

Financial Section

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Independent Auditor's Report

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GROVE, MUELLER & SWANK, P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, Members of the
City Council and the City Manager
City of Springfield, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Springfield, Oregon as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Springfield, Oregon as of June 30, 2009, and the respective changes in financial position and the cash flows where applicable thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2009 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and the schedule of funding progress for other post employment benefits are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the schedule of revenues, expenditures and changes in fund balance (non GAAP budgetary basis) - budget and actual for the General, Street and Housing and Community Development Funds, the other supplementary information, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of revenues, expenditures and changes in fund balance (non GAAP budgetary basis) - budget and actual for the General, Street and Housing and Community Development Funds, other supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

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

By: 
Charles A. Swank, A Shareholder
December 21, 2009

Management's Discussion and Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of 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, 2009. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total combined assets at June 30, 2009 are \$280,152,832.
- The City's total combined liabilities at June 30, 2009 are \$78,602,238.
- The City's total combined net assets at June 30, 2009 are \$201,550,594.
- At June 30, 2009, the City's governmental funds reported a combined ending fund balance of \$33,331,724. \$27,604,186 is unreserved and available for appropriation.
- The General Fund reported an ending fund balance this year of \$7,355,424. This is a significant decrease from the previous year's fund balance of \$9,277,551.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 government's net assets changed during the most recent fiscal year. All changes in net assets 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
- Police
- Fire
- Public Works
- Library
- Development Services

The business-type activities of the City include:

- Sanitary 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 of Springfield itself (known as the primary government), but also two legally separate entities.

The Urban Renewal Agency, called the Springfield Economic Development Agency (SEDA,) has a governing body that is substantively the same as the City's. For this reason, the SEDA special revenue and capital project funds are included as an integral part of the primary government.

The City provides all administrative duties for the Metropolitan Wastewater Management Commission in accordance with an intergovernmental agreement. Therefore, management believes it would be misleading to exclude this entity from the government-wide financial statements. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 18-19 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: government 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 page 22 in the basic financial statements.

The City maintains 21 individual governmental funds. Information is presented separately in the governmental fund 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 four funds: General Fund, Housing and Community Development Fund, Development Projects Fund, and Police Building Bond Capital 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 62-63. Budgetary comparisons for all other governmental funds have been provided elsewhere in this report.

The governmental fund financial statements can be found at pages 20-21 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 Local Sewer Operations, Storm Drainage Operations, Ambulance Service and Booth-Kelly building. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal services 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 fund financial statements provide separate information for the Sewer Operating Fund, the Storm Drainage Fund, the Sewer Capital Projects Fund, the Ambulance Fund, and the Booth-Kelly 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 fund 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 23-25 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 assets 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 assets can be found on page 26 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 27-61 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 62-64 of this report.

Other supplementary information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds, the schedule of property tax transactions, the schedule of bonded debt transactions and future requirements for bonded debt are included in this report and can be found on pages 65-120.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$201,550,594 at the close of the most recent fiscal year.

The largest portion of the City's net assets, \$148,694,390, or 74%, reflects its investment in capital assets (e.g., land and right-of-way, buildings, improvements, equipment, and infrastructure, net of accumulated depreciation), less any related debt used to acquire those assets

that is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Springfield's Net Assets

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	Current and other assets	\$ 54,938,861	\$ 68,005,011	\$ 37,263,406	\$ 17,972,656	\$ 92,202,267
Capital assets, net, where applicable, of accumulated depreciation	<u>128,634,578</u>	<u>116,916,797</u>	<u>59,315,987</u>	<u>55,588,096</u>	<u>187,950,565</u>	<u>172,504,893</u>
Total assets	<u>183,573,439</u>	<u>184,921,808</u>	<u>96,579,393</u>	<u>73,560,752</u>	<u>280,152,832</u>	<u>258,482,560</u>
Non-current liabilities	35,221,535	35,389,524	31,327,423	10,038,747	66,548,958	45,428,271
Other liabilities	<u>9,040,510</u>	<u>9,973,740</u>	<u>3,012,770</u>	<u>2,020,029</u>	<u>12,053,280</u>	<u>11,993,769</u>
Total liabilities	<u>44,262,045</u>	<u>45,363,264</u>	<u>34,340,193</u>	<u>12,058,776</u>	<u>78,602,238</u>	<u>57,422,040</u>
Net assets:						
Invested in capital assets, net of related debt	99,380,714	97,072,830	49,313,676	48,309,073	148,694,390	145,381,903
Restricted	5,956,816	7,347,374	3,447,456	4,433,871	9,404,272	11,781,245
Unrestricted	<u>33,973,864</u>	<u>35,138,340</u>	<u>9,478,068</u>	<u>8,759,032</u>	<u>43,451,932</u>	<u>43,897,372</u>
Total net assets	<u>\$ 139,311,394</u>	<u>\$ 139,558,544</u>	<u>\$ 62,239,200</u>	<u>\$ 61,501,976</u>	<u>\$ 201,550,594</u>	<u>\$ 201,060,520</u>

A portion of the City's net assets, \$9,404,272, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$43,451,932 or 22%, may be used to meet the government's ongoing obligations to citizens and creditors.

