

Financial Section

Independent Auditors Report

MOSS-ADAMS LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Springfield, Oregon, as of and for the year ended June 30, 2003, which collectively comprise the City of Springfield's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Springfield's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Hospital Facilities Authority which is a discretely presented component unit of the City of Springfield, Oregon, which represents 4.24% and .96% of total assets and total revenues, respectively, of the City of Springfield, Oregon. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the Hospital Facilities Authority of the City of Springfield, Oregon is based solely on the report of the other auditors.

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 disclosure 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 and the report of other auditors provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditor's, 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 units, each major fund, and the aggregate remaining fund information of the City of Springfield, Oregon where applicable, for the year ended June 30, 2003, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note A, the City of Springfield has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34 Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments as of June 30, 2003.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying management discussion and analysis and budgetary comparison information on pages 3 through 14 and 52 through 55 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement presentation of the required supplementary 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 of Springfield, Oregon's basic financial statements. The combining and individual fund statements, budgetary comparison information for non major funds, and other financial schedules, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards as listed in the table of contents, 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 also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole, based on our audit and the report of other auditor's.

The other data included in this report, designated as "Introductory Section" and "Statistical Section" in the accompanying table of contents has not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

December 17, 2003

A handwritten signature in cursive script that reads "Jessie Bridgham". The signature is written in black ink and is positioned above the printed name.

Jessie Bridgham, Partner

For Moss Adams LLP
Certified Public Accountants
Eugene, Oregon

Management Discussion and Analysis

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, 2003. 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, 2003 are \$158,858,476.
- The City's total combined liabilities at June 30, 2003 are \$24,086,833.
- The City's total combined net assets at June 30, 2003 are \$134,771,643.
- At June 30, 2003, the City's governmental funds reported a combined ending fund balance of \$21,217,963. Approximately \$16,530,621 is unreserved and available for appropriation.
- The General Fund reported an ending fund balance this year of \$4,909,243. This is a significant increase from the previous year's fund balance of \$4,066,967 although the increase is attributed to transfers from other funds.

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:

- Local Sewer service
- Booth Kelly (operation of the Booth Kelly Center, a large commercial building)
- Emergency Medical Services

The government-wide financial statements include not only the City of Springfield itself (known as the primary government), but also the legally separate Metropolitan Wastewater Management Commission, the legally separate Hospital Facility Authority and the legally separate Regional Fiber Consortium. The City provides all administrative duties for the Metropolitan Wastewater Management Commission and the Regional Fiber Consortium, in accordance with intergovernmental agreements. Therefore, management believes it would be misleading to exclude these entities from the government-wide financial statements.

The Hospital Facility Authority is governed by a board which is appointed by the City, and has the authority to remove appointed board members. The Hospital Facility Authority's fiscal year ended December 31, 2002.

Financial information for all three component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15-16 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 19 in the basic financial statements.

The City maintains 11 individual government 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 five funds: General Fund, Street, Special Revenue, Community Development Block Grant, and Development Projects. 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 49-52. Budgetary comparisons for all other governmental funds have been provided elsewhere in this report.

The governmental fund financial statements can be found at pages 17-18 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 services, Emergency Medical 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, and also for employee benefits and risk management activities. Because both 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 Fund, the Emergency Medical Services Fund, and the Booth Kelly Fund all both of which are considered to be major funds of the City. Conversely, these 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 20-22 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. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. 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 statements can be found on page 23 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 24-50 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 and information about the City's progress in funding its obligation to provide pension benefits to its employees.

Other supplementary information. The combining statements referred to earlier in connection with non major governmental funds and internal service funds, the schedule of property tax transactions, the schedule of bonded debt transactions and future requirements for bonded debt and four schedules required to demonstrate compliance with bond indenture requirements are included in this report and can be found on pages 56-104.

Government-wide Financial Analysis

The 2002 year was the first period that GASB Statement 34 was applied. The City was not required to restate the prior periods for purposes of providing comparative data. In future years, when prior year information is available, a comparative analysis of the funds maintained by the City will be presented.

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 \$134,771,643 at the close of the most recent fiscal year.

