	3.61
Bank/Leveraged Loans	3.00	5.42
High Yield Bonds	1.00	6.20
Large/Mid Cap US Equities	15.75	6.70
Small Cap US Equities	1.31	6.99
Micro Cap US Equities	1.31	7.01
Developed Foreign Equities	13.13	6.73
Emerging Market Equities	4.12	7.25
Non-US Small Cap Equities	1.88	7.22
Private Equity	17.50	7.97
Real Estate (Property)	10.00	5.84
Real Estate (REITS)	2.50	6.69
Hedge Fund of Funds - Diversified	2.50	4.64
Hedge Fund - Event-driven	0.63	6.72
Timber	1.88	5.85
Farmland	1.88	6.37
Infrastructure	3.75	7.13
Commodities	1.88	4.58
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. The effect of OPERS on the City's net position has been determined on the same basis used by OPERS.

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.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE N – PERS DEFINED BENEFIT PENSION PLAN – Continued

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.

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 or 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, 2018, the City's contribution to the IAP plan was \$1,803,958.

NOTE O – OTHER POSTEMPLOYMENT BENEFITS

The other postemployment benefits (OPEB) for the City combines two separate plans. The City provides an implicit rate subsidy for retiree medical insurance premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan. The total OPEB liability is aggregated in the State of Net Position.

Financial Statement Presentation

The City's two OPEB plans are presented in the aggregate on the Statement of Net Position. The amounts on the financial statements relate to the plans as follows:

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE O – OTHER POSTEMPLOYMENT BENEFITS – Continued

	Implicit Rate Subsidy Plan	RHIA Cost Sharing Plan	Total Reported
OPEB Asset/(Liability)	\$ (7,412,283)	\$ 124,618	\$ (7,287,665)
Deferred Outflows of Resources			
Contributions after the measurement date	361,762	148,660	510,422
Deferred Inflows of Resources			
Difference in Earnings	(440,172)	(57,716)	(497,888)
Change in proportionate share	-	(654)	(654)
OPEB Expense	621,442	427	621,869

IMPLICIT RATE SUBSIDY PLAN

Plan Description

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, 2018, 26 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 75, and a separate financial report is not issued. The total cost of providing this subsidy for the fiscal year ended June 30, 2018 was \$34,285.

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, 2018, there was one employee receiving this benefit.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE O – OTHER POSTEMPLOYMENT BENEFITS – Continued

Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - The City's total OPEB liability of \$7,412,283 was measured as of June 30, 2017, and was determined by an actuarial valuation as of July 1, 2016.

For the fiscal year ended June 30, 2018, the City recognized OPEB expense from this plan of \$621,442. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources	Net Deferred (Inflows)/Outflows of Resources
Changes of assumptions or inputs	\$ (440,172)	\$ -	\$ (440,172)
Contributions made subsequent to measurement date	-	361,762	361,762
	<u>\$ (440,172)</u>	<u>\$ 361,762</u>	<u>\$ (78,410)</u>

Deferred outflows of resources related to OPEB of \$361,762 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Annual Recognition
2019	\$ (55,718)
2020	(55,718)
2021	(55,718)
2022	(55,718)
2023	(55,718)
Thereafter	<u>(161,582)</u>
Total	<u>\$ (440,172)</u>

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2016 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE O – OTHER POSTEMPLOYMENT BENEFITS – Continued

Valuation date	July 1, 2016
Measurement Date	June 30, 2017
Inflation	2.50%
Salary Increases	3.50%
Healthy Mortality	RP-2000 healthy white collar male and female mortality tables, set back one year for males. Mortality is projected on a generational basis using Scale BB for males and females.
Actuarial cost method	Entry Age Normal

Changes in the Total OPEB Liability (Implicit Rate Subsidy Plan)

Balance as of June 30, 2017	\$ 6,559,960
Restatement for GASB 75 Implementation	<u>980,361</u>
Balance as of June 30, 2017, as restated	7,540,321
Changes for the year:	
Service Cost	453,737
Interest on total OPEB liability	223,423
Effect of changes to benefit terms	-
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	(495,892)
Benefit payments	<u>(309,306)</u>
Balance as of June 30, 2018	<u>\$ 7,412,283</u>

Changes in assumptions are the result of the change in discount rate from 2.85% to 3.58%.

Sensitivity of the Total OPEB Liability - The following presents the total OPEB liability of the Plan, calculated using the discount rate of 3.58%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58%) or 1 percentage point higher (4.58%) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE O – OTHER POSTEMPLOYMENT BENEFITS – Continued

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	\$ 8,101,542	\$ 7,412,283	\$ 6,781,491

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 6,604,136	\$ 7,412,283	\$ 8,371,490

PERS RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)

Plan Description - The City contributes to the Oregon Public Employees Retirement System' (PERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Public Employees Retirement Board (PERB). The authority to establish and amend the benefit provisions of the plan rests with the Oregon Legislature. The plan, which was established under ORS 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible PERS retirees. RHIA post-employment benefits are set by state statute. A comprehensive annual financial report of the funds administered by the PERB may be obtained by writing to Oregon Public Employees Retirement System at PO Box 23700, Tigard, Oregon 97281-3700, by calling (888) 320-7377, or by accessing the PERS website at <http://www.oregon.gov/PERS/>.

Funding Policy and contributions - Participating employers are contractually required to contribute at a rate assessed bi-annually by the PERB, currently 0.50% of annual covered payroll for PERS Plan members, and 0.43% for OPSRP Plan members. The PERB sets the employer contribution rate based on an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any actuarial liabilities of the plan over a period not to exceed five years. The City's total for the year ended June 30, 2018 contributions was \$148,660.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OPEB - For the employer cost-sharing plan, the OPEB liability was based on the employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2018, the City's proportion was 0.2986%, which was a decrease from its proportion of 0.3019% at the prior measurement date.

For the year ended June 30, 2018, the City recognized deferred outflows of resources and deferred inflows of resources in the amount of \$148,660 and \$58,370. For the year ended June 30, 2018, the City recognized an OPEB expense of \$427 for this plan.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE O – OTHER POSTEMPLOYMENT BENEFITS – Continued

	Deferred Inflows of Resources	Deferred Outflows of Resources	Net Deferred (Inflows)/Outflows of Resources
Net difference between projected and actual earnings	\$ (57,716)	\$ -	\$ (57,716)
Changes in proportionate share	(654)	-	(654)
Subtotal	(58,370)	-	(58,370)
Contributions subsequent to the measurement date	-	148,660	148,660
Total	<u>\$ (58,370)</u>	<u>\$ 148,660</u>	<u>\$ 90,290</u>

Other amounts reported as deferred inflows related to the Oregon's PERS cost-sharing plan will be recognized in OPEB expense as follows:

Year Ended June 30:	Annual Recognition
2019	\$ (14,671)
2020	(14,671)
2021	(14,599)
2022	(14,429)
2023	-
Thereafter	-
Total	<u>\$ (58,370)</u>

Change in Net OPEB Liability (RHIA)

Oregon Public Employees Retirement System Cost-sharing Plan	2018
Net OPEB Liability:	
Difference between expected and actual experience	\$ (57,716)
Change in proportionate share	(654)
OPEB expense	427
Benefit payments	(148,660)
Net changes in OPEB liability	(206,603)
Net OPEB liability (asset) - beginning	81,985
Net OPEB liability (asset) - ending	<u>\$ (124,618)</u>
City's proportionate share at measurement date	0.29860053%
City's covered employee payroll	\$ 29,957,604
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-0.4%

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE O – OTHER POSTEMPLOYMENT BENEFITS – Continued

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net OPEB 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%)
Net OPEB Liability (Asset)	\$ 17,372	\$ (124,618)	\$ (245,389)

Actuarial Methods and Assumptions - All actuarial methods and assumptions are consistent with those disclosed for the OPERS Pension Plan. See Note M for additional information on assumptions and methods, the Long-Term Expected Rate of Return, and the Discount Rate.

NOTE P – COMMITMENTS AND CONTINGENCIES

At June 30, 2018, the City was obligated under incomplete construction contracts in the amount of \$89,508.

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, 2018, the Sick Leave Reserve Program bank contained 7,167 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.

NOTE Q – RESTATEMENT/PRIOR PERIOD ADJUSTMENT

Change in Accounting Principle

Based on the implementation of GASB Statement No. 75, the City restated the beginning net position for Governmental and Business-type Activities to recognize their proportionate share of the OPEB liability and deferred outflows of resources as of July 1, 2017.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE Q – RESTATEMENT/PRIOR PERIOD ADJUSTMENT – Continued

Prior Period Adjustment

Prior period adjustments were recorded increasing net position for in the utility funds (sewer and storm) relating to timing of accounts receivable, and decreasing the sewer net position for a liability that should have been recorded in a prior year for system development charge credits. Additionally, the City reversed prior year internal service fund revenue (vehicle and equipment fund) that was charged to a fund that is no longer considered a component unit.

Details of the restatements and prior period adjustments are outlined in the table below:

Description	Governmental Activities	Business-type Activities	Total
Net Position as previously reported at June 30, 2017	\$ 127,820,031	\$ 90,778,342	\$ 218,598,373
Change in accounting principle Net OPEB Liability	(875,858)	(201,272)	(1,077,130)
Prior Period Adjustment			
Sewer fund receivable adjustment	-	545,536	545,536
Storm fund receivable adjustment	-	523,998	523,998
Sewer fund SDC credit adjustment	-	(506,567)	(506,567)
Vehicle and equipment fund revenue reversal	(84,188)	-	(84,188)
Total prior period adjustments	(84,188)	562,967	478,779
Total restatement	(960,046)	361,695	(598,351)
Net position, as restated, July 1, 2017	\$ 126,859,985	\$ 91,140,037	\$ 218,000,022

NOTE R – 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.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE S – TAX ABATEMENT

As of June 30, 2018, 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

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.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE S – TAX ABATEMENT – Continued

For the fiscal year ended June 30, 2018, the City of Springfield abated taxes totaling \$1,037,044 under these programs:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated during the Fiscal Year</u>
Enterprise Zone	\$ 1,033,893
Vertical Housing	3,151
	<u>\$ 1,037,044</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, 2018

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Taxes	\$ 20,700,380	\$ 20,700,380	\$ 20,947,987	\$ 247,607	\$ -	\$ 20,947,987
Licenses, permits and fees	2,807,472	2,807,472	2,941,854	134,382	-	2,941,854
Intergovernmental revenue	4,200,941	4,576,779	4,738,525	161,746	(169,986)	4,568,539
Charges for services	5,694,409	5,703,582	5,564,006	(139,576)	-	5,564,006
Fines and forfeitures	1,776,000	1,776,000	1,688,632	(87,368)	-	1,688,632
Investment earnings	94,125	94,125	166,928	72,803	3,602	170,530
Miscellaneous revenue	334,359	334,359	314,431	(19,928)	-	314,431
Total revenues	35,607,686	35,992,697	36,362,363	369,666	(166,384)	36,195,979
Expenditures:						
Current operating:						
City manager's office	1,326,121	1,373,343	1,281,950	91,393	(302)	1,281,648
Legal and judicial services	718,582	737,582	644,794	92,788	-	644,794
Human resources	599,598	699,598	578,842	120,756	-	578,842
Finance	2,109,718	2,168,218	2,096,863	71,355	627	2,097,490
Information technology	1,790,537	1,875,277	1,704,777	170,500	(906)	1,703,871
Fire and life safety	11,397,710	11,703,548	11,412,497	291,051	(3,028)	11,409,469
Police	14,106,032	14,156,031	13,979,389	176,642	21,377	14,000,766
Library	1,661,033	1,673,173	1,491,649	181,524	(2,637)	1,489,012
Development and public works	2,499,073	2,504,073	2,339,817	164,256	(1,951)	2,337,866
Contingency	1,000,000	1,000,000	-	1,000,000	-	-
Total expenditures	37,208,404	37,890,843	35,530,578	2,360,265	13,180	35,543,758
Excess of revenues over (under) expenditures	(1,600,718)	(1,898,146)	831,785	2,729,931	(179,564)	652,221
Other financing sources (uses):						
Transfers in	1,175,906	1,179,906	766,332	(413,574)	-	766,332
Transfers out	(411,300)	(437,123)	(437,123)	-	-	(437,123)
Total other financing sources (uses)	764,606	742,783	329,209	(413,574)	-	329,209
Net change in fund balances	(836,112)	(1,155,363)	1,160,994	2,316,357	(179,564)	981,430
Fund balance, beginning of year	7,787,308	8,574,036	8,574,036	-	189,998	8,764,034
Fund balance, end of year	\$ 6,951,196	\$ 7,418,673	\$ 9,735,030	\$ 2,316,357	\$ 10,434	\$ 9,745,464