City of Springfield's Change in Net Assets

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program revenues:						
Charges for services	\$8,275,078	\$9,858,725	\$ 15,516,425	\$ 14,041,388	\$ 23,791,503	\$23,900,113
Operating grants and contributions	4,161,206	4,527,430	-	-	4,161,206	4,527,430
Capital grants and contributions	155,634	16,101,592	1,367,790	7,201,122	1,523,424	23,302,714
General revenues:						
Taxes	29,051,652	25,195,625	-	-	29,051,652	25,195,625
In lieu of tax payments	2,275,036	2,288,217	-	-	2,275,036	2,288,217
Shared revenue	1,377,642	1,146,172	-	-	1,377,642	1,146,172
Interest and investment earnings	1,727,120	2,945,365	559,713	821,733	2,286,833	3,767,098
Miscellaneous receipts	379,635	323,133	120,051	11,597	499,686	334,730
Gain (loss) on disposal of assets	19,810	-	-	-	19,810	-
Total revenues	<u>47,422,813</u>	<u>62,386,259</u>	<u>17,563,979</u>	<u>22,075,840</u>	<u>64,986,792</u>	<u>84,462,099</u>
Expenses:						
General government	4,791,069	3,929,091	-	-	4,791,069	3,929,091
Development services	4,601,270	5,566,714	-	-	4,601,270	5,566,714
Fire	10,858,907	10,354,699	-	-	10,858,907	10,354,699
Library	1,400,056	1,309,218	-	-	1,400,056	1,309,218
Police	13,974,177	13,116,023	-	-	13,974,177	13,116,023
Public works	10,295,174	9,711,960	-	-	10,295,174	9,711,960
Unallocated depreciation & amortization	313,042	273,239	-	-	313,042	273,239
Interest on debt	1,406,144	1,394,478	-	-	1,406,144	1,394,478
Sewer	-	-	6,619,628	3,791,922	6,619,628	3,791,922
Drainage	-	-	3,894,947	3,953,921	3,894,947	3,953,921
Booth Kelly	-	-	779,773	660,713	779,773	660,713
Ambulance	-	-	4,939,277	4,602,490	4,939,277	4,602,490
Total expenses	<u>47,639,839</u>	<u>45,655,422</u>	<u>16,233,625</u>	<u>13,009,046</u>	<u>63,873,464</u>	<u>58,664,468</u>
Increase in net assets before transfers	(217,026)	16,730,837	1,330,354	9,066,794	1,113,328	25,797,631
Transfers	593,130	272,692	(593,130)	(272,692)	-	-
Increase in net assets	376,104	17,003,529	737,224	8,794,102	1,113,328	25,797,631
Net assets – beginning, as restated	<u>138,935,290</u>	<u>121,931,761</u>	<u>61,501,976</u>	<u>52,707,875</u>	<u>200,437,266</u>	<u>174,639,636</u>
Net assets ending	<u>\$ 139,311,394</u>	<u>\$ 138,935,290</u>	<u>\$ 62,239,200</u>	<u>\$ 61,501,977</u>	<u>\$ 201,550,594</u>	<u>\$ 200,437,267</u>

Entity-wide change in net assets: Entity-wide net assets increased by \$1.1 million in the current fiscal year compared to an increase of \$25.8 million in the prior year. This represents a significant decrease from the prior year and can be attributed to the completion of some large development projects and resulting capital contributions in the prior year and a significant decline in development in the current year.

Governmental Activities. The change in governmental activities before transfers decreased from a surplus of \$16.7 million in the prior year to a deficit of \$217,000 in the current year. This decrease of \$17 million can be explained by the following highlights:

- Charges for services decreased by \$1.6 million (16%) from the prior year due to the general downturn in the economy and the resulting decline in development activity.
- Capital grants and contributions decreased by \$16 million, representing the primary factor in explaining the changes in governmental activities. Again, this is primarily due to the decline in development activity, however, it should be noted the prior year amount was unusually high due to a single large contribution from a developer at the end of a project that spanned multiple years.
- Taxes increased by \$3.9 million (15%) due primarily to an increase in property tax receipts. The City's police levy expired in fiscal year 2007 and was replaced by an expanded five year levy beginning in fiscal year 2009. The expanded levy includes jail operations in addition to police services and represents \$3.6 million of the increase.
- Interest and investment earnings decreased by \$1.2 million (41%) due to a decrease in the return on the City's cash and investments as well smaller investment balances resulting from the completion of some large capital projects funded by a bond issue.
- General government expenses increased by \$860,000 (22%) due to some one-time expenses that include a \$250,000 payment to Lane County, a \$200,000 contribution to the Wildish Theatre, and \$30,000 for a compensation and classification study, as well as normal inflationary increases.
- Development services expenses decreased by \$965,000 (17%) due to a decline in development activity.
- Expenses for fire, police, library and public works increased in the range of 5-7% and can be attributed to normal inflationary increases.