The largest portion of the City's net assets \$92,559,182, or 69% 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>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Current and other assets	\$ 35,056,978	(1)	\$ 17,301,693	(1)	\$ 52,385,671	(1)
Fixed assets, net, where applicable, of accumulated depreciation	<u>73,354,578</u>	(1)	<u>33,145,227</u>	(1)	<u>106,499,805</u>	(1)
Total assets	<u>\$108,411,556</u>		<u>\$50,446,920</u>		<u>\$158,858,476</u>	
Non-current liabilities	\$ 12,831,430	(1)	\$ 5,626,126	(1)	\$ 18,457,555	(1)
Other liabilities	<u>4,397,513</u>	(1)	<u>1,231,764</u>	(1)	<u>5,629,277</u>	(1)
Total liabilities	<u>\$ 17,228,943</u>	(1)	<u>\$ 6,857,890</u>	(1)	<u>\$ 24,086,833</u>	(1)
Net assets:						
Invested in capital assets, net of related debt	\$ 64,574,366	(1)	\$ 27,984,816	(1)	\$ 92,559,182	(1)
Restricted	4,575,250	(1)	5,226,609	(1)	9,801,859	(1)
Unrestricted	<u>22,032,997</u>	(1)	<u>10,377,605</u>	(1)	<u>32,410,603</u>	(1)
Total net assets	<u>\$ 91,182,613</u>	(1)	<u>\$43,589,030</u>	(1)	<u>\$134,771,643</u>	(1)

(1)The City did not restate its 2002 financial statements in this first year of implementation of GASB 34. Comparative information will be provided in future years.

An additional portion of the City's net assets \$9,801,859 presents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$32,410,603 or 24% may be used to meet the government's ongoing obligations to citizens and creditors.

City of Springfield's Change in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues:						
Taxes	\$15,737,137	(1)	\$ -	(1)	\$15,737,137	(1)
In lieu of tax payments	1,950,145	(1)	-	(1)	1,950,145	(1)
Shared revenue	880,291		-		880,291	
Charges for Services	8,416,222	(1)	10,698,364	(1)	19,114,586	(1)
Operating grants & contributions	7,453,464	(1)	-	(1)	7,453,464	(1)
Use of money and property	629,891	(1)	350,104	(1)	979,995	(1)
Capital grants & contributions	814,064	(1)	1,932,085	(1)	2,746,149	(1)
Transfers	(4,109,189)		4,109,189		-	
Gain/(loss) on disposal of assets	5,401,456		-		5,401,456	
Miscellaneous Receipts	258,703	(1)	42,882	(1)	301,585	(1)
Total revenues	<u>\$37,432,184</u>	<u>(1)</u>	<u>\$17,132,624</u>	<u>(1)</u>	<u>\$54,564,808</u>	<u>(1)</u>
Expenses:						
General Government	\$4,552,975	(1)	\$ -	(1)	\$4,552,975	(1)
Development Services	4,720,587	(1)	-	(1)	4,720,587	(1)
Fire	6,230,207	(1)	-	(1)	6,230,207	(1)
Library	1,415,560	(1)	-	(1)	1,415,560	(1)
Police	9,219,461	(1)	-	(1)	9,219,461	(1)
Public Works	5,704,476	(1)	-	(1)	5,704,476	(1)
Unallocated depreciation	235,888	(1)	-	(1)	235,888	(1)
Interest on debt	571,376	(1)	-	(1)	571,376	(1)
Sewer	-		6,505,305	(1)	6,505,305	(1)
Booth Kelly	-		496,460	(1)	496,460	(1)
Emergency Medical Services	-		4,467,552	(1)	4,467,552	(1)
Total expenses	<u>\$32,650,530</u>	<u>(1)</u>	<u>\$11,469,317</u>	<u>(1)</u>	<u>\$44,119,847</u>	<u>(1)</u>
Net assets – beg. as adjusted	\$86,400,959	(1)	\$ 37,925,724	(1)	\$124,326,683	(1)
Change in net assets	4,781,654	(1)	5,663,307	(1)	10,444,960	(1)
Net assets, end of year	<u>\$91,182,613</u>	<u>(1)</u>	<u>\$43,589,030</u>	<u>(1)</u>	<u>\$134,771,643</u>	<u>(1)</u>

(1) The City did not restate its 2002 financial statements in this first year of implementation of GASB 34. Comparative information will be provided in future years.