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, 2018

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Taxes	\$ 1,100,000	\$ 1,100,000	\$ 1,081,791	\$ (18,209)	\$ -	\$ 1,081,791
Licenses, permits and fees	145,000	145,000	153,433	8,433	-	153,433
Intergovernmental revenue	3,677,500	3,677,500	4,144,800	467,300	-	4,144,800
Charges for services	92,500	92,500	101,343	8,843	-	101,343
Investment earnings	3,000	3,000	10,141	7,141	1,121	11,262
Miscellaneous revenue	4,000	4,000	20,478	16,478	-	20,478
Total revenues	<u>5,022,000</u>	<u>5,022,000</u>	<u>5,511,986</u>	<u>489,986</u>	<u>1,121</u>	<u>5,513,107</u>
Expenditures:						
Current operating:						
Information technology	338,007	376,538	253,062	123,476	-	253,062
Development and public works	<u>5,070,323</u>	<u>5,070,323</u>	<u>4,954,033</u>	<u>116,290</u>	<u>(9,216)</u>	<u>4,944,817</u>
Total expenditures	<u>5,408,330</u>	<u>5,446,861</u>	<u>5,207,095</u>	<u>239,766</u>	<u>(9,216)</u>	<u>5,197,879</u>
Excess of revenues over (under) expenditures	(386,330)	(424,861)	304,891	729,752	10,337	315,228
Other financing sources (uses):						
Transfers in	<u>411,300</u>	<u>423,873</u>	<u>423,873</u>	<u>-</u>	<u>-</u>	<u>423,873</u>
Net change in fund balances	24,970	(988)	728,764	729,752	10,337	739,101
Fund balance, beginning of year	634,399	944,650	944,650	-	202,703	1,147,353
Change in reserve for inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,428</u>	<u>33,428</u>
Fund balance, end of year	<u>\$ 659,369</u>	<u>\$ 943,662</u>	<u>\$ 1,673,414</u>	<u>\$ 729,752</u>	<u>\$ 246,468</u>	<u>\$ 1,919,882</u>

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, 2018

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Taxes	\$ 5,511,265	\$ 5,511,265	\$ 5,581,613	\$ 70,348	\$ -	\$ 5,581,613
Licenses, permits, and fees	227,580	227,580	105,107	(122,473)	-	105,107
Charge for services	212,600	212,600	394,504	181,904	-	394,504
Investment earnings	14,000	14,000	23,868	9,868	(11)	23,857
Miscellaneous receipts	-	-	6,611	6,611	-	6,611
Total revenues	<u>5,965,445</u>	<u>5,965,445</u>	<u>6,111,703</u>	<u>146,258</u>	<u>(11)</u>	<u>6,111,692</u>
Expenditures:						
Current operating:						
Judicial services	659,841	659,841	659,668	173	-	659,668
Legal services	64,143	64,143	53,568	10,575	-	53,568
Police	<u>5,821,624</u>	<u>5,887,337</u>	<u>5,666,012</u>	<u>221,325</u>	<u>1,138</u>	<u>5,667,150</u>
Total expenditures	<u>6,545,608</u>	<u>6,611,321</u>	<u>6,379,248</u>	<u>232,073</u>	<u>1,138</u>	<u>6,380,386</u>
Net change in fund balances	(580,163)	(645,876)	(267,545)	378,331	(1,149)	(268,694)
Fund balance, beginning of year	<u>1,157,099</u>	<u>1,451,765</u>	<u>1,451,765</u>	<u>-</u>	<u>3,452</u>	<u>1,455,217</u>
Fund balance, end of year	<u>\$ 576,936</u>	<u>\$ 805,889</u>	<u>\$ 1,184,220</u>	<u>\$ 378,331</u>	<u>\$ 2,303</u>	<u>\$ 1,186,523</u>

City of Springfield, Oregon

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2018

CITY RETIREMENT PLAN PENSION BENEFITS

Schedule of CRP Funding Progress

Acturial Valuation Date	Acturial Value of Assets	Acturial 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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 1,823	\$ 1,874	\$ 1,875	\$ 1,936	\$ 2,088	\$ 1,790	\$ 1,810	\$ 1,209	\$ 1,303	\$ 1,359
Actual employer contribution	1,950	1,916	1,954	1,965	2,088	1,790	1,810	1,209	1,303	1,359
Contribution deficiency (Excess)	(127)	(42)	(79)	(29)	-	-	-	-	-	-
Covered payroll	2,208	2,027	2,034	2,101	2,426	2,498	2,535	2,738	2,944	3,027
Contribution as a % of covered payroll	88.32%	94.52%	96.07%	93.53%	86.07%	71.66%	71.40%	44.16%	44.26%	44.90%
Valuation Date	7/1/2016	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
Investment Rate of Return Assumption	6.50%	6.50%	6.50%	6.50%	6.50%	7.50%	7.50%	7.50%	7.50%	8.00%

City of Springfield, Oregon

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2018

CITY RETIREMENT PLAN PENSION BENEFITS – Continued

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

	2018	2017	2016	2015
Total Pension Liability				
Service cost	\$ 576,750	\$ 596,684	\$ 608,191	\$ 611,102
Interest on total pension liability	2,137,457	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	(8,653,011)	(45,910)	(1,444,246)	(3,730,383)
Net change in total pension liability	(5,938,804)	1,311,972	1,363,805	(932,893)
Total pension liability, beginning	36,633,705	35,321,733	33,957,928	34,890,821
Total pension liability, ending (a)	30,694,901	36,633,705	35,321,733	33,957,928
Fiduciary Net Position				
Employer contributions	1,949,686	1,916,262	1,953,954	1,964,977
Investment income net of investment expenses	1,973,759	2,717,812	(12,259)	708,524
Benefit payments	(8,653,011)	(45,910)	(1,444,246)	(3,730,383)
Administrative expenses	(86,436)	(76,423)	(68,077)	(70,078)
Net change in plan net position	(4,816,002)	4,511,741	429,372	(1,126,960)
Fiduciary net position, beginning	25,254,554	20,742,813	20,313,441	21,440,401
Fiduciary net position, ending (b)	20,438,552	25,254,554	20,742,813	20,313,441
Net pension liability, ending (a) - (b)	\$ 10,256,349	\$ 11,379,151	\$ 14,578,920	\$ 13,644,487
Fiduciary net position as a % of total pension liability	67%	69%	59%	60%
Covered payroll	\$ 2,207,506	\$ 2,027,175	\$ 2,034,238	\$ 2,100,871
Net pension liability as a % of covered payroll	465%	561%	717%	649%

City of Springfield, Oregon

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2018

OPERS RETIREMENT PLAN PENSION BENEFITS

Schedule of Proportionate Share of Net Pension Liability

	Fiscal Year Ending June 30,				
	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.3053%	0.2894%	0.3089%	0.2801%	0.2801%
Proportionate share of the net pension liability (asset)	\$ 41,153,474	\$ 43,443,622	\$ 17,733,343	\$ (6,349,764)	\$ 14,295,480
Covered payroll	29,957,604	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	137.37%	147.91%	61.61%	-23.23%	54.42%
Plan net position as a percentage of the total pension liability	83.1%	80.5%	91.9%	103.6%	92.0%

*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,				
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,930,696	\$ 2,875,247	\$ 2,718,458	\$ 2,393,904	\$ 2,371,838
Contributions in relation to the contractually required contribution	3,930,696	2,875,247	2,718,458	2,393,904	2,371,838
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 29,957,604	\$ 29,371,018	\$ 28,785,414	\$ 27,340,088	\$ 26,270,045
Contributions as a percentage of covered employee payroll	13.12%	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.

City of Springfield, Oregon
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2018

OPEB RETIREMENT PLAN PENSION BENEFITS

Schedule of Proportionate Share of Net OPEB Liability

	Fiscal Year Ending June 30, 2018
<u>Implicit Rate Subsidy Plan</u>	
Total OPEB Liability:	
Services cost	\$ 453,737
Interest	223,423
Difference between expected and actual experience	
Changes of assumptions	(495,892)
Benefit payments	(309,306)
Net change in total OPEB liability	<u>\$ (128,038)</u>
 Total OPEB liability - beginning	 6,559,960
Restatement for GASB 75 Implementation	<u>980,361</u>
 Total OPEB liability - beginning as restated	 <u>7,540,321</u>
Total OPEB liability - ending	<u>\$ 7,412,283</u>
 City's covered employee payroll	 \$ 29,957,604
Total OPEB liability as a percentage of covered payroll	24.7%

*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.

City of Springfield, Oregon
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2018

OPEB RETIREMENT PLAN PENSION BENEFITS – Continued

Schedule of Proportionate Share of Net OPEB Liability

	Fiscal Year Ending June 30, 2018
<u>RHIA Cost Sharing Plan</u>	
Net OPEB Liability:	
Proportion of the net pension liability (asset)	0.2986%
Proportionate share of the net pension liability (asset)	\$ (124,618)
Covered payroll	29,957,604
Proportionate share of the pension liability (asset) as a percentage of its covered employee payroll	-0.4%
Plan net position as a percentage of the total pension liability	108.9%

*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, 2018
Contractually required contribution	\$ 139,708
Contributions in relation to the contractually required contribution	148,660
Contribution deficiency (excess)	<u>\$ (8,952)</u>
Covered employee payroll	\$ 29,957,604
Contributions as a percentage of covered employee payroll	0.47%

*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



Nonmajor Governmental Funds Combining Statements



City of Springfield, Oregon
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

June 30, 2018

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 11,662,192	\$ 7,356,410	\$ 386,868	\$ 19,405,470
Receivables:				
Accounts	333,721	4,809	-	338,530
Taxes	187,239	-	260,556	447,795
Grants	140,750	-	-	140,750
Accrued interest	25,680	30,790	4,188	60,658
Assessments and liens	-	77,748	1,969	79,717
Notes	1,375,901	370,584	-	1,746,485
Deferred system development fees	25	644,393	-	644,418
Prepaid items	-	1,016	-	1,016
	<u>-</u>	<u>1,016</u>	<u>-</u>	<u>1,016</u>
Total assets	<u>\$ 13,725,508</u>	<u>\$ 8,485,750</u>	<u>\$ 653,581</u>	<u>\$ 22,864,839</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 411,236	\$ 102,869	\$ 3,412	\$ 517,517
Accrued payroll and other liabilities	58,804	1,025	-	59,829
Deposits	1,500	-	-	1,500
Total liabilities	<u>471,540</u>	<u>103,894</u>	<u>3,412</u>	<u>578,846</u>
Deferred inflows of resources:				
Unavailable revenue	<u>1,787,484</u>	<u>1,104,020</u>	<u>262,525</u>	<u>3,154,029</u>
Fund Balances:				
Nonspendable	-	1,016	-	1,016
Restricted	11,036,073	4,591,545	382,512	16,010,130
Committed	-	2,200,742	-	2,200,742
Assigned	430,411	484,533	5,132	920,076
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>11,466,484</u>	<u>7,277,836</u>	<u>387,644</u>	<u>19,131,964</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,725,508</u>	<u>\$ 8,485,750</u>	<u>\$ 653,581</u>	<u>\$ 22,864,839</u>