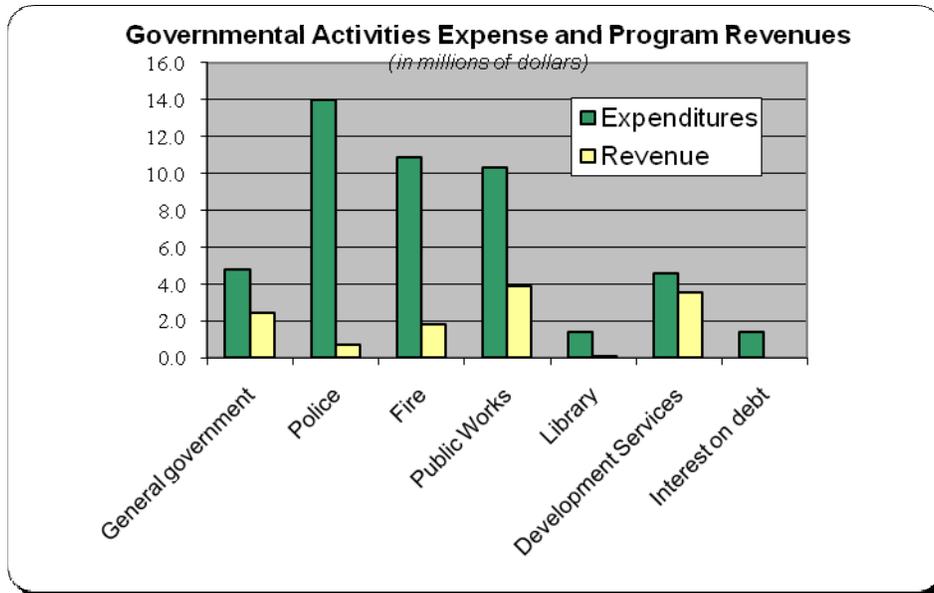


Chart 1

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

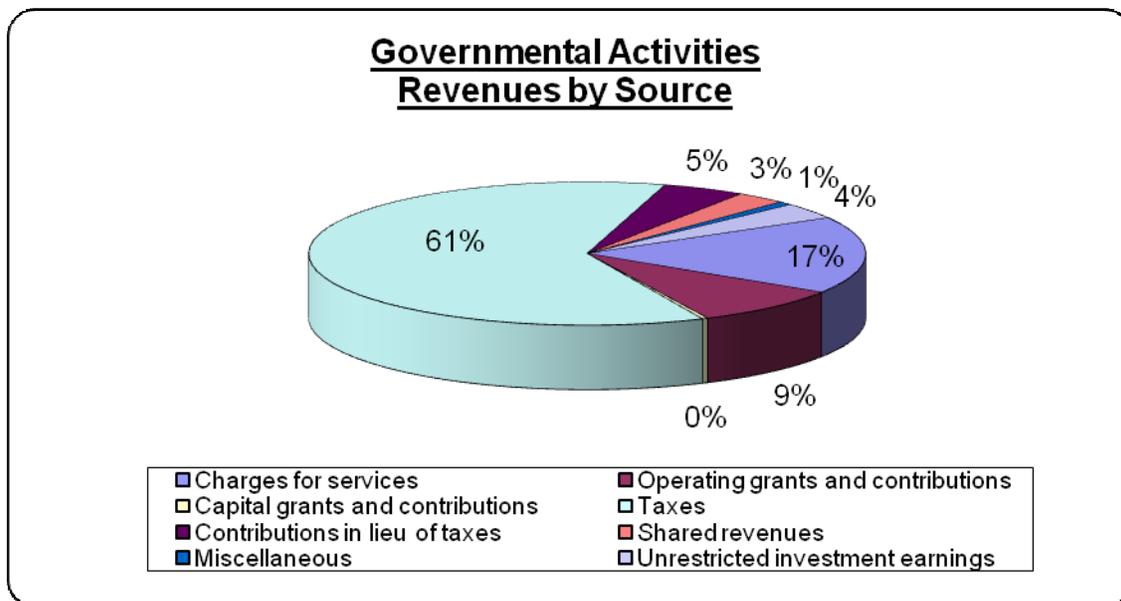


Chart 2

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

Business-type Activities. The change in business-type activities before transfers decreased from \$9.1 million in the prior year to a \$1.3 million in the current year. This decrease of \$7.7 million can be explained by the following highlights.

- Charges for services increased by \$1.5 million (11%) from the prior year due to an 12.5% increase in local sewer user fees as well as a 40% increase in ambulance service fees that took effect in April 2009.
- Capital grant and contributions decreased by \$5.8 million, representing the primary factor in explaining the changes in business-type activities. This is primarily due to the general downturn in the economy and the resulting decline in development activity.
- Interest on investments earnings decreased by \$262,000 (32%) due to a decrease in the return on the City’s cash and investments.
- Sanitary Sewer expenses increased by \$2.8 million (75%) due to an increase in local sewer infrastructure repair and maintenance expenditures that were funded as part of a \$21 million revenue bond issuance.
- Expenses for drainage services decreased slightly due to normal fluctuations in storm drainage expense activity while ambulance services increased 7% and can be attributed to normal inflationary increases.

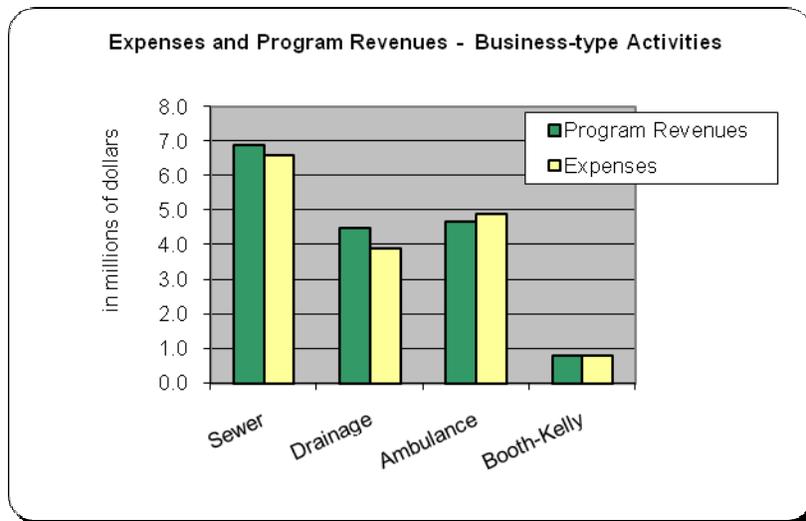


Chart 3

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

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

The Ambulance Fund continues a trend of expenses exceeding revenues. A major contributing factor to this trend has been the reduction in Medicare reimbursements for ambulance services that began April 1, 2002, and was fully implemented by December 31, 2005. Included in this fund are the business-type activities of ambulance billing services for other agencies and the FireMed program. Both of these programs are meant to contribute to the fund balance. The City is actively working towards growing its ambulance billing services and the FireMed program.

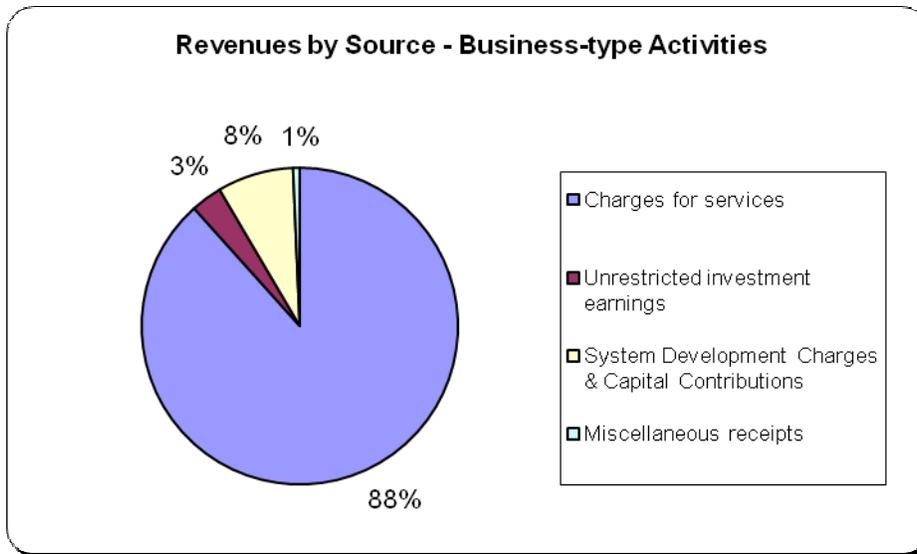


Chart 4

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, *unreserved 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 \$33.3 million. Of this total amount, \$27.6 million (83%) constitutes unreserved fund balance which is available for spending at the government's discretion, subject to reporting

fund-type limitations. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for a variety of purposes.

The General Fund is the chief operating fund of the City of Springfield. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$7 million, while total fund balance was \$7.4 million. As measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 22 percent of total General Fund expenditures, while total fund balance represents 24 percent of that same amount.

The fund balance of the City's General Fund decreased by \$1.9 million during the current fiscal year. While revenues remained relatively steady over the prior year, current operating expenditures increased by \$2.1 million (7%). This can be attributed to some one-time expenditures previously discussed in the City's governmental activities as well as normal inflationary increases. The City has implemented a Continuous Process Improvement program with the goal of matching expenditure growth to revenue growth.

The fund balance of the Development Capital Projects Fund decreased by \$1.1 million during the current fiscal year, with an ending fund balance of \$8.4 million. This was primarily due to \$4.2 million in current year capital outlay expenditures that were funded primarily by prior year's resources as well as a \$1.8 million commercial loan.

The fund balance of the Police Building Bond Capital Fund decreased by \$8.6 million during the current fiscal year due to the continuing progress of the Justice Center construction project. The fund's ending balance at year end was \$4.4 million, consisting mostly of general obligation bond proceeds not yet spent on construction in progress.