Governmental Activities. Governmental activities increased the City's net assets by \$4,781,654, thereby accounting for 46% of the growth in total net assets. The primary element of this increase is as follows:

- The City sold a parcel of property formerly intended to be used to develop a Sports Center to a private developer. The Sports Center site was relocated to a location more central to the City.

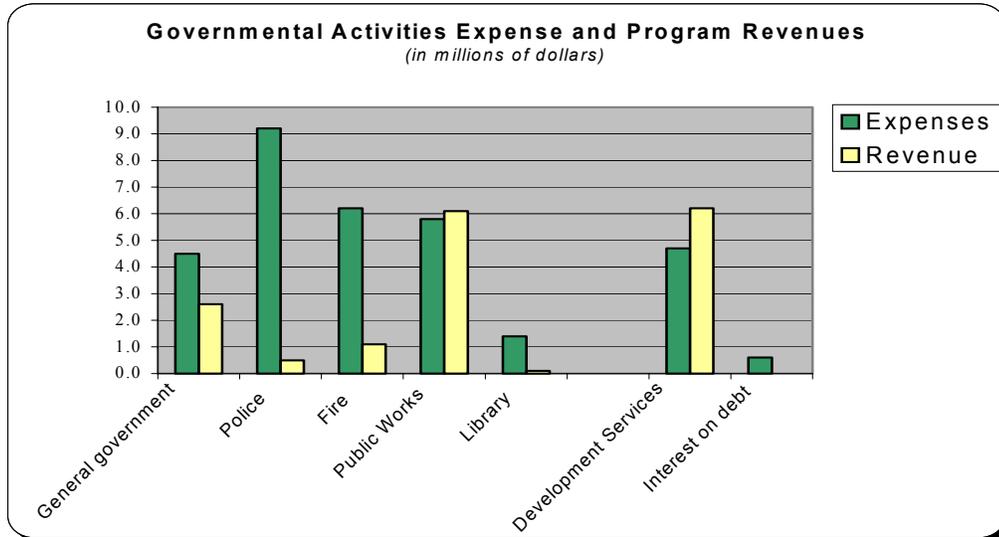


Chart 1

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 revenue to support the function.

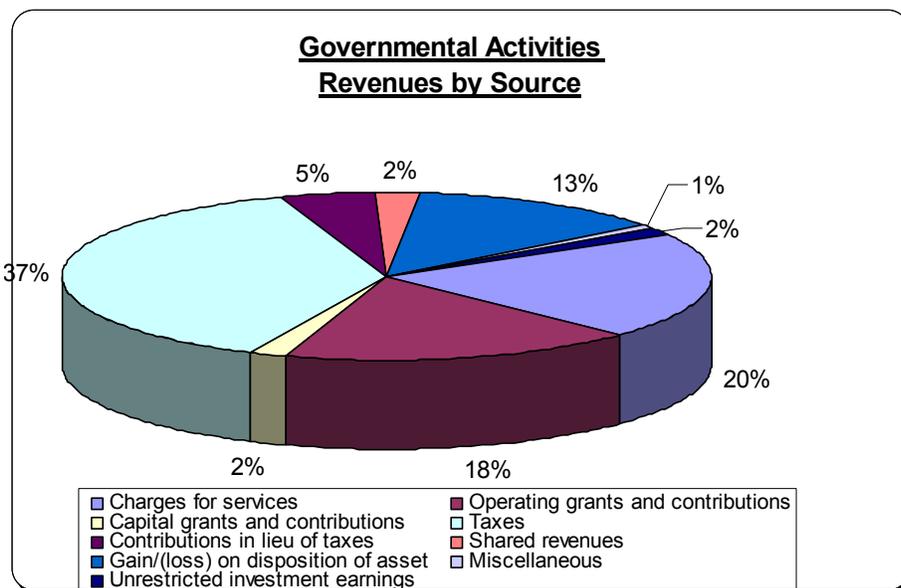


Chart 2

Chart 2 shows the percent of the total for each source of revenue supporting governmental activities.