City of Springfield, Oregon
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Year ended June 30, 2018

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 4,365,746	\$ -	\$ 1,817,849	\$ 6,183,595
Licenses, permits and fees	51,515	-	-	51,515
Intergovernmental revenue	802,280	-	-	802,280
Charges for services	1,334,594	1,346,208	-	2,680,802
Fines and forfeitures	125,310	-	-	125,310
Investment earnings	101,322	106,199	14,401	221,922
Special assessments	-	13,082	-	13,082
Miscellaneous revenue	326,875	117,504	-	444,379
Total revenues	<u>7,107,642</u>	<u>1,582,993</u>	<u>1,832,250</u>	<u>10,522,885</u>
Expenditures:				
Current operating:				
General government	591,927	36,934	-	628,861
Fire and life safety	1,485,213	-	-	1,485,213
Police	80,563	-	-	80,563
Library	157,787	-	-	157,787
Development and public works	1,604,790	148,585	-	1,753,375
Capital projects	101,672	865,498	-	967,170
Debt service:				
Principal	305,530	-	1,390,000	1,695,530
Interest	75,057	-	578,600	653,657
Total expenditures	<u>4,402,539</u>	<u>1,051,017</u>	<u>1,968,600</u>	<u>7,422,156</u>
Excess of revenues over (under) expenditures	<u>2,705,103</u>	<u>531,976</u>	<u>(136,350)</u>	<u>3,100,729</u>
Other financing sources (uses):				
Issuance of debt	2,729,248	-	-	2,729,248
Transfers in	-	39,250	-	39,250
Transfers out	(613,794)	(85,538)	(30,000)	(729,332)
Total other financing sources (uses)	<u>2,115,454</u>	<u>(46,288)</u>	<u>(30,000)</u>	<u>2,039,166</u>
Net change in fund balances	4,820,557	485,688	(166,350)	5,139,895
Fund balance, beginning of year	<u>6,645,927</u>	<u>6,792,148</u>	<u>553,994</u>	<u>13,992,069</u>
Fund balance, end of year	<u>\$ 11,466,484</u>	<u>\$ 7,277,836</u>	<u>\$ 387,644</u>	<u>\$ 19,131,964</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.



City of Springfield, Oregon
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2018

	Special Revenue	Transient Room Tax	Community Development	Building	SEDA Glenwood	SEDA Downtown	Fire Levy	Total
ASSETS								
Cash and investments	\$ 1,149,748	\$ 1,255,464	\$ 17,883	\$ 2,303,629	\$ 5,988,161	\$ 310,166	\$ 637,141	\$ 11,662,192
Receivables:								
Accounts	16,755	285,466	-	-	31,500	-	-	333,721
Taxes	-	-	-	-	51,909	24,840	110,490	187,239
Grants	28,122	-	112,628	-	-	-	-	140,750
Accrued interest	-	3,627	-	7,578	11,750	451	2,274	25,680
Notes	-	-	1,375,901	-	-	-	-	1,375,901
Deferred system development fees	-	-	-	25	-	-	-	25
Total assets	<u>\$ 1,194,625</u>	<u>\$ 1,544,557</u>	<u>\$ 1,506,412</u>	<u>\$ 2,311,232</u>	<u>\$ 6,083,320</u>	<u>\$ 335,457</u>	<u>\$ 749,905</u>	<u>\$ 13,725,508</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 25,835	\$ 151,066	\$ 12,766	\$ 911	\$ 27,858	\$ 18,995	\$ 173,805	\$ 411,236
Accrued payroll and other liabilities	-	5,597	5,865	20,307	-	-	27,035	58,804
Deposits	-	-	-	-	-	1,500	-	1,500
Total liabilities	<u>25,835</u>	<u>156,663</u>	<u>18,631</u>	<u>21,218</u>	<u>27,858</u>	<u>20,495</u>	<u>200,840</u>	<u>471,540</u>
Deferred inflows of resources:								
Unavailable revenue	<u>16,756</u>	<u>176,063</u>	<u>1,375,901</u>	<u>25</u>	<u>83,409</u>	<u>24,840</u>	<u>110,490</u>	<u>1,787,484</u>
Fund balances:								
Restricted	721,623	1,211,831	111,880	2,289,989	5,972,053	290,122	438,575	11,036,073
Assigned	<u>430,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>430,411</u>
Total fund balances	<u>1,152,034</u>	<u>1,211,831</u>	<u>111,880</u>	<u>2,289,989</u>	<u>5,972,053</u>	<u>290,122</u>	<u>438,575</u>	<u>11,466,484</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,194,625</u>	<u>\$ 1,544,557</u>	<u>\$ 1,506,412</u>	<u>\$ 2,311,232</u>	<u>\$ 6,083,320</u>	<u>\$ 335,457</u>	<u>\$ 749,905</u>	<u>\$ 13,725,508</u>

City of Springfield, Oregon
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Year ended June 30, 2018

	Special Revenue	Transient Room Tax	Community Development	Building	SEDA Glenwood	SEDA Downtown	Fire Levy	Total
Revenues:								
Taxes	\$ -	\$ 1,377,810	\$ -	\$ -	\$ 895,863	\$ 522,000	\$ 1,570,073	\$ 4,365,746
Licenses, permits and fees	-	-	-	-	-	51,515	-	51,515
Intergovernmental revenue	423,101	-	374,511	-	4,395	273	-	802,280
Charges for services	-	-	-	1,308,794	25,800	-	-	1,334,594
Fines and forfeitures	88,566	-	-	-	-	36,744	-	125,310
Investment earnings	5,373	13,679	-	28,560	44,577	1,289	7,844	101,322
Miscellaneous revenue	170,126	692	155,160	-	-	897	-	326,875
Total revenues	687,166	1,392,181	529,671	1,337,354	970,635	612,718	1,577,917	7,107,642
Expenditures:								
Current operating:								
City manager's office	34,777	293,255	-	-	52,003	174,019	-	554,054
Finance	-	-	18,701	-	12,686	6,486	-	37,873
Fire and life safety	-	-	-	58,098	-	-	1,427,115	1,485,213
Police	80,563	-	-	-	-	-	-	80,563
Library	96,075	61,712	-	-	-	-	-	157,787
Development and public works	4,249	109,760	423,441	1,067,340	-	-	-	1,604,790
Capital projects	-	-	-	-	101,672	-	-	101,672
Debt service:								
Principal	-	-	-	-	305,530	-	-	305,530
Interest	-	-	-	-	75,057	-	-	75,057
Total expenditures	215,664	464,727	442,142	1,125,438	546,948	180,505	1,427,115	4,402,539
Excess of revenues over (under) expenditures	471,502	927,454	87,529	211,916	423,687	432,213	150,802	2,705,103
Other financing sources (uses):								
Issuance of debt	-	-	-	-	2,729,248	-	-	2,729,248
Transfers out	-	(613,794)	-	-	-	-	-	(613,794)
Total other financing sources (uses)	-	(613,794)	-	-	2,729,248	-	-	2,115,454
Net change in fund balances	471,502	313,660	87,529	211,916	3,152,935	432,213	150,802	4,820,557
Fund balances, beginning of year	680,532	898,171	24,351	2,078,073	2,819,118	(142,091)	287,773	6,645,927
Fund balances, end of year	\$ 1,152,034	\$ 1,211,831	\$ 111,880	\$ 2,289,989	\$ 5,972,053	\$ 290,122	\$ 438,575	\$ 11,466,484

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, 2018

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Intergovernmental revenue	\$ 133,080	\$ 327,991	\$ 423,350	\$ 95,359	\$ (249)	\$ 423,101
Fines and forfeitures	-	-	88,566	88,566	-	88,566
Investment earnings	-	-	5,373	5,373	-	5,373
Miscellaneous revenue	106,500	111,931	170,126	58,195	-	170,126
Total revenues	239,580	439,922	687,415	247,493	(249)	687,166
Expenditures:						
Current operating:						
City manager's office	30,730	170,730	34,777	135,953	-	34,777
Police	145,000	215,220	80,563	134,657	-	80,563
Library	58,081	106,778	96,075	10,703	-	96,075
Development and public works	12,000	12,000	4,249	7,751	-	4,249
Total expenditures	245,811	504,728	215,664	289,064	-	215,664
Net change in fund balances	(6,231)	(64,806)	471,751	536,557	(249)	471,502
Fund balance, beginning of year	627,549	680,283	680,283	-	249	680,532
Fund balance, end of year	\$ 621,318	\$ 615,477	\$ 1,152,034	\$ 536,557	\$ -	\$ 1,152,034

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, 2018

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Taxes	\$ 1,412,225	\$ 1,412,225	\$ 1,377,810	\$ (34,415)	\$ -	\$ 1,377,810
Investment earnings	3,000	3,000	12,513	9,513	1,166	13,679
Miscellaneous revenue	-	-	692	692	-	692
Total revenues	<u>1,415,225</u>	<u>1,415,225</u>	<u>1,391,015</u>	<u>(24,210)</u>	<u>1,166</u>	<u>1,392,181</u>
Expenditures:						
Current operating:						
City manager's office	181,837	306,337	293,255	13,082	-	293,255
Library	60,949	152,302	61,712	90,590	-	61,712
Development and public works	<u>112,167</u>	<u>112,167</u>	<u>109,760</u>	<u>2,407</u>	<u>-</u>	<u>109,760</u>
Total expenditures	<u>354,953</u>	<u>570,806</u>	<u>464,727</u>	<u>106,079</u>	<u>-</u>	<u>464,727</u>
Excess of revenues over (under) expenditures	1,060,272	844,419	926,288	81,869	1,166	927,454
Other financing sources (uses):						
Transfers out	<u>(784,570)</u>	<u>(784,570)</u>	<u>(613,794)</u>	<u>170,776</u>	<u>-</u>	<u>(613,794)</u>
Net change in fund balances	275,702	59,849	312,494	252,645	1,166	313,660
Fund balance, beginning of year	<u>721,269</u>	<u>896,736</u>	<u>896,736</u>	<u>-</u>	<u>1,435</u>	<u>898,171</u>
Fund balance, end of year	<u>\$ 996,971</u>	<u>\$ 956,585</u>	<u>\$ 1,209,230</u>	<u>\$ 252,645</u>	<u>\$ 2,601</u>	<u>\$ 1,211,831</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, 2018

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Intergovernmental revenue	\$ 722,995	\$ 757,995	\$ 374,511	\$ (383,484)	\$ -	\$ 374,511
Miscellaneous receipts	<u>35,000</u>	<u>43,390</u>	<u>155,160</u>	<u>111,770</u>	<u>-</u>	<u>155,160</u>
Total revenues	<u>757,995</u>	<u>801,385</u>	<u>529,671</u>	<u>(271,714)</u>	<u>-</u>	<u>529,671</u>
Expenditures:						
Current operating:						
Finance	25,231	25,231	18,701	6,530	-	18,701
Development and public works	<u>732,764</u>	<u>776,154</u>	<u>423,441</u>	<u>352,713</u>	<u>-</u>	<u>423,441</u>
Total expenditures	<u>757,995</u>	<u>801,385</u>	<u>442,142</u>	<u>359,243</u>	<u>-</u>	<u>442,142</u>
Net change in fund balances	-	-	87,529	87,529	-	87,529
Fund balance, beginning of year	<u>24,351</u>	<u>24,351</u>	<u>24,351</u>	<u>-</u>	<u>-</u>	<u>24,351</u>
Fund balance, end of year	<u>\$ 24,351</u>	<u>\$ 24,351</u>	<u>\$ 111,880</u>	<u>\$ 87,529</u>	<u>\$ -</u>	<u>\$ 111,880</u>