Other governmental funds remained relatively stable during the year.

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 combined ending net assets of \$62.2 million. Of this amount, \$9.3 million (15%) constitutes unrestricted net assets. Proprietary fund highlights are as follows:

The Sanitary Sewer Operations Fund reported a \$2.7 million increase in net assets. This increase was primarily due to an increase in local sewer user fees as well capital contributions of \$1.4 million.

Sanitary sewer operations issued \$22.8 million in revenue bonds. \$21 million was receipted into the Sewer Capital Projects Fund for sewer infrastructure capital projects. The balance of \$1.8 million was receipted into the Sanitary Sewer Operations Fund and held as a reserve.

The Storm Drainage Operations Fund remained relatively stable during the year.

The Ambulance Fund reported a loss of \$257,000 before transfers. As discussed earlier, this has been a continuing trend resulting from the reduction in Medicare reimbursement for ambulance services compounded by an increase in expenses. The City has determined that this is an important service for the community and decided to subsidize ambulance services out of the General Fund.

The Booth Kelly Fund reported a \$262,000 decrease in net assets. This decrease was due to a \$.5 million transfer to the City's General Fund in support of general government activities.

Other factors concerning the finances of the proprietary 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 decrease of \$163,596.

- \$459,796 increase to General Government
- \$297,668 increase to Fire
- \$77,715 increase to Police
- \$13,293 increase to Library
- \$37,113 increase to Public Works
- \$42,173 increase to Development Services
- \$1,508,759 increase to Non-Departmental transfers
- \$2,600,113 decrease in the City reserves

For actual expenditures the City under spent the amended budget by \$1,784,630.

The impact of the economic recession, primarily on revenues, became apparent soon after the fiscal year began and the City saw revenue shortfalls occur in almost every major revenue category this past year. These differences in actual revenue received compared to the amended budget are as follows:

- \$441,002 decrease in property taxes
- \$562,653 decrease in licenses, permits and fees
- \$96,748 decrease in intergovernmental revenues
- \$6,808 from increases in interest and investment earnings
- \$143,812 increases in charges for service
- \$211,749 from decreases in fines and forfeitures
- \$98,697 increases in miscellaneous revenues
- \$663,145 decrease in beginning cash

For the year ended June 30, 2009, the total variance between the final amended budgeted revenue and the actual budget-basis revenue amounts in the General Fund was -3.7%, where actual revenues were less than budgeted revenues. Actual property tax revenues were -2.7%

below budgeted amounts. Other revenue line items were above or below budget, with the aggregate difference representing the -6.4% variance. Beginning Cash on July 1, 2008 was \$663,145 less than budgeted (-6.7%) while Ending Cash on June 30, 2009 was \$2,391,483 (-24.5%) less than was projected in the FY09 Adopted Budget.

In response to the economic conditions, the City began mid-year to establish expenditure targets for all operating departments that were less than legal authorities. The City made mid-year personnel cuts with further reductions planned for the upcoming fiscal year that consist of more than 20 FTE. Additional restrictions were put on other expenditures. As a result, expenditures were under budget in all General Fund operating departments in amounts ranging from 0.2% to 12.3%. In aggregate, operating expenditures in all General Fund departments were 3.3% under the revised budget amount. Personal services are the largest component of the General Fund's operating budget (76%) and as a result of the elimination of positions, this category was under expended by \$397,406 (1.6%). In many cases, departments had budgeted line items for larger capital purchases they were unable to complete in the current year. The majority of the under-expenditures for capital outlay occurred in the Fire and Life Safety Department with \$356,872 budgeted for computer and emergency equipment, but only \$284,299 spent.

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, 2009, amounts to \$188 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 right of way during the year was recorded at an estimated cost of \$.5 million, down from \$8 million in the prior year.
- Fire 16 construction was completed at a cost \$2.8 million.
- MLK Parkway improvements for \$100,000.
- A Criminal Justice Data System for the Justice Center totaled \$.9 million.
- The Justice Center construction was completed at a cost of \$23.4 million
- The Bureau of Land Management Building Facility construction was completed at a cost of \$6.3 million.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$48,301,844	\$47,793,123	\$4,698,289	\$4,493,125	\$53,000,133	\$52,286,248
Land improvements	-	-	49,440	74,838	49,440	74,838
Construction in progress	1,810,309	18,221,110	4,209,422	11,472,859	6,019,731	29,693,969
Buildings	33,973,234	7,107,808	49,897,033	38,996,513	83,870,267	46,104,321
Infrastructure	37,215,727	37,803,305	-	-	37,215,727	37,803,305
Machinery & equipment	6,340,195	4,903,269	111,085	141,956	6,451,280	5,045,225
Library books	551,743	582,200	-	-	551,743	582,200
Studies	<u>441,526</u>	<u>505,982</u>	<u>350,718</u>	<u>408,805</u>	<u>792,244</u>	<u>914,787</u>
Total	<u>\$128,634,578</u>	<u>\$116,916,797</u>	<u>\$59,315,987</u>	<u>\$55,588,096</u>	<u>\$187,950,565</u>	<u>\$172,504,893</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 \$56 million. Of this amount, \$31.9 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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
General obligation bonds – 2005	\$ 8,925,000	\$ 9,910,000	\$ -	\$ -	\$ 8,925,000	\$9,910,000
General obligation bonds - 2007	23,015,000	23,930,000	-	-	23,015,000	23,930,000
Revenue bonds series 2005	-	-	1,280,000	1,470,000	1,280,000	1,470,000
Revenue Bonds series 2009	<u>-</u>	<u>-</u>	<u>22,815,000</u>	<u>-</u>	<u>22,815,000</u>	<u>-</u>
Total	<u>\$31,940,000</u>	<u>\$33,840,000</u>	<u>\$24,095,000</u>	<u>\$1,470,000</u>	<u>\$56,035,000</u>	<u>\$35,310,000</u>

The City's total debt increased by \$20.7 million during the current fiscal year, due to a \$22.8 million revenue bonds issuance, less \$2.1 million in scheduled debt payments. 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 FY2010 budget:

- Assessed values, the basis of property tax revenues and under the guidelines established by Measures 49 & 50, will grow by 3%.
- Interest rates on investments will be 1%.
- Inflation will occur at 3%, with special attention given to energy, fuel and intergovernmental costs.
- Wages will be frozen for employees represented by OPEU and AFSCME and also for Non-Union employees.
- Wages will increase by 4% for Springfield Police Association employees.
- Wages will increase by 3% for employees represented by International Association of Fire Fighters.
- Retirement benefit rates for PERS will remain the same for 2009/10 while the contribution rate for the City Retirement Plan will also remain stable rate for one more year.
- Health insurance costs will increase 15%.
- Springfield voters will be asked to increase the local gas tax from 3 cents to 5 cents per gallon. Contingency plans will be made for either the failure of this measure and/or if the State legislature follows through on their effort to increase the State gas tax. This election was held in May 2009 and failed to pass. The governor did sign into law a higher state-wide gas tax in the summer of 2009.
- In early FY10, a community panel studying the City's current system development charges will report their findings and recommendations to Council. If approved, rate increase could take effect in the same year.
- The City's new 100-bed municipal jail will open approximately mid-year of the FY2010.