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, 2018

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 1,972,000	\$ 1,972,000	\$ 1,308,794	\$ (663,206)	\$ -	\$ 1,308,794
Investment earnings	30,000	30,000	27,376	(2,624)	1,184	28,560
Total revenues	<u>2,002,000</u>	<u>2,002,000</u>	<u>1,336,170</u>	<u>(665,830)</u>	<u>1,184</u>	<u>1,337,354</u>
Expenditures:						
Current operating:						
Fire and life safety	58,259	58,259	58,098	161	-	58,098
Development and public works	<u>1,088,334</u>	<u>1,088,334</u>	<u>1,067,488</u>	<u>20,846</u>	<u>(148)</u>	<u>1,067,340</u>
Total expenditures	<u>1,146,593</u>	<u>1,146,593</u>	<u>1,125,586</u>	<u>21,007</u>	<u>(148)</u>	<u>1,125,438</u>
Net change in fund balances	855,407	855,407	210,584	(644,823)	1,332	211,916
Fund balance, beginning of year	<u>2,591,707</u>	<u>2,073,970</u>	<u>2,073,970</u>	<u>-</u>	<u>4,103</u>	<u>2,078,073</u>
Fund balance, end of year	<u>\$ 3,447,114</u>	<u>\$ 2,929,377</u>	<u>\$ 2,284,554</u>	<u>\$ (644,823)</u>	<u>\$ 5,435</u>	<u>\$ 2,289,989</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, 2018

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Taxes	\$ 920,463	\$ 920,463	\$ 895,863	\$ (24,600)	\$ -	\$ 895,863
Intergovernmental revenue	-	-	4,395	4,395	-	4,395
Charges for services	-	-	25,800	25,800	-	25,800
Investment earnings	4,500	4,500	39,959	35,459	4,618	44,577
Total revenues	<u>924,963</u>	<u>924,963</u>	<u>966,017</u>	<u>41,054</u>	<u>4,618</u>	<u>970,635</u>
Expenditures:						
Current operating:						
City manager's office	430,290	430,290	52,003	378,287	-	52,003
Finance	19,350	68,150	12,686	55,464	-	12,686
Capital projects	1,340,500	5,950,000	101,672	5,848,328	-	101,672
Debt service:						
Principal	282,841	263,351	258,301	5,050	47,229	305,530
Interest	54,491	66,491	61,628	4,863	13,429	75,057
Total expenditures	<u>2,127,472</u>	<u>6,778,282</u>	<u>486,290</u>	<u>6,291,992</u>	<u>60,658</u>	<u>546,948</u>
Excess of revenues over (under) expenditures	(1,202,509)	(5,853,319)	479,727	6,333,046	(56,040)	423,687
Other financing sources (uses):						
Issuance of debt	-	3,570,000	2,729,248	(840,752)	-	2,729,248
Net change in fund balances	(1,202,509)	(2,283,319)	3,208,975	5,492,294	(56,040)	3,152,935
Fund balance, beginning of year	<u>2,175,063</u>	<u>2,815,308</u>	<u>2,815,308</u>	<u>-</u>	<u>3,810</u>	<u>2,819,118</u>
Fund balance, end of year	<u>\$ 972,554</u>	<u>\$ 531,989</u>	<u>\$ 6,024,283</u>	<u>\$ 5,492,294</u>	<u>\$ (52,230)</u>	<u>\$ 5,972,053</u>

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, 2018

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Taxes	\$ 395,501	\$ 523,501	\$ 522,000	\$ (1,501)	\$ -	\$ 522,000
Licenses, permits and fees	50,000	50,000	51,515	1,515	-	51,515
Intergovernmental revenue	-	-	273	273	-	273
Charges for services	18,900	18,900	-	(18,900)	-	-
Fines and forfeitures	30,000	30,000	36,744	6,744	-	36,744
Investment earnings	250	250	1,404	1,154	(115)	1,289
Miscellaneous revenue	-	-	897	897	-	897
Total revenues	494,651	622,651	612,833	(9,818)	(115)	612,718
Expenditures:						
Current operating:						
City manager's office	560,050	560,050	174,040	386,010	(21)	174,019
Finance	6,650	6,650	6,486	164	-	6,486
Debt service:						
Interest	10,500	-	-	-	-	-
Total expenditures	577,200	566,700	180,526	386,174	(21)	180,505
Excess of revenues over (under) expenditures	(82,549)	55,951	432,307	376,356	(94)	432,213
Other financing sources (uses):						
Interfund loan proceeds	450,000	150,000	-	(150,000)	-	-
Interfund loan repaid	(350,000)	-	-	-	-	-
Total other financing sources (uses)	100,000	150,000	-	(150,000)	-	-
Net change in fund balances	17,451	205,951	432,307	226,356	(94)	432,213
Fund balance, beginning of year	24,980	(142,508)	(142,508)	-	417	(142,091)
Fund balance, end of year	\$ 42,431	\$ 63,443	\$ 289,799	\$ 226,356	\$ 323	\$ 290,122

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, 2018

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Taxes	\$ 1,548,546	\$ 1,548,546	\$ 1,570,073	\$ 21,527	\$ -	\$ 1,570,073
Investment earnings	<u>4,500</u>	<u>4,500</u>	<u>7,554</u>	<u>3,054</u>	<u>290</u>	<u>7,844</u>
Total revenues	<u>1,553,046</u>	<u>1,553,046</u>	<u>1,577,627</u>	<u>24,581</u>	<u>290</u>	<u>1,577,917</u>
Expenditures:						
Current operating:						
Fire and life safety	<u>1,432,873</u>	<u>1,432,873</u>	<u>1,427,840</u>	<u>5,033</u>	<u>(725)</u>	<u>1,427,115</u>
Net change in fund balances	120,173	120,173	149,787	29,614	1,015	150,802
Fund balance, beginning of year	<u>216,289</u>	<u>287,157</u>	<u>287,157</u>	<u>-</u>	<u>616</u>	<u>287,773</u>
Fund balance, end of year	<u>\$ 336,462</u>	<u>\$ 407,330</u>	<u>\$ 436,944</u>	<u>\$ 29,614</u>	<u>\$ 1,631</u>	<u>\$ 438,575</u>



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, 2018

	General Obligation Debt Service	Bancroft Redemption	Total
ASSETS			
Cash and investments	\$ 381,857	\$ 5,011	\$ 386,868
Receivables:			
Property taxes	260,556	-	260,556
Accrued interest	4,067	121	4,188
Assessments and liens	-	1,969	1,969
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 646,480</u>	<u>\$ 7,101</u>	<u>\$ 653,581</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts and refunds payable	<u>\$ 3,412</u>	<u>\$ -</u>	<u>\$ 3,412</u>
Deferred inflows of resources:			
Unavailable revenue	<u>260,556</u>	<u>1,969</u>	<u>262,525</u>
Fund balances:			
Restricted	382,512	-	382,512
Assigned	<u>-</u>	<u>5,132</u>	<u>5,132</u>
Total fund balances	<u>382,512</u>	<u>5,132</u>	<u>387,644</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 646,480</u>	<u>\$ 7,101</u>	<u>\$ 653,581</u>

City of Springfield, Oregon
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2018

	General Obligation Debt Service	Bancroft Redemption	Total
Revenues:			
Taxes	\$ 1,817,739	\$ 110	\$ 1,817,849
Investment earnings	13,953	448	14,401
Total revenues	<u>1,831,692</u>	<u>558</u>	<u>1,832,250</u>
Expenditures:			
Debt service:			
Principal	1,390,000	-	1,390,000
Interest	578,600	-	578,600
Total expenditures	<u>1,968,600</u>	<u>-</u>	<u>1,968,600</u>
Excess of revenues over (under) expenditures	<u>(136,908)</u>	<u>558</u>	<u>(136,350)</u>
Other financing sources (uses):			
Transfers out	<u>-</u>	<u>(30,000)</u>	<u>(30,000)</u>
Net change in fund balances	(136,908)	(29,442)	(166,350)
Fund balances, beginning of year	<u>519,420</u>	<u>34,574</u>	<u>553,994</u>
Fund balances, end of year	<u><u>\$ 382,512</u></u>	<u><u>\$ 5,132</u></u>	<u><u>\$ 387,644</u></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, 2018

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Taxes	\$ 1,799,579	\$ 1,799,579	\$ 1,817,739	\$ 18,160	\$ -	\$ 1,817,739
Investment earnings	4,000	4,000	13,915	9,915	38	13,953
Total revenues	<u>1,803,579</u>	<u>1,803,579</u>	<u>1,831,654</u>	<u>28,075</u>	<u>38</u>	<u>1,831,692</u>
Expenditures:						
Debt service:						
Principal	1,390,000	1,390,000	1,390,000	-	-	1,390,000
Interest	578,602	578,602	578,600	2	-	578,600
Total expenditures	<u>1,968,602</u>	<u>1,968,602</u>	<u>1,968,600</u>	<u>2</u>	<u>-</u>	<u>1,968,600</u>
Net change in fund balances	(165,023)	(165,023)	(136,946)	28,077	38	(136,908)
Fund balance, beginning of year	<u>514,092</u>	<u>516,541</u>	<u>516,541</u>	<u>-</u>	<u>2,879</u>	<u>519,420</u>
Fund balance, end of year	<u>\$ 349,069</u>	<u>\$ 351,518</u>	<u>\$ 379,595</u>	<u>\$ 28,077</u>	<u>\$ 2,917</u>	<u>\$ 382,512</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, 2018

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Taxes	\$ -	\$ -	\$ 110	\$ 110	\$ -	\$ 110
Investment earnings	525	525	466	(59)	(18)	448
Total revenues	525	525	576	51	(18)	558
Expenditures:						
Current operating:						
Finance	2,000	2,000	-	2,000	-	-
Excess of revenues over (under) expenditures	(1,475)	(1,475)	576	2,051	(18)	558
Other financing sources (uses):						
Transfers out	-	(30,000)	(30,000)	-	-	(30,000)
Total other financing sources (uses)	-	(30,000)	(30,000)	-	-	(30,000)
Net change in fund balances	(1,475)	(31,475)	(29,424)	2,051	(18)	(29,442)
Fund balance, beginning of year	51,691	34,469	34,469	-	105	34,574
Fund balance, end of year	\$ 50,216	\$ 2,994	\$ 5,045	\$ 2,051	\$ 87	\$ 5,132

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.



City of Springfield, Oregon
NONMAJOR CAPITAL PROJECTS FUNDS
BALANCE SHEET
June 30, 2018

	Development Assessments Capital Projects	Development Capital Projects	SEDA Glenwood Capital Projects	Street Capital Projects	Total
ASSETS					
Cash and investments	\$ 531,723	\$ 3,836,665	\$ 233	\$ 2,987,789	\$ 7,356,410
Receivables:					
Accounts	-	-	-	4,809	4,809
Accrued interest	1,871	19,690	-	9,229	30,790
Assessments and liens	77,748	-	-	-	77,748
Notes	-	370,584	-	-	370,584
Deferred system development fees	-	-	-	644,393	644,393
Prepays	-	1,016	-	-	1,016
Total assets	<u>\$ 611,342</u>	<u>\$ 4,227,955</u>	<u>\$ 233</u>	<u>\$ 3,646,220</u>	<u>\$ 8,485,750</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 102,113	\$ -	\$ 756	\$ 102,869
Accrued payroll and other liabilities	1,025	-	-	-	1,025
Total liabilities	<u>1,025</u>	<u>102,113</u>	<u>-</u>	<u>756</u>	<u>103,894</u>
Deferred inflows of resources:					
Unavailable revenue	<u>77,748</u>	<u>377,069</u>	<u>-</u>	<u>649,203</u>	<u>1,104,020</u>
Fund balances:					
Nonspendable	-	1,016	-	-	1,016
Restricted	-	1,595,051	233	2,996,261	4,591,545
Committed	532,569	1,668,173	-	-	2,200,742
Assigned	-	484,533	-	-	484,533
Total fund balances	<u>532,569</u>	<u>3,748,773</u>	<u>233</u>	<u>2,996,261</u>	<u>7,277,836</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 611,342</u>	<u>\$ 4,227,955</u>	<u>\$ 233</u>	<u>\$ 3,646,220</u>	<u>\$ 8,485,750</u>

City of Springfield, Oregon
NONMAJOR CAPITAL PROJECTS FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended June 30, 2018

	Development Assessments Capital Projects	Development Capital Projects	SEDA Glenwood Capital Projects	Street Capital Projects	Total
Revenues:					
Charges for services	\$ -	\$ 276,492	\$ -	\$ 1,069,716	\$ 1,346,208
Investment earnings	8,046	63,882	-	34,271	106,199
Special assessments	13,082	-	-	-	13,082
Miscellaneous revenue	-	116,403	-	1,101	117,504
Total revenues	21,128	456,777	-	1,105,088	1,582,993
Expenditures:					
Current operating:					
General government	36,934	-	-	-	36,934
Development and public works	-	-	-	148,585	148,585
Capital projects	-	273,861	-	591,637	865,498
Total expenditures	36,934	273,861	-	740,222	1,051,017
Excess of revenues over (under) expenditures	(15,806)	182,916	-	364,866	531,976
Other financing sources (uses):					
Transfer in	-	39,250	-	-	39,250
Transfer out	-	(85,538)	-	-	(85,538)
Total other financing sources (uses)	-	(46,288)	-	-	(46,288)
Net change in fund balances	(15,806)	136,628	-	364,866	485,688
Fund balance, beginning of year	548,375	3,612,145	233	2,631,395	6,792,148
Fund balance, end of year	\$ 532,569	\$ 3,748,773	\$ 233	\$ 2,996,261	\$ 7,277,836

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, 2018

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Investment earnings	\$ 6,800	\$ 6,800	\$ 8,409	\$ 1,609	\$ (363)	\$ 8,046
Special assessments	20,200	20,200	13,082	(7,118)	-	13,082
Total revenues	27,000	27,000	21,491	(5,509)	(363)	21,128
Expenditures:						
Current operating:						
Finance	36,934	36,934	36,934	-	-	36,934
Net change in fund balance	(9,934)	(9,934)	(15,443)	(5,509)	(363)	(15,806)
Fund balance, beginning of year	533,155	546,670	546,670	-	1,705	548,375
Fund balance, end of year	<u>\$ 523,221</u>	<u>\$ 536,736</u>	<u>\$ 531,227</u>	<u>\$ (5,509)</u>	<u>\$ 1,342</u>	<u>\$ 532,569</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, 2018

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 276,463	\$ 276,463	\$ 276,492	\$ 29	\$ -	\$ 276,492
Investment earnings	45,109	45,109	62,878	17,769	1,004	63,882
Miscellaneous revenue	116,404	116,404	116,403	(1)	-	116,403
Total revenues	437,976	437,976	455,773	17,797	1,004	456,777
Expenditures:						
Capital projects	400,000	538,516	270,024	268,492	3,837	273,861
Excess of revenues over (under) expenditures	37,976	(100,540)	185,749	286,289	(2,833)	182,916
Other financing sources (uses):						
Interfund loans issued	(450,000)	(1,100,000)	-	1,100,000	-	-
Transfer in	350,000	389,250	39,250	(350,000)	-	39,250
Transfer out	(85,538)	(85,538)	(85,538)	-	-	(85,538)
Total other financing sources (uses)	(185,538)	(796,288)	(46,288)	750,000	-	(46,288)
Net change in fund balances	(147,562)	(896,828)	139,461	1,036,289	(2,833)	136,628
Fund balance, beginning of year	3,736,707	3,603,678	3,603,678	-	8,467	3,612,145
Fund balance, end of year	\$ 3,589,145	\$ 2,706,850	\$ 3,743,139	\$ 1,036,289	\$ 5,634	\$ 3,748,773

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, 2018

	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>\$ -</u>	<u>\$ 233</u>	<u>\$ 233</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, 2018

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Investment earnings	\$ 33,900	\$ 33,900	\$ 35,512	\$ 1,612	\$ (1,241)	\$ 34,271
Charges for services	840,000	840,000	1,072,826	232,826	(3,110)	1,069,716
Miscellaneous revenue	-	-	1,101	1,101	-	1,101
Total revenues	873,900	873,900	1,109,439	235,539	(4,351)	1,105,088
Expenditures:						
Current operating						
Development and public works	148,585	148,585	148,585	-	-	148,585
Capital projects	1,522,945	1,874,945	597,666	1,277,279	(6,029)	591,637
Total expenditures	1,671,530	2,023,530	746,251	1,277,279	(6,029)	740,222
Net change in fund balance	(797,630)	(1,149,630)	363,188	1,512,818	1,678	364,866
Fund balance, beginning of year	2,695,247	2,626,454	2,626,454	-	4,941	2,631,395
Fund balance, end of year	\$ 1,897,617	\$ 1,476,824	\$ 2,989,642	\$ 1,512,818	\$ 6,619	\$ 2,996,261

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, 2018

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 7,456,200	\$ 7,456,200	\$ 7,688,027	\$ 231,827	\$ 21,609	\$ 7,709,636
Investment earnings	118,800	118,800	261,894	143,094	5,474	267,368
Miscellaneous revenue	-	-	875	875	-	875
Total revenues	<u>7,575,000</u>	<u>7,575,000</u>	<u>7,950,796</u>	<u>375,796</u>	<u>27,083</u>	<u>7,977,879</u>
Expenses:						
Current operating:						
Information technology	323,396	358,009	247,549	110,460	-	247,549
Development and public works	3,573,887	3,576,087	3,391,548	184,539	294,783	3,686,331
Finance	14,751	14,751	14,737	14	-	14,737
Debt service:						
Principal	1,045,000	1,045,000	1,320,000	(275,000)	(1,320,000)	-
Interest	663,933	663,933	385,084	278,849	47,452	432,536
Capital projects	3,671,013	4,480,013	1,405,204	3,074,809	(1,405,204)	-
Depreciation	-	-	-	-	2,778,605	2,778,605
Total expenses	<u>9,291,980</u>	<u>10,137,793</u>	<u>6,764,122</u>	<u>3,373,671</u>	<u>395,636</u>	<u>7,159,758</u>
Excess of revenues over (under) expenses	<u>(1,716,980)</u>	<u>(2,562,793)</u>	<u>1,186,674</u>	<u>3,749,467</u>	<u>(368,553)</u>	<u>818,121</u>
Other financing sources (uses):						
Capital contributions	<u>970,000</u>	<u>970,000</u>	<u>776,698</u>	<u>(193,302)</u>	<u>148,055</u>	<u>924,753</u>
Change in net position	<u>(746,980)</u>	<u>(1,592,793)</u>	<u>1,963,372</u>	<u>3,556,165</u>	<u>(220,498)</u>	<u>1,742,874</u>
Net position, beginning of year	21,651,015	20,121,177	20,121,177	-	45,870,948	65,992,125
Prior period adjustment (Note Q)	-	-	-	-	(5,120)	(5,120)
Net position, beginning of year, as restated	<u>21,651,015</u>	<u>20,121,177</u>	<u>20,121,177</u>	<u>-</u>	<u>45,865,828</u>	<u>65,987,005</u>
Net position, end of year	<u>\$ 20,904,035</u>	<u>\$ 18,528,384</u>	<u>\$ 22,084,549</u>	<u>\$ 3,556,165</u>	<u>\$ 45,645,330</u>	<u>\$ 67,729,879</u>

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, 2018

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 6,835,750	\$ 6,835,750	\$ 7,168,634	\$ 332,884	\$ 25,993	\$ 7,194,627
Investment earnings	117,400	117,400	217,396	99,996	1,281	218,677
Miscellaneous revenue	25,000	25,000	15,587	(9,413)	183,470	199,057
Total revenues	6,978,150	6,978,150	7,401,617	423,467	210,744	7,612,361
Expenses:						
Current operating:						
Information technology	250,871	277,573	187,003	90,570	-	187,003
Development and public works	5,118,324	5,119,297	4,809,015	310,282	471,236	5,280,251
Finance	14,750	14,750	14,715	35	-	14,715
Debt service:						
Principal	435,000	435,000	435,000	-	(435,000)	-
Interest	271,327	271,327	271,325	2	(29,316)	242,009
Capital projects	4,810,037	5,002,037	1,148,659	3,853,378	(1,148,659)	-
Depreciation	-	-	-	-	505,728	505,728
Total expenses	10,900,309	11,119,984	6,865,717	4,254,267	(636,011)	6,229,706
Excess of revenues over (under) expenses	(3,922,159)	(4,141,834)	535,900	4,677,734	846,755	1,382,655
Other financing sources (uses):						
Capital contributions	310,000	310,000	225,459	(84,541)	14,549	240,008
Change in net position	(3,612,159)	(3,831,834)	761,359	4,593,193	861,304	1,622,663
Net position, beginning of year, as originally stated	15,583,249	16,983,142	16,983,142	-	2,645,088	19,628,230
Prior period adjustment (Note Q)	-	-	-	-	427,785	427,785
Net position, beginning of year, as restated	15,583,249	16,983,142	16,983,142	-	3,072,873	20,056,015
Net position, end of year	\$ 11,971,090	\$ 13,151,308	\$ 17,744,501	\$ 4,593,193	\$ 3,934,177	\$ 21,678,678

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, 2018

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 6,065,000	\$ 6,065,000	\$ 5,066,308	\$ (998,692)	\$ 9,927,045	\$ 14,993,353
Less: Contractual adjustments	-	-	-	-	(9,963,729)	(9,963,729)
Intergovernmental revenue	200,000	200,000	337,547	137,547	16,589	354,136
Investment earnings	-	-	28,078	28,078	41	28,119
Miscellaneous revenue	7,000	7,000	8,771	1,771	-	8,771
Total revenues	6,272,000	6,272,000	5,440,704	(831,296)	(20,054)	5,420,650
Expenses:						
Current operating:						
Fire and life safety	5,878,557	6,084,557	6,084,457	100	345,356	6,429,813
Depreciation	-	-	-	-	8,390	8,390
Total expenses	5,878,557	6,084,557	6,084,457	100	353,746	6,438,203
Excess of revenues over (under) expenses	393,443	187,443	(643,753)	(831,196)	(373,800)	(1,017,553)
Other financing sources (uses):						
Transfer out	(250,000)	(250,000)	-	250,000	-	-
Total other financing sources (uses)	(250,000)	(250,000)	-	250,000	-	-
Change in net position	143,443	(62,557)	(643,753)	(581,196)	(373,800)	(1,017,553)
Net position, beginning of year as originally stated	2,226,923	2,354,999	2,354,999	-	(2,721,318)	(366,319)
Prior period adjustment (Note Q)	-	-	-	-	(66,615)	(66,615)
Net position, beginning of year, as restated	2,226,923	2,354,999	2,354,999	-	(2,787,933)	(432,934)
Net position, end of year	<u>\$ 2,370,366</u>	<u>\$ 2,292,442</u>	<u>\$ 1,711,246</u>	<u>\$ (581,196)</u>	<u>\$ (3,161,733)</u>	<u>\$ (1,450,487)</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, 2018