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 Supervisor
City of Springfield
225 Fifth Street
Springfield, OR 97477

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City of Springfield, Oregon

Basic Financial Statements

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City of Springfield, Oregon

Statement Of Net Assets

June 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Metropolitan Wastewater
ASSETS				
Cash and investments	\$ 46,794,053	\$ 35,161,745	\$ 81,955,798	\$ 92,037,889
Receivables, net of allowance for uncollectable receivables	7,022,651	1,443,687	8,466,338	1,858,621
Internal balances	(149,160)	149,160	-	-
Due to/from other governments	(40,580)	-	(40,580)	40,580
Inventory	53,236	-	53,236	-
Investment in foreclosed properties	1,970	-	1,970	-
Prepaid items	315,798	26,102	341,900	28,565
Deposits	119,141	958	120,099	700,000
Deferred charges	583,654	396,479	980,133	-
Restricted assets - cash and investments	-	-	-	9,196,973
Restricted assets - accounts receivables	-	-	-	88,811
Accrued interest	238,098	85,275	323,373	392,033
Capital assets				
Land and construction in progress	50,112,152	8,907,709	59,019,861	37,798,944
Other capital assets net of accumulated depreciation	78,522,426	50,408,278	128,930,704	72,468,067
Total assets and other debits	183,573,439	96,579,393	280,152,832	214,610,483
LIABILITIES				
Current liabilities				
Accounts payable	3,175,219	886,235	4,061,454	6,930,544
Accrued payroll and other liabilities	3,504,718	370,124	3,874,842	101,549
Unearned revenue	-	460,369	460,369	9,871
Interest payable	146,474	249,847	396,321	755,083
Deposits	-	30,178	30,178	-
Notes payable due within one year	208,240	816,017	1,024,257	-
Revenue bonds payable due within one year	-	200,000	200,000	3,235,000
Capital lease obligations due within one year	40,859	-	40,859	-
General long-term debt due within one year	1,965,000	-	1,965,000	-
Noncurrent liabilities				
Accrued absence payable	2,289,842	299,778	2,589,620	66,258
Accrued interest payable	-	34,655	34,655	-
General long-term debt	30,243,997	-	30,243,997	-
Revenue bonds payable (net of unamortized discount)	-	24,167,431	24,167,431	94,707,200
Arbitrage liability	102,726	-	102,726	294,800
Notes and contracts payable	2,130,962	6,697,965	8,828,927	-
Capital lease	5,446	-	5,446	-
Net OPEB obligation	448,562	127,594	576,156	28,475
Total liabilities	44,262,045	34,340,193	78,602,238	106,128,780
NET ASSETS				
Invested in capital assets, net of related debt	99,380,714	49,313,676	148,694,390	68,774,366
Restricted for:				
SDC projects	179,993	3,447,456	3,627,449	-
Transportation	4,390,377	-	4,390,377	-
Regional sanitary sewer	-	-	-	9,285,784
Debt service	587,395	-	587,395	-
Other purposes	799,051	-	799,051	-
Unrestricted	33,973,864	9,478,068	43,451,932	30,421,553
Total net assets	\$ 139,311,394	\$ 62,239,200	\$ 201,550,594	\$ 108,481,703

The accompanying notes are an integral part of this statement.

CITY OF SPRINGFIELD
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues			Primary Government			Component Unit			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Business-type Activities	Total	Metropolitan Wastewater Mgmt Commission			
Primary government										
Governmental activities:										
General government	\$ 4,791,069	\$ 2,403,988	\$ -	\$ (2,384,461)	\$ -	\$ (2,384,461)	\$ -			
Police	13,974,177	490,731	-	(13,225,700)	-	(13,225,700)	-			
Fire	10,858,907	1,677,216	50,964	(9,040,459)	-	(9,040,459)	-			
Public works	10,295,174	1,494,678	104,670	(6,352,708)	-	(6,352,708)	-			
Library	1,400,056	89,853	-	(1,257,263)	-	(1,257,263)	-			
Development services	4,601,270	2,118,612	-	(1,068,144)	-	(1,068,144)	-			
Depreciation & amortization, unallocated	313,042	-	-	(313,042)	-	(313,042)	-			
Interest on long-term debt	1,406,144	-	-	(1,406,144)	-	(1,406,144)	-			
Total governmental activities	47,639,839	8,275,078	155,634	(35,047,921)	-	(35,047,921)	-			
Business-type activities:										
Sanitary sewer	6,619,628	5,590,002	1,367,790	-	338,164	338,164	-			
Storm drainage	3,894,947	4,475,347	-	-	580,400	580,400	-			
Booth Kelly	779,773	788,095	-	-	8,322	8,322	-			
Ambulance	4,939,277	4,662,981	-	-	(276,296)	(276,296)	-			
Total business-type activities	16,233,625	15,516,425	1,367,790	-	650,590	650,590	-			
Total primary government	\$ 63,873,464	\$ 23,791,503	\$ 1,523,424	(35,047,921)	650,590	(34,397,331)	-			
Component unit										
Metropolitan Wastewater Management Commission	\$ 21,342,962	\$ 22,077,736	\$ -	\$ -	\$ -	\$ -	734,774			
General revenues:										
Taxes										
Property taxes				24,888,500		24,888,500				
Contributions in lieu of taxes				2,275,036		2,275,036				
Franchise tax				2,008,348		2,008,348				
Local fuel tax				1,073,696		1,073,696				
Room tax				771,994		771,994				
911 tax				309,114		309,114				
Interest and investment earnings				1,727,120	559,713	2,286,833				
Miscellaneous				379,635	120,051	499,686				9,473
Gain on disposition of capital assets				19,810	-	19,810				-
Shared revenue				1,377,642	-	1,377,642				-
Transfers				593,130	(593,130)	-				-
Total general revenues and transfers				35,424,025	86,634	35,510,659	2,537,537			
Change in net assets				376,104	737,224	1,113,328	3,272,311			
Net assets, beginning, as restated (Note Q)				138,935,290	61,501,976	200,437,266	105,209,392			
Net assets, ending				\$ 139,311,394	\$ 62,239,200	\$ 201,550,594	\$ 108,481,703			