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 1,575,732	\$ 1,575,832	\$ 1,625,562	\$ 49,730	\$ 5,202	\$ 1,630,764
Investment earnings	8,000	8,000	13,335	5,335	751	14,086
Miscellaneous revenue	-	-	1,000	1,000	-	1,000
Total revenues	<u>1,583,732</u>	<u>1,583,832</u>	<u>1,639,897</u>	<u>56,065</u>	<u>5,953</u>	<u>1,645,850</u>
Expenses:						
Current operating:						
Development and public works	636,652	636,652	487,208	149,444	3,435	490,643
Capital projects	276,000	276,000	-	276,000	-	-
Debt service:						
Principal	754,687	754,687	754,687	-	(754,687)	-
Interest	80,345	80,445	80,393	52	(4,383)	76,010
Depreciation	-	-	-	-	843,967	843,967
Total expenses	<u>1,747,684</u>	<u>1,747,784</u>	<u>1,322,288</u>	<u>425,496</u>	<u>88,332</u>	<u>1,410,620</u>
Excess of revenues over (under) expenses	(163,952)	(163,952)	317,609	481,561	(82,379)	235,230
Other financing sources (uses):						
Transfers out	(63,000)	(63,000)	(63,000)	-	-	(63,000)
Total other financing sources (uses)	<u>(63,000)</u>	<u>(63,000)</u>	<u>(63,000)</u>	<u>-</u>	<u>-</u>	<u>(63,000)</u>
Change in net position	(226,952)	(226,952)	254,609	481,561	(82,379)	172,230
Net position, beginning of year as originally stated	886,434	992,095	992,095	-	4,108,687	5,100,782
Prior period adjustment (Note Q)	-	-	-	-	5,644	5,644
Net position, beginning of year, as restated	<u>886,434</u>	<u>992,095</u>	<u>992,095</u>	<u>-</u>	<u>4,114,331</u>	<u>5,106,426</u>
Net position, end of year	<u>\$ 659,482</u>	<u>\$ 765,143</u>	<u>\$ 1,246,704</u>	<u>\$ 481,561</u>	<u>\$ 4,031,952</u>	<u>\$ 5,278,656</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, 2018

	Vehicle and Equipment	Insurance	SDC Administration	Total
ASSETS				
Current assets:				
Cash and investments	\$ 8,515,903	\$ 10,500,985	\$ 853,146	\$ 19,870,034
Prepays	20,812	75,627	-	96,439
Deposits	-	200,000	-	200,000
Accounts receivable	43,426	10,725	8,077	62,228
Accrued interest receivable	28,447	35,739	2,786	66,972
Deferred system development fees	-	-	61,130	61,130
Inventory	26,611	-	-	26,611
Total current assets	8,635,199	10,823,076	925,139	20,383,414
Noncurrent assets				
Capital assets				
Machinery and equipment	19,058,934	-	-	19,058,934
Less accumulated depreciation	(13,196,222)	-	-	(13,196,222)
Total noncurrent assets	5,862,712	-	-	5,862,712
Total assets	14,497,911	10,823,076	925,139	26,246,126
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension outflow	-	106,350	112,427	218,777
Deferred OPEB outflow	-	6,652	5,826	12,478
Total deferred outflows	-	113,002	118,253	231,255
LIABILITIES				
Current liabilities:				
Accounts payable	201,102	912,095	1,059	1,114,256
Accrued interest payable	2,146	-	-	2,146
Capital lease obligation, current portion	143,635	-	-	143,635
Accrued claims liabilities, current portion	-	227,722	-	227,722
Accrued payroll and other related liabilities	-	248,200	7,912	256,112
Total current liabilities	346,883	1,388,017	8,971	1,743,871
Noncurrent liabilities:				
Accrued absence payable	-	8,778	-	8,778
Capital lease obligation, less current portion	297,355	-	-	297,355
Accrued claims liabilities, less current portion	-	480,278	-	480,278
Net pension liability	-	288,074	304,536	592,610
Net OPEB obligation	-	39,050	32,729	71,779
Total noncurrent liabilities	297,355	816,180	337,265	1,450,800
Total liabilities	644,238	2,204,197	346,236	3,194,671
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflow	-	10,692	11,303	21,995
Deferred OPEB inflow	-	7,237	6,186	13,423
Total deferred inflows	-	17,929	17,489	35,418
NET POSITION				
Net investment in capital assets	5,421,722	-	-	5,421,722
Unrestricted	8,431,951	8,713,952	679,667	17,825,570
Total net position	\$ 13,853,673	\$ 8,713,952	\$ 679,667	\$ 23,247,292

City of Springfield, Oregon
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
Year ended June 30, 2018

	Vehicle and Equipment	Insurance	SDC Administration	Total
Operating revenues:				
Charges for services	\$ 2,225,534	\$ 9,680,712	\$ 382,979	\$ 12,289,225
Licenses and permits	-	-	144,089	144,089
Miscellaneous revenue	-	115,448	-	115,448
Total operating revenues	2,225,534	9,796,160	527,068	12,548,762
Operating expenses:				
Current operating:				
Human resources	3,000	9,766,654	-	9,769,654
Finance	6,970	-	21,610	28,580
Information technology	224,107	-	50,402	274,509
Library	6,441	-	-	6,441
Fire and life safety	107,650	-	-	107,650
Police	13	-	-	13
Development and public works	479,609	-	390,548	870,157
Depreciation	1,271,223	-	-	1,271,223
Total operating expenses	2,099,013	9,766,654	462,560	12,328,227
Operating income	126,521	29,506	64,508	220,535
Nonoperating revenues (expenses):				
Interest income	106,683	134,387	10,316	251,386
Interest expense	(13,315)	-	-	(13,315)
Gain on disposition of equipment	77,436	-	-	77,436
Total nonoperating revenues (expenses)	170,804	134,387	10,316	315,507
Income before capital contributions and transfers	297,325	163,893	74,824	536,042
Transfers out	(5,290)	-	-	(5,290)
Capital contributions	6,958	-	-	6,958
Change in net position	298,993	163,893	74,824	537,710
Net position, beginning of year, as originally stated	13,638,868	8,552,055	612,717	22,803,640
Prior period adjustment (Note Q)	(84,188)	(1,996)	(7,874)	(94,058)
Net position, beginning of year, as restated	13,554,680	8,550,059	604,843	22,709,582
Net position, end of year	\$ 13,853,673	\$ 8,713,952	\$ 679,667	\$ 23,247,292

City of Springfield, Oregon
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2018

	Vehicle and Equipment	Insurance	SDC Administration	Total
Cash flows from operating activities:				
Cash received from interfund services provided	\$ 2,191,879	\$ 9,669,987	\$ 363,759	\$ 12,225,625
Cash paid for employee services	-	(341,600)	(326,796)	(668,396)
Cash paid to suppliers for goods and services	(914,831)	(9,437,396)	(114,934)	(10,467,161)
Other operating receipts	-	115,448	144,089	259,537
Net cash provided by operating activities	<u>1,277,048</u>	<u>6,439</u>	<u>66,118</u>	<u>1,349,605</u>
Cash flows from noncapital financing activities:				
Transfers to other funds	<u>(5,290)</u>	<u>-</u>	<u>-</u>	<u>(5,290)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(688,256)	-	-	(688,256)
Disposition of capital assets	108,263	-	-	108,263
Principal paid on long-term debt	(348,059)	-	-	(348,059)
Interest paid	<u>(19,426)</u>	<u>-</u>	<u>-</u>	<u>(19,426)</u>
Net cash used in capital and related financing activities	<u>(947,478)</u>	<u>-</u>	<u>-</u>	<u>(947,478)</u>
Cash flows from investing activities:				
Interest received	<u>109,262</u>	<u>137,132</u>	<u>9,720</u>	<u>256,114</u>
Net change in cash and investments	<u>433,542</u>	<u>143,571</u>	<u>75,838</u>	<u>652,951</u>
Cash and investments, beginning of year	<u>8,082,361</u>	<u>10,357,414</u>	<u>777,308</u>	<u>19,217,083</u>
Cash and investments, end of year	<u>\$ 8,515,903</u>	<u>\$ 10,500,985</u>	<u>\$ 853,146</u>	<u>\$ 19,870,034</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating income	\$ 126,521	\$ 29,506	\$ 64,508	\$ 220,535
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,271,223	-	-	1,271,223
Changes in assets and liabilities:				
Prepays	(20,812)	(6,713)	-	(27,525)
Accounts receivable	(33,655)	(10,725)	(19,220)	(63,600)
Deposits	-	65,500	-	65,500
Inventory	6,657	-	-	6,657
Net pension liability and related deferrals	-	(28,073)	28,748	675
Accounts payable	(72,886)	(130,811)	(5,808)	(209,505)
Accrued payroll and other liabilities	-	30,559	487	31,046
Accrued claims liabilities	-	60,000	-	60,000
Net OPEB obligation and related deferrals	<u>-</u>	<u>(2,804)</u>	<u>(2,597)</u>	<u>(5,401)</u>
Net cash provided by operating activities	<u>\$ 1,277,048</u>	<u>\$ 6,439</u>	<u>\$ 66,118</u>	<u>\$ 1,349,605</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, 2018

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 2,364,639	\$ 2,212,971	\$ 2,224,316	\$ 11,345	\$ 1,218	\$ 2,225,534
Investment earnings	75,000	75,000	104,283	29,283	2,400	106,683
Miscellaneous revenue	-	1,937	157,160	155,223	(157,160)	-
Total revenues	<u>2,439,639</u>	<u>2,289,908</u>	<u>2,485,759</u>	<u>195,851</u>	<u>(153,542)</u>	<u>2,332,217</u>
Expenses:						
Current operating:						
Legal services	900	900	-	900	-	-
Human resources	-	3,000	3,000	-	-	3,000
Finance	12,000	12,000	6,970	5,030	-	6,970
Information technology	258,831	305,710	250,379	55,331	(26,272)	224,107
Library	8,000	8,000	6,441	1,559	-	6,441
Fire and life safety	192,800	192,800	168,513	24,287	(60,863)	107,650
Police	170,000	293,000	247,140	45,860	(247,127)	13
Development and public works	839,213	1,121,180	917,790	203,390	(438,181)	479,609
Debt service:						
Principal	348,060	348,060	348,059	1	(348,059)	-
Interest	19,425	19,425	19,425	-	(6,110)	13,315
Depreciation	-	-	-	-	1,271,223	1,271,223
Total expenses	<u>1,849,229</u>	<u>2,304,075</u>	<u>1,967,717</u>	<u>336,358</u>	<u>144,611</u>	<u>2,112,328</u>
Excess of revenues over (under) expenses	<u>590,410</u>	<u>(14,167)</u>	<u>518,042</u>	<u>532,209</u>	<u>(298,153)</u>	<u>219,889</u>
Other financing sources (uses):						
Gain on disposal of assets	-	-	-	-	77,436	77,436
Assets contributed by other funds	-	-	-	-	6,958	6,958
Transfers out	-	-	-	-	(5,290)	(5,290)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,104</u>	<u>79,104</u>
Change in net position	<u>590,410</u>	<u>(14,167)</u>	<u>518,042</u>	<u>532,209</u>	<u>(219,049)</u>	<u>298,993</u>
Net position, beginning of year as originally stated	<u>7,150,736</u>	<u>7,864,434</u>	<u>7,864,434</u>	<u>-</u>	<u>5,774,434</u>	<u>13,638,868</u>
Prior period adjustment (Note Q)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(84,188)</u>	<u>(84,188)</u>
Net position, beginning of year, as restated	<u>-</u>	<u>-</u>	<u>7,864,434</u>	<u>-</u>	<u>5,690,246</u>	<u>13,554,680</u>
Net position, end of year	<u>\$ 7,741,146</u>	<u>\$ 7,850,267</u>	<u>\$ 8,382,476</u>	<u>\$ 532,209</u>	<u>\$ 5,471,197</u>	<u>\$ 13,853,673</u>

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, 2018

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 20,257,154	\$ 20,257,154	\$ 19,542,320	\$ (714,834)	\$ (9,861,608)	\$ 9,680,712
Investment earnings	65,000	65,000	131,084	66,084	3,303	134,387
Miscellaneous revenue	90,000	95,147	170,224	75,077	(54,776)	115,448
Total revenues	20,412,154	20,417,301	19,843,628	(573,673)	(9,913,081)	9,930,547
Expenses:						
Current operating:						
Human resources	1,318,192	1,323,339	1,263,002	60,337	966,279	2,229,281
Health insurance	7,912,027	7,912,027	7,079,161	832,866	458,212	7,537,373
Statutory payments	11,376,360	11,376,360	10,776,410	599,950	(10,776,410)	-
Total expenses	20,606,579	20,611,726	19,118,573	1,493,153	(9,351,919)	9,766,654
Excess of revenues over (under) expenses	(194,425)	(194,425)	725,055	919,480	(561,162)	163,893
Change in net position	(194,425)	(194,425)	725,055	919,480	(561,162)	163,893
Net position, beginning of year, as originally stated	8,827,214	9,291,737	9,291,737	-	(739,682)	8,552,055
Prior period adjustment (Note Q)	-	-	-	-	(1,996)	(1,996)
Net position, beginning of year, as restated	8,827,214	9,291,737	9,291,737	-	(741,678)	8,550,059
Net position, end of year	\$ 8,632,789	\$ 9,097,312	\$ 10,016,792	\$ 919,480	\$ (1,302,840)	\$ 8,713,952