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	Housing and Community Development	Development Projects	Police Building Bond Capital	Nonmajor Governmental	Total Governmental
ASSETS						
Cash and investments	\$ 7,417,069	\$ -	\$ 8,894,090	\$ 6,583,307	\$ 12,734,651	\$ 35,629,117
Receivables:						
Accounts	683,365	-	90,154	-	626,762	1,400,281
Taxes	902,634	-	-	-	787,147	1,689,781
Grants	-	350,235	-	-	77,761	427,996
Accrued interest	60,173	-	50,618	-	69,610	180,401
Assessments and liens	-	-	-	-	63,320	63,320
Mortgage notes	-	3,412,897	-	-	8,409	3,421,306
Inventory	2,701	-	-	-	50,535	53,236
Investment in foreclosed property	1,970	-	-	-	-	1,970
Due from other funds	358,117	-	-	-	-	358,117
Prepaid items	25,740	-	-	-	200	25,940
Deposits	468	-	-	-	118,673	119,141
	<u>9,452,237</u>	<u>3,763,132</u>	<u>9,034,862</u>	<u>6,583,307</u>	<u>14,537,068</u>	<u>43,370,606</u>
Total assets	<u>\$ 9,452,237</u>	<u>\$ 3,763,132</u>	<u>\$ 9,034,862</u>	<u>\$ 6,583,307</u>	<u>\$ 14,537,068</u>	<u>\$ 43,370,606</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 177,278	\$ 26,549	\$ 542,195	\$ 2,149,661	\$ 216,523	\$ 3,112,206
Accrued payroll and other liabilities	870,911	12,454	-	3,586	284,889	1,171,840
Deferred revenue	1,048,624	3,412,897	83,954	-	851,244	5,396,719
Due to other funds	-	182,530	-	-	175,587	358,117
	<u>2,096,813</u>	<u>3,634,430</u>	<u>626,149</u>	<u>2,153,247</u>	<u>1,528,243</u>	<u>10,038,882</u>
Total liabilities	<u>2,096,813</u>	<u>3,634,430</u>	<u>626,149</u>	<u>2,153,247</u>	<u>1,528,243</u>	<u>10,038,882</u>
Fund balances:						
Reserved						
Inventory	2,701	-	-	-	50,535	53,236
Bicycle trails	-	-	-	-	61,712	61,712
Library	-	-	-	-	41,817	41,817
Prepays	25,740	-	-	-	-	25,740
Deposits	-	-	-	-	118,673	118,673
Police forfeitures	-	-	-	-	495,903	495,903
Transportation	-	-	-	-	4,390,377	4,390,377
Property held for resale	1,970	-	-	-	-	1,970
Interfund receivable	358,117	-	-	-	-	358,117
SDC projects	-	-	179,993	-	-	179,993
Unreserved, reported in:						
General fund	6,966,896	-	-	-	-	6,966,896
Special revenue funds	-	128,702	-	-	4,201,073	4,329,775
Capital projects funds	-	-	8,228,720	4,430,060	2,278,912	14,937,692
Debt service funds	-	-	-	-	1,369,823	1,369,823
	<u>7,355,424</u>	<u>128,702</u>	<u>8,408,713</u>	<u>4,430,060</u>	<u>13,008,825</u>	<u>33,331,724</u>
Total fund balances	<u>7,355,424</u>	<u>128,702</u>	<u>8,408,713</u>	<u>4,430,060</u>	<u>13,008,825</u>	<u>33,331,724</u>
Total liabilities and fund balances	<u>\$ 9,452,237</u>	<u>\$ 3,763,132</u>	<u>\$ 9,034,862</u>	<u>\$ 6,583,307</u>	<u>\$ 14,537,068</u>	

Reconciliation to the statement of net assets

The statement of net assets reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are deferred in governmental funds. 5,396,719

Capital assets are not financial resources in governmental funds, but are reported in the statement of net assets at their net depreciable value. 123,690,100

All liabilities are reported in the statement of net assets. However, if they are not due and payable in the current period, they are not recorded in the governmental funds. (38,178,175)

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 assets are reported along with governmental activities in the statement of net assets. 15,071,026

Net assets of governmental activities \$ 139,311,394

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, 2009

	General	Housing and Community Development	Development Capital Projects	Police Building Bond Capital	Nonmajor Governmental	Total Governmental
Revenues:						
Taxes	\$ 15,854,902	\$ -	\$ -	\$ -	\$ 10,941,498	\$ 26,796,400
Licenses, permits and fees	2,945,158	-	-	-	202,309	3,147,467
Intergovernmental	3,850,297	1,173,798	-	-	3,027,036	8,051,131
Charges for services	4,795,992	-	320,784	-	2,544,078	7,660,854
Fines & forfeitures	1,093,944	-	-	-	191,483	1,285,427
Use of money & property	354,057	22,539	290,872	74,051	418,145	1,159,664
Special assessments	-	-	-	-	11,684	11,684
Miscellaneous revenues	225,198	-	40,267	-	198,735	464,200
Total revenues	<u>29,119,548</u>	<u>1,196,337</u>	<u>651,923</u>	<u>74,051</u>	<u>17,534,968</u>	<u>48,576,827</u>
Expenditures:						
Current operating:						
General government	5,713,511	16,030	-	-	730,914	6,460,455
Fire	9,743,067	-	-	-	1,245,704	10,988,771
Police	11,722,951	-	-	-	2,415,549	14,138,500
Library	1,259,839	-	-	-	94,709	1,354,548
Public works	983,951	-	-	391,828	6,720,354	8,096,133
Development services	1,694,855	1,187,360	-	-	1,702,315	4,584,530
Capital projects	-	2,501	4,206,651	8,299,237	1,264,872	13,773,261
Debt service						
Principal	75,000	-	-	-	1,955,047	2,030,047
Interest	40,180	-	-	-	1,350,636	1,390,816
Total expenditures	<u>31,233,354</u>	<u>1,205,891</u>	<u>4,206,651</u>	<u>8,691,065</u>	<u>17,480,100</u>	<u>62,817,061</u>
Excess of revenues over (under) expenditures	<u>(2,113,806)</u>	<u>(9,554)</u>	<u>(3,554,728)</u>	<u>(8,617,014)</u>	<u>54,868</u>	<u>(14,240,234)</u>
Other financing sources (uses)						
Proceeds of debt issuance	-	-	1,800,000	-	-	1,800,000
Transfers in	1,693,588	-	1,110,275	-	3,266,319	6,070,182
Transfers out	(1,501,909)	-	(488,000)	-	(3,297,353)	(5,287,262)
Total other financing sources (uses)	<u>191,679</u>	<u>-</u>	<u>2,422,275</u>	<u>-</u>	<u>(31,034)</u>	<u>2,582,920</u>
Net change in fund balance	<u>(1,922,127)</u>	<u>(9,554)</u>	<u>(1,132,453)</u>	<u>(8,617,014)</u>	<u>23,834</u>	<u>(11,657,314)</u>
Fund balances, beginning	9,277,551	138,256	9,541,166	13,047,074	13,022,771	45,026,818
Change in reserve for inventories	-	-	-	-	(37,780)	(37,780)
Fund balances, ending	<u>\$ 7,355,424</u>	<u>\$ 128,702</u>	<u>\$ 8,408,713</u>	<u>\$ 4,430,060</u>	<u>\$ 13,008,825</u>	<u>\$ 33,331,724</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, 2009