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, 2018

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 375,000	\$ 375,000	\$ 383,339	\$ 8,339	\$ (360)	\$ 382,979
Licenses and permits	75,000	75,000	124,509	49,509	19,580	144,089
Investment earnings	1,500	1,500	9,588	8,088	728	10,316
Total revenues	451,500	451,500	517,436	65,936	19,948	537,384
Expenses:						
Current operating:						
Information services	65,132	67,132	50,402	16,730	-	50,402
Finance	21,737	21,737	21,610	127	-	21,610
Development and public works	425,250	425,250	364,460	60,790	26,088	390,548
Total expenses	512,119	514,119	436,472	77,647	26,088	462,560
Change in net position	(60,619)	(62,619)	80,964	143,583	(6,140)	74,824
Net position, beginning of year as originally stated	-	-	763,997	763,997	(151,280)	612,717
Prior period adjustment (Note Q)	-	-	-	-	(7,874)	(7,874)
Net position, beginning of year as restated	632,708	763,997	763,997	763,997	(159,154)	604,843
Net position, end of year	\$ 572,089	\$ 701,378	\$ 844,961	\$ 907,580	\$ (165,294)	\$ 679,667

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, 2018

	Beginning Balance	Additions	Reductions	Ending Balance
ASSETS				
Cash and investments	\$ 93,346,331	\$ 72,312,265	\$ (75,917,366)	\$ 89,741,230
LIABILITIES				
Accounts payable	\$ 1,219,513	\$ 7,744,701	\$ (8,460,145)	\$ 504,069
Health reimbursement account deposits	1,371,026	841,646	(803,768)	1,408,904
Ambulance billing deposits	251,378	14,176,767	(13,186,733)	1,241,412
Bail deposits	458,522	1,401,651	(1,340,050)	520,123
Miscellaneous deposits	597,375	2,485,676	(2,510,723)	572,328
Regional Fiber Consortium deposits	204,168	951,903	(921,551)	234,520
Metropolitan Wastewater Management Commission deposits	89,244,349	434,698,583	(438,683,058)	85,259,874
Total liabilities	\$ 93,346,331	\$ 462,300,927	\$ (465,906,028)	\$ 89,741,230



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.	179-183
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	187-190
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.	193-197
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.	201-202
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.	205-207

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



Financial Trend Information



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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 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	\$ 120,175,702
Restricted	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	22,674,644
Unrestricted	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)	(15,369,959)
Total governmental activities net position	<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>	<u>\$ 127,480,387</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 55,901,549
Restricted	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	5,457,331
Unrestricted	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	32,027,245
Total business-type activities net position	<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>	<u>\$ 93,386,125</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 176,077,251
Restricted	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	28,131,975
Unrestricted	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	16,657,286
Total primary government net position	<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>	<u>\$ 220,866,512</u>

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 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	\$ 7,450,495
Fire and life safety	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	13,890,821
Police	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	22,233,956
Library	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	1,727,501
Development and public works	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	12,687,939
Depreciation, unallocated	313,042	283,227	283,227	284,439	297,774	270,618	270,619	250,942	250,435	250,435
Interest on long-term debt	1,406,144	1,373,371	1,301,309	1,220,457	1,143,393	1,027,212	909,122	744,674	518,495	457,480
Total governmental activities expense	47,639,839	48,111,150	51,493,989	50,675,656	51,449,240	52,106,021	46,370,990	67,890,715	58,759,021	58,698,627
Business-type activities:										
Sanitary sewer	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	7,269,835
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	6,316,516
Booth Kelly	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	1,410,609
Ambulance	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	6,515,453
Business-type activities expenses	16,233,625	15,194,279	15,453,985	15,648,774	16,552,095	18,393,511	17,331,768	22,086,207	20,716,599	21,512,413
Total primary government expenses	\$ 63,873,464	\$ 63,305,429	\$ 66,947,974	\$ 66,324,430	\$ 68,001,335	\$ 70,499,532	\$ 63,702,758	\$ 89,976,922	\$ 79,475,620	\$ 80,211,040
Program Revenue										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 4,248,830
Fire and life safety	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	1,916,552
Police	490,731	246,682	513,759	529,998	493,254	429,497	408,750	346,629	422,625	715,863
Library	89,853	103,475	97,718	99,186	105,329	102,737	125,482	106,200	120,912	117,114
Development and public works	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	2,626,049
Operating grants and contributions	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	5,135,869
Capital grants and contributions	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	2,177,260
Total governmental activities program revenues	12,591,918	16,605,285	16,520,102	14,527,357	15,126,627	13,749,012	23,301,772	18,709,586	18,531,236	16,937,537
Business-type activities:										
Charges for services:										
Sanitary sewer	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	7,709,636
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	7,194,627
Booth Kelly	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	1,630,764
Ambulance	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	5,383,760
Capital grants and contributions	385,165	1,001,635	1,129,770	1,448,360	16,729	16,848	199,269	2,088,254	1,033,069	1,164,761
Total business-type activities program revenues	15,901,590	18,528,035	20,368,949	20,761,489	19,976,808	20,868,958	22,083,650	24,337,672	24,822,775	23,083,548
Total primary government program revenues	\$ 28,493,508	\$ 35,133,320	\$ 36,889,051	\$ 35,288,846	\$ 35,103,435	\$ 34,617,970	\$ 45,385,422	\$ 43,047,258	\$ 43,354,011	\$ 40,021,085
Net (Expense) Revenue										
Governmental activities	\$ (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)	\$ (41,761,090)
Business-type activities	(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	1,571,135
Total primary government net expense	\$ (35,379,956)	\$ (28,172,109)	\$ (30,058,923)	\$ (31,035,584)	\$ (32,897,900)	\$ (35,881,562)	\$ (18,317,336)	\$ (46,929,664)	\$ (36,121,609)	\$ (40,189,955)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 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	\$ 30,910,303
Room tax	771,994	679,566	777,085	901,665	973,830	1,070,722	1,219,497	1,373,464	1,445,031	1,553,872
Other taxes	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	3,567,850
Payment in lieu of taxes	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	2,414,018
Investment earnings	1,727,120	664,423	421,956	337,514	333,178	361,323	305,267	416,909	573,280	783,330
Miscellaneous	379,635	201,184	486,358	727,049	985,770	908,413	857,657	867,789	972,473	1,345,586
Gain (loss) on disposition of capital assets	19,810	(57,355)	-	-	-	-	-	149,687	-	-
Shared revenue	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	1,743,533
Transfers	593,130	(30,673)	107,047	142,115	71,894	64,344	71,311	100,000	-	63,000
Total governmental activities	<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>	<u>42,381,492</u>
Business-type activities:										
Investment earnings	559,713	409,360	292,416	237,091	211,730	282,238	162,671	227,641	317,398	528,250
Miscellaneous	120,051	186,763	368,134	16,990	78,204	92,912	446,106	180,329	19,552	209,703
Transfers	(593,130)	30,673	(107,047)	(142,115)	(71,894)	(64,344)	(71,311)	(100,000)	-	(63,000)
Total business-type activities	<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>	<u>674,953</u>
Total primary government	<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>	<u>\$ 43,056,445</u>
Change In Net Position										
Governmental activities	\$ 3,918,160	\$ (217,271)	\$ (1,686,051)	\$ (654,709)	\$ (1,509,294)	\$ (134,193)	\$ 17,155,380	\$ (9,458,811)	\$ 1,274,178	\$ 620,402
Business-type activities	3,420,390	5,541,760	5,666,218	3,536,679	2,693,487	2,786,253	5,289,348	2,559,435	4,443,126	2,246,088
Total primary government	<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>	<u>\$ 2,866,490</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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 388,528	\$ 10,546	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,966,896	7,843,269	-	-	-	-	-	-	-	-
Nonspendable	-	-	5,420	5,589	49,644	22,109	86,584	98,292	83,602	64,408
Restricted	-	-	600,000	632	-	-	-	-	-	-
Committed	-	-	65,721	37,863	12,764	25,902	83,224	172,840	293,004	293,004
Assigned	-	-	39,224	600,000	600,000	600,000	600,000	600,000	1,000,000	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	8,388,052
Total general fund	<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>	<u>\$ 9,745,464</u>
All Other Governmental Funds										
Reserved	\$ 5,339,010	\$ 4,492,479	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	4,329,775	4,459,760	-	-	-	-	-	-	-	-
Capital projects funds	14,937,692	4,030,636	-	-	-	-	-	-	-	-
Debt service funds	1,369,823	1,257,621	-	-	-	-	-	-	-	-
Nonspendable	-	-	179,198	160,531	151,297	147,593	205,477	223,261	219,897	243,998
Restricted	-	-	7,022,919	8,020,323	8,535,571	9,060,917	13,642,430	14,194,470	13,672,194	18,873,553
Committed	-	-	4,546,915	4,024,188	3,130,187	2,460,530	2,617,234	1,980,130	2,036,262	2,200,742
Assigned	-	-	1,009,473	426,016	410,941	443,945	644,492	1,493,031	808,377	920,076
Unassigned	-	-	-	-	(26,365)	(64,907)	(23,321)	(37,306)	(142,091)	-
Total all other governmental funds	<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>	<u>\$ 22,238,369</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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenue:										
Taxes	\$ 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	\$ 33,794,986
Licenses and permits	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	3,251,909
Intergovernmental	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	9,515,619
Charges for services	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	8,740,655
Fines & forfeitures	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	1,813,942
Use of money & property	1,159,664	452,130	263,317	170,279	191,559	141,996	109,373	170,631	276,286	427,571
Special assessments	11,684	10,856	25,625	48,934	42,569	31,651	45,618	25,265	18,989	13,082
Miscellaneous revenue	464,200	267,380	664,045	648,988	306,085	570,176	708,847	775,308	743,777	785,899
Total Revenues	<u>48,576,827</u>	<u>49,771,883</u>	<u>50,291,399</u>	<u>49,677,401</u>	<u>50,058,002</u>	<u>51,924,870</u>	<u>58,244,384</u>	<u>55,340,462</u>	<u>56,753,195</u>	<u>58,343,663</u>
Expenditures:										
Current Operating:										
General government	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	7,901,804
Fire and life safety	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	12,894,682
Police	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	19,748,479
Library	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	1,646,799
Development and public works	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	9,036,058
Capital Projects	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	967,170
Debt service:										
Principal	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	1,695,530
Interest	1,390,816	1,364,942	1,283,376	1,197,635	1,108,223	1,011,446	913,103	807,469	650,730	653,657
Bond issue costs	-	-	-	-	-	-	-	131,205	-	-
Arbitrage	-	49,406	-	-	-	-	-	-	-	-
Total expenditures	<u>62,817,061</u>	<u>61,526,327</u>	<u>52,637,029</u>	<u>50,581,717</u>	<u>50,682,956</u>	<u>52,296,236</u>	<u>52,592,578</u>	<u>55,845,926</u>	<u>60,425,019</u>	<u>54,544,179</u>
Excess of revenues over (under) expenditures	<u>(14,240,234)</u>	<u>(11,754,444)</u>	<u>(2,345,630)</u>	<u>(904,316)</u>	<u>(624,954)</u>	<u>(371,366)</u>	<u>5,651,806</u>	<u>(505,464)</u>	<u>(3,671,824)</u>	<u>3,799,484</u>
Other financing sources (uses):										
Transfers in	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	2,729,248
Transfers out	(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)	1,229,455
Issuance of debt	1,800,000	-	-	-	-	-	-	16,994,808	2,000,000	(1,166,455)
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(16,863,603)	-	-
Total other financing sources (uses)	<u>2,582,920</u>	<u>500,839</u>	<u>591,777</u>	<u>958,552</u>	<u>614,296</u>	<u>345,059</u>	<u>368,207</u>	<u>699,358</u>	<u>2,316,032</u>	<u>2,792,248</u>
Net changes in fund balances	<u>\$ (11,657,314)</u>	<u>\$ (11,253,605)</u>	<u>\$ (1,753,853)</u>	<u>\$ 54,236</u>	<u>\$ (10,658)</u>	<u>\$ (26,307)</u>	<u>\$ 6,020,013</u>	<u>\$ 193,894</u>	<u>\$ (1,355,792)</u>	<u>\$ 6,591,732</u>
Debt services as a percentage of non-capital expenditures *	6.96%	7.14%	7.03%	7.09%	7.05%	6.83%	6.84%	4.59%	5.21%	4.89%