Net change in fund balances - total governmental funds	\$ (11,657,314)
The net revenue of certain activities of internal service funds is reported with governmental activities.	873,768
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements.	168,110
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. This is the amount by which capital outlays exceeded depreciation in the current period.	11,148,974
Governmental funds do not report expenditures for unpaid compensated absences 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.	(408,511)
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 assets. Also, governmental funds report the effect of issuance costs, 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.	288,857
Decreases in inventory in governmental funds increase expenses.	<u>(37,780)</u>
Change in net assets of governmental activities	<u>\$ 376,104</u>

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

June 30, 2009

	Business-type Activities - Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Sanitary Sewer Operations	Storm Drainage Operations	Sewer Capital Projects Fund	Ambulance	Booth Kelly	Other Nonmajor Proprietary		
ASSETS								
Current assets:								
Cash and investments	\$ 4,192,934	\$ 1,630,739	\$ 23,094,607	\$ 232,752	\$ 755,528	\$ 5,255,185	\$ 35,161,745	\$ 11,164,936
Accounts receivable, net of allowance for estimated uncollectibles	537,507	434,968	-	440,149	10,640	20,423	1,443,687	19,967
Prepays	-	-	-	26,102	-	-	26,102	289,858
Deposits	958	-	-	-	-	-	958	-
Accrued interest	10,309	7,530	31,372	-	3,684	32,380	85,275	57,697
Total current assets	4,741,708	2,073,237	23,125,979	699,003	769,852	5,307,988	36,717,677	11,532,458
Noncurrent assets:								
Bond costs - net	396,479	-	-	-	-	-	396,479	-
Capital assets - net	41,337,552	-	-	114,881	8,955,845	-	50,408,278	4,944,478
Construction in progress	4,209,422	-	-	-	2,641,557	-	4,209,422	-
Land and land rights	2,056,730	-	-	-	-	-	4,698,287	-
Total noncurrent assets	48,000,183	-	-	114,881	11,597,402	-	59,712,466	4,944,478
Total assets	52,741,891	2,073,237	23,125,979	813,884	12,367,254	5,307,988	96,430,233	16,476,936
LIABILITIES								
Current liabilities:								
Accounts payable	54,075	22,789	726,931	28,257	1,806	52,377	886,235	63,013
Accrued payroll and other liabilities	58,979	82,402	-	224,341	4,402	-	370,124	1,083,024
Accrued interest payable	249,847	-	-	-	-	-	249,847	-
Deposits	-	-	-	-	30,178	-	30,178	-
Notes payable - current maturity	333,394	-	-	-	482,623	-	816,017	-
Capital lease payable - current maturity	-	-	-	-	-	-	-	-
Unearned revenues	200,000	-	-	460,369	-	-	460,369	-
Revenue bonds payable - current maturity	-	-	-	-	-	-	200,000	-
Total current liabilities	896,295	105,191	726,931	712,967	519,009	52,377	3,012,770	1,186,896
Noncurrent liabilities:								
Accrued absence payable	62,092	118,695	-	114,125	4,866	-	299,778	23,828
Accrued interest	-	-	-	-	34,655	-	34,655	-
Revenue bonds payable (net of unamortized discount)	3,167,431	-	21,000,000	-	-	-	24,167,431	-
Notes payable	698,998	-	-	-	5,998,967	-	6,697,965	-
Net OPEB obligation payable	30,275	46,184	-	51,135	-	-	127,594	-
Capital lease obligation	-	-	-	-	-	-	-	5,446
Total noncurrent liabilities	3,958,796	164,879	21,000,000	165,260	6,038,488	-	31,327,423	29,274
Total liabilities	4,855,091	270,070	21,726,931	878,227	6,557,497	52,377	34,340,193	1,216,170
NET ASSETS								
Invested in capital assets, net of related debt	43,600,360	-	-	114,881	5,598,435	-	49,313,676	4,898,173
Restricted for SDC projects	-	-	-	(179,224)	211,322	1,808,155	3,447,456	-
Unrestricted	4,286,440	1,803,167	1,399,048	-	-	-	9,328,908	10,362,593
Total net assets	47,886,800	1,803,167	1,399,048	(64,343)	5,809,757	5,255,611	62,090,040	15,260,766
Adjustment to reflect consolidation of internal service fund activities								149,160
Net assets of business-type activities								\$ 62,239,200

The accompanying notes are an integral part of this statement.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds							Total	Governmental Activities
	Sanitary Sewer Operations	Storm Drainage Operations	Sewer Capital Projects Fund	Ambulance	Booth Kelly	Other Nonmajor Proprietary	Internal Service Funds		
OPERATING REVENUES:									
Charges for services	\$ 5,361,117	\$ 4,267,116	\$ -	\$ 9,211,018	\$ 788,095	\$ 437,116	\$ 20,064,462	\$ 4,008,221	
Less: Contractual adjustments	-	-	-	(4,548,037)	-	-	(4,548,037)	-	
Licenses and permits	-	-	-	-	-	-	-	68,028	
Miscellaneous receipts	92	44	-	6,835	113,080	-	120,051	131,750	
Total operating revenues	5,361,209	4,267,160	-	4,669,816	901,175	437,116	15,636,476	4,207,999	
Operating expenses:									
City manager's office	-	-	-	-	-	-	-	-	
Court	-	-	-	-	-	-	-	3,712	
Human resources	-	-	-	-	-	-	-	1,834,276	
Finance	9,398	9,396	-	-	-	-	18,794	27,245	
Information technology	-	-	-	-	-	-	-	108,783	
Library	-	-	-	-	-	-	-	12,990	
Fire	-	-	-	4,902,875	-	-	4,902,875	34,601	
Police	-	-	-	-	-	-	-	130,869	
Public works	2,728,408	3,615,868	-	-	23,251	443,738	6,811,265	507,621	
Development services	22,312	37,085	2,044,417	-	362,623	-	2,466,437	98,706	
Depreciation	1,282,269	-	-	24,563	307,850	-	1,614,682	852,940	
Total operating expenses	4,042,387	3,662,349	2,044,417	4,927,438	693,724	443,738	15,814,053	3,611,743	
Operating income (loss)	1,318,822	604,811	(2,044,417)	(257,622)	207,451	(6,622)	(177,577)	596,256	
Nonoperating revenues (expenses):									
Interest on investments	71,531	43,765	184,261	134	76,255	183,767	559,713	330,094	
Interest expense	(310,035)	-	-	-	(107,357)	-	(417,392)	(4,318)	
Gain/(loss) on disposal of assets	-	-	-	-	-	-	-	(11,805)	
Total nonoperating revenues	(238,504)	43,765	184,261	134	(31,102)	183,767	142,321	313,971	
Income (loss) before contributions and transfers	1,080,318	648,576	(1,860,156)	(257,488)	176,349	177,145	(35,256)	910,227	
Transfers in	1,557,586	-	1,269,400	161,758	40,000	262,189	3,290,933	-	
Transfers out	(1,269,400)	(507,400)	(86,139)	-	(478,366)	(1,542,758)	(3,884,063)	(189,789)	
Capital contributions	1,367,790	-	-	-	-	-	1,367,790	146,730	
Change in net assets	2,736,294	141,176	(676,895)	(95,730)	(262,017)	(1,103,424)	739,404	867,168	
Net assets, beginning	45,461,118	1,661,991	2,075,943	31,387	6,071,774	6,048,423	15,016,852	15,016,852	
Prior period adjustment (Note Q)	(310,612)	-	-	-	-	310,612	(623,254)	(623,254)	
Net assets, beginning, as restated	45,150,506	1,661,991	2,075,943	31,387	6,071,774	6,359,035	14,393,598	14,393,598	
Net assets, end of year	\$ 47,886,800	\$ 1,803,167	\$ 1,399,048	\$ (64,343)	\$ 5,809,757	\$ 5,255,611	\$ 15,260,766	\$ 15,260,766	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.								(2,180)	
Change in net assets of business-type activities								\$ 737,224	

The accompanying notes are an integral part of this statement.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

Year Ended June 30, 2009

	Business type activities - Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Sanitary Sewer Operations	Storm Drainage Operations	Sanitary Sewer Capital	Ambulance	Booth Kelly	Other Nonmajor Proprietary		
Cash flows from operating activities:								
Cash received from customers	\$ 5,363,099	\$ 4,313,445	\$ -	\$ 4,644,180	\$ 790,771	\$ 493,758	\$ 15,605,253	
Cash received from interfund services provided	-	-	-	-	-	-	-	
Cash paid for employee services	(1,790,274)	(2,089,487)	-	(3,383,498)	(73,722)	-	(7,336,981)	
Cash paid to suppliers for goods and services	(1,063,346)	(1,440,061)	(1,499,516)	(1,516,317)	(349,063)	(513,067)	(6,381,370)	
Other operating receipts	95	44	-	5,231	112,930	-	118,300	
Net cash provided by (used in) operating activities	2,509,574	783,941	(1,499,516)	(250,404)	480,916	(19,309)	2,005,202	
Cash flows from noncapital financing activities:								
Transfers from other funds	1,557,586	-	1,269,400	161,758	40,000	257,400	3,286,144	
Transfers to other funds	(1,269,400)	(507,400)	(86,139)	-	(478,366)	(1,537,969)	(3,879,274)	
Net cash provided (used) by noncapital financing activities	288,186	(507,400)	1,183,261	161,758	(438,366)	(1,280,569)	(593,130)	
Cash flows from capital and related financing activities:								
Proceeds from sale of bonds and notes	2,094,240	-	21,000,000	-	-	-	23,094,240	
Bond costs	(357,194)	-	-	-	-	-	(357,194)	
Acquisition and construction of capital assets	(1,572,300)	-	-	(2,402,483)	-	-	(3,974,783)	
Disposition of capital assets	-	-	-	-	-	-	-	
Principal paid on bonds and notes	(511,230)	-	-	-	(991,358)	-	(1,502,588)	
Interest paid on bonds and notes	(99,535)	-	-	-	(107,357)	-	(206,892)	
Net cash used in capital and related financing activities	(446,019)	-	21,000,000	-	(3,501,198)	-	17,052,783	
Cash flows from investing activities:								
Interest received	71,765	44,199	172,746	1,907	87,284	200,209	578,110	
Net change in cash and investments	2,423,506	320,740	20,856,491	(86,739)	(3,371,364)	(1,099,669)	19,042,965	
Cash and investments, beginning of year, as restated (Note Q)	1,769,428	1,309,999	2,238,116	319,491	4,126,892	6,354,854	16,118,780	
Cash and investments, end of year	4,192,934	1,630,739	23,094,607	232,752	755,528	5,255,185	35,161,745	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities								
Operating income (loss)	\$ 1,318,822	\$ 604,811	\$ (2,044,417)	\$ (257,622)	\$ 207,451	\$ (6,622)	\$ (177,577)	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation & amortization	1,282,269	-	-	24,563	307,850	-	1,614,682	
Changes in assets and liabilities:								
Accounts receivable	1,878	46,226	-	(9,110)	2,676	56,642	98,312	
Prepaid expenses	104	103	-	(9,691)	-	-	(9,484)	
Accounts payable	(16,567)	5,929	544,901	(43,414)	(36,161)	(69,329)	385,359	
Accrued payroll and other liabilities	(107,210)	80,688	-	(4,661)	(750)	-	(31,933)	
Net OPEB obligation payable	30,275	46,184	-	51,135	-	-	127,594	
Deposits	3	-	-	(640)	(150)	-	(787)	
Unearned revenue	-	-	-	(964)	-	-	(964)	
Net cash provided by (used in) operating activities	\$ 2,509,574	\$ 783,941	\$ (1,499,516)	\$ (250,404)	\$ 480,916	\$ (19,309)	\$ 2,005,202	
Noncash capital and related financing activities:								
Contributed capital assets	\$ 1,367,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,367,790	
Retirement and disposition of capital assets, net of accumulated depreciation	-	-	-	-	-	-	(11,805)	

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon
Statement of Fiduciary Net Assets
Agency Fund
June 30, 2009

ASSETS	
Cash and investments	<u>\$ 1,886,066</u>
Total assets	<u><u>\$ 1,886,066</u></u>
LIABILITIES	
Amounts held in trust for other parties	<u>\$ 1,866,066</u>
Total liabilities	<u><u>\$ 1,866,066</u></u>

The accompanying notes are an integral part of this statement.