Notes:

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



Revenue Capacity Information



City of Springfield, Oregon

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal year ended June 30,	Residential Property *	Commercial Property *	Industrial Property *	Less: Tax- Exempt Property *	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
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%
2018	-	-	-	-	4,624,303,479	6.68	7,841,457,283	58.97%

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	Police	Fire	Total Direct	School District No. 19	Lane County	Lane	Lane	Willamalane Park District	Rainbow Water District	Springfield Economic Development Agency	
		Debt Service	Operating Levy	Operating Levy				Community College	County I.E.D. (E.S.D.)				
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	
2018	4.64	0.40	1.28	0.36	6.68	5.84	1.64	0.83	0.22	2.28	-	0.24	

Source: Lane County Department of Assessment & Taxation

City of Springfield, Oregon

PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
IP Eat Three LLC (Weyerhauser)	\$ 307,230,254	1	6.64%	\$ 180,825,022	1	4.85%
PeaceHealth	473,085,851	2	10.23%	244,297,946	4	6.56%
Gateway Mall Partners	75,125,501	3	1.62%	56,193,275	3	1.51%
McKenzie Willamette	63,108,805	4	1.36%	20,827,176	8	0.56%
Pacificsource Properties LLC	42,839,994	5	0.93%	-	-	-
Rosboro LLC	37,849,980	6	0.82%	26,102,893	5	0.70%
Borden Chemical Inc	29,941,115	7	0.65%	-	-	-
HSRE NW Spec Clinics Mob LLC	29,542,738	8	0.64%	-	-	-
United States Bakery	29,386,258	9	0.64%	-	-	-
RC Springfield 2007 LLC	27,042,740	10	0.58%	-	-	-
Symantec Corporation	-	-	-	76,191,959	2	2.04%
Kingsford Manufacturing	-	-	-	24,856,903	6	0.67%
Arclin USA Inc	-	-	-	21,071,403	9	0.57%
Qwest Corp	-	-	-	21,007,000	10	0.56%
Shorewood Packaging Corp	-	-	-	21,710,590	7	0.58%
Total	<u>\$ 1,115,153,236</u>		<u>24.12%</u>	<u>\$ 693,084,167</u>		<u>18.60%</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
2009	\$ 25,639,015	\$ 24,092,260	94.0%	\$ 1,535,633	\$ 25,627,893	99.96%
2010	27,170,891	25,473,655	93.8%	1,578,792	27,052,447	99.56%
2011	26,956,427	25,339,490	94.0%	1,493,287	26,832,777	99.54%
2012	27,667,002	26,127,844	94.4%	1,411,491	27,539,335	99.54%
2013	28,646,245	26,967,621	94.1%	1,528,148	28,495,769	99.47%
2014	29,539,586	27,866,138	94.3%	1,508,620	29,374,758	99.44%
2015	31,427,683	29,665,353	94.4%	1,544,561	31,209,914	99.31%
2016	30,360,092	28,616,502	94.3%	1,503,897	30,120,399	99.21%
2017	31,525,757	29,852,562	94.7%	1,304,237	31,156,799	98.83%
2018	32,210,580	30,617,910	95.1%	1,029,269	31,647,179	98.25%

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			
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	15,717,891	789,049	1,873,246	210,000	23,123,478	1,494,105	43,207,769	0.27%	715
2018	13,992,095	440,990	4,296,965	210,000	20,426,489	739,418	40,105,957	*	661

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>
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	15,717,891	0.35%	260
2018	13,992,095	0.30%	230

City of Springfield, Oregon

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage applicable to the City</u>	<u>City's share of overlapping debt</u>
City of Springfield - general obligation bonds	\$ 14,918,847	100.00%	\$ 14,918,847
City of Springfield - notes payable	4,296,965	100.00%	4,296,965
City of Springfield - contracts payable	210,000	100.00%	210,000
City of Springfield - capital leases	<u>440,990</u>	100.00%	<u>440,990</u>
Total Direct debt	<u>\$ 19,866,802</u>		<u>19,866,802</u>
<u>Overlapping Debt</u>			
Lane Community College	110,785,000	14.70%	16,288,497
Lane County	75,808,651	14.91%	11,306,557
School District 19	165,438,563	74.85%	123,830,268
School District 4J	297,551,422	5.08%	15,113,232
Lane Education Service District	6,485,000	14.95%	969,592
Willamalane Park & Recreation District	17,144,543	93.96%	<u>16,109,716</u>
Total overlapping debt			<u>183,617,862</u>
Total direct and overlapping debt			<u>\$ 203,484,664</u>

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, 2018</u>
Real market value	<u>\$ 7,841,457,283</u>
Debt limit 3% of real market value	\$ 235,243,718
Amount of debt applicable to debt limit:	<u>13,075,000</u>
Total debt margin	<u>\$ 222,168,718</u>

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 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	\$ 235,243,718
Total net debt applicable to limit	31,352,605	29,210,296	27,242,807	25,845,000	23,665,000	21,410,000	19,070,000	15,975,000	14,465,000	13,075,000
Legal debt margin	<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>	<u>\$ 222,168,718</u>
Total net debt applicable to the limit as a percentage of debt limit	14.50%	13.32%	13.45%	12.83%	12.33%	11.06%	9.37%	7.67%	6.75%	5.56%

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	
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
2018	16,755,001	9,430,586	7,324,415	1,755,000	656,409	3.04

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



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
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	16,275,200	43,430	10,600	4.6%
2018	60,865	*	*	10,600	3.8%

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

<u>Employer**</u>	2018		
	Estimated average Employees	Rank	Percentage of Total City Employment
Peace Health Oregon Region	3,500	1	12.45%
Springfield School District #19	1,380	2	4.91%
Top 3 Technology employers	1,200	3	4.27%
McKenzie Willamette Hospital	940	4	3.34%
Top 3 Wood product employers	780	5	2.77%
Top 3 Food and beverage employers	410	6	1.46%
City of Springfield	400	7	1.42%
Willamalane	360	8	1.28%
State Government	310	9	1.10%
Federal Government	207	10	0.74%
Total	9,487		33.74%

<u>Employer</u>	2009		
	Estimated average Employees	Rank	Percentage of Total City Employment
Peace Health Oregon Region	3,400	1	12.09%
Springfield School District #19	1,600	2	5.69%
Symantec	904	3	3.22%
McKenzie Willamette Hospital	780	4	2.77%
Wal-Mart	450	5	1.60%
City of Springfield	445	6	1.58%
Peace Health Medical Labs	374	7	1.33%
Lane Transit District	329	8	1.17%
Willamalane Park and Recreational District	312	9	1.11%
U.S. Postal Service	310	10	1.10%
Total	8,904		31.67%

Source: City Economic Development Division

** Due to confidentiality - the department of labor no longer discloses
employee numbers for private companies.

Operating Information



City of Springfield, Oregon

Full-time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

<u>Function/Program</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>	<u>2018</u>
General government										
City management	8.00	8.00	8.00	7.00	7.00	7.00	7.50	7.50	7.50	7.00
Finance	11.30	10.30	10.30	9.80	9.50	9.50	9.50	11.70	11.70	9.70
Human resources	7.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	8.00	8.00
Information technology	10.00	10.00	10.00	10.00	10.00	10.00	10.00	15.00	15.00	14.80
Legal/Judicial services	8.55	8.55	8.55	8.85	8.84	8.84	8.84	8.84	8.84	8.84
Development services	0.00	0.00	0.00	0.00	0.00	0.00				
Police										
Officers	70.00	66.00	69.00	69.16	68.16	68.16	70.00	70.00	69.00	69.00
Civilians	41.00	57.00	57.00	55.00	54.83	54.83	53.00	53.00	55.00	54.00
Fire and life safety										
Firefighters and officers	90.25	91.00	88.00	88.00	87.00	86.00	86.00	86.00	86.00	86.00
Civilians	21.00	17.00	18.00	15.00	14.00	14.00	13.00	13.00	11.50	9.75
Development and public works										
Engineers	19.00	20.00	15.00	15.00	15.00	13.00	12.00	13.00	12.00	12.00
Other	149.75	135.75	134.25	125.75	115.56	116.75	118.00	110.00	111.00	114.38
Library	13.60	13.20	13.40	12.40	12.60	12.60	13.10	13.50	13.50	14.13
Total	<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>	<u>407.60</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

<u>Function/Program</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>	<u>2018</u>
Police										
Criminal arrests (charges)	7,054	7,107	7,527	7,148	8,577	9,221	7,672	8,506	9,348	9,367
Parking violations	395	354	**	237	185	360	209	244	607	558
Traffic violations	9,964	9,423	10,299	10,122	10,648	7,517	7,775	8,219	8,087	7,997
Fire and life safety										
Number of fire stations	5	5	5	5	5	5	5	5	5	5
Emergency responses	18,413	17,382	19,096	19,398	20,836	23,206	25,504	25,927	26,357	26,623
Fires extinguished	238	165	180	206	248	275	287	194	300	252
Inspections	3,329	2,103	1,670	2,214	1,047	1,641	2,123	4,474	1,642	191
Library										
Number of public computer log-ins	100,867	60,335	59,994	46,797	64,065	70,756	56,666	53,733	25,683	21,958
Total volumes loaned	326,235	344,809	344,586	354,120	354,538	354,503	365,497	364,823	355,848	365,763
Development and public works										
Crack sealing	41	12	9	3	40	28	11	12	0.14	2
Potholes repaired	722	1,569	1,062	1,364	1,124	1,047	775	**	**	1,103
Storm lines high velocity cleaning	32,584	7,810	9,452	3,835	1,909	1,811	2,200	1,500	2,000	4,661
Sanitary lines high velocity cleaning	932,839	965,853	653,641	652,069	587,954	363,748	426,466	601,920	786,000	646,635
Number of building permits *	512	491	400	428	382	433	466	224	427	1,541
Building valuation (in thousands)	\$ 65,192	\$ 48,150	\$ 38,067	\$ 40,698	\$ 44,388	\$ 44,621	\$ 51,818	\$ 77,150	\$ 91,011	\$ 71,631

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>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>	<u>2018</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	20	20	20	20	20	20	20	20	24	24
Fire stations	5	5	5	5	5	5	5	5	5	5
Public works										
Streets (lane miles)	401	412	420	423	423	423	444	442	443	447
Street lights	4,117	4,160	4,208	4,350	4,530	4,300	4,362	4,338	4,227	4,431
Traffic signals	68	69	68	73	83	68	83	93	78	72
Water										
Fire hydrants	1,552	1,552	1,552	1,559	1,581	1,585	1,600	1,518	1,487	1,499

Sources: Various city departments



Compliance Section



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, 2018, and have issued our report thereon dated January 15, 2019.

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.


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
January 15, 2019