Business-type activities. Business-type activities increased the City’s net assets by \$5,663,307 accounting for 54 percent of the total growth in the government’s net assets. Key elements of this increase are as follows:

- A transfer from the now closed SDC Capital Project Fund, considered a governmental fund, to the Sewer SDC Fund, a business-type fund, resulted in net transfer in for the business-type funds of \$4,109,189.
- As illustrated, the largest component of business-type fund revenue comes from charges for services. The large Transfer in is an unusual event which is not likely to occur again in the future.

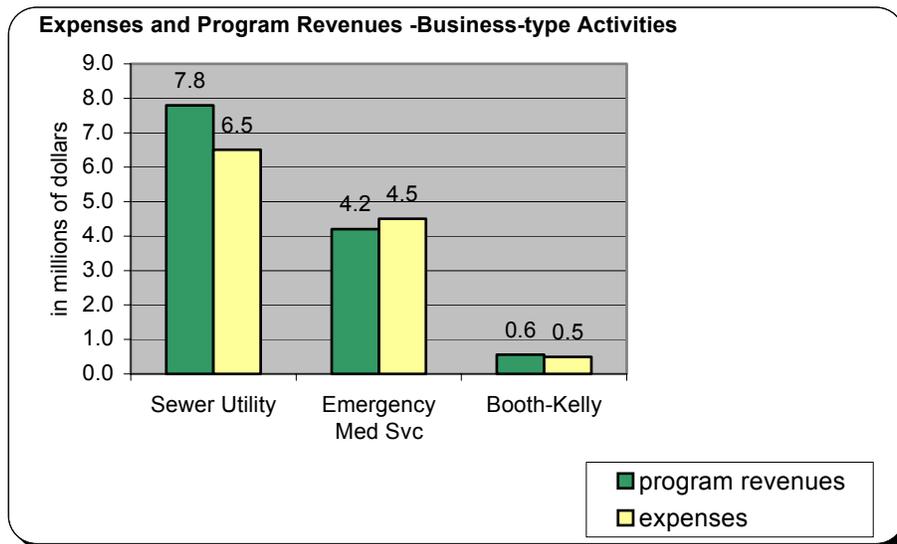


Chart 3

Chart 3 compares program revenues and expenses for the individual business-type activities for the current year. As the chart reflects, most business-type activities relied on program revenue to support the function.

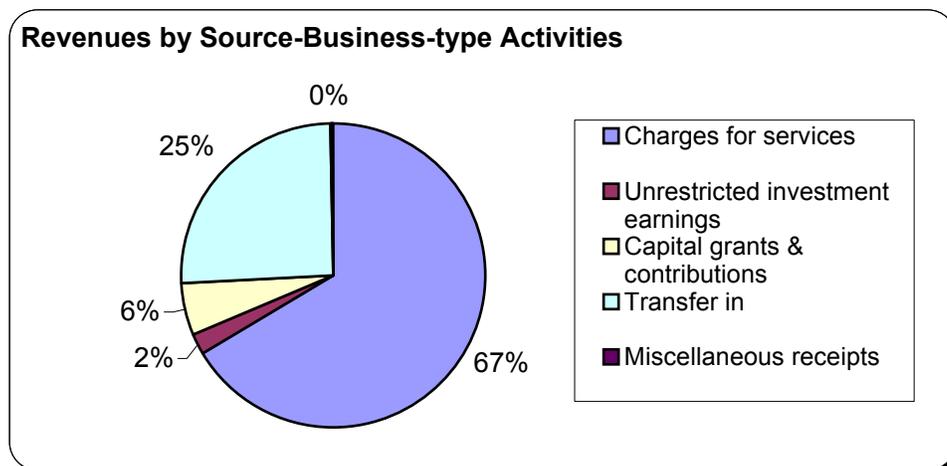


Chart 4

Chart 4 shows the percent of the total for each source of revenue supporting business-type activities.

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 \$21,217,963. Approximately 78 percent of this total amount, \$16,530,621, constitutes *unreserved fund balance*, which is available for spending at the government's discretion. 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 \$4,620,032, while total fund balance reached \$4,909,243. 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 20 percent of total general fund expenditures, while total fund balance represents 21 percent of that same amount.

The fund balance of the City's general fund increased by \$841,907, during the fiscal year. The key factor for this growth is as follows:

- The general fund received transfers from several other funds during the year in an attempt to maintain a desired level of unrestricted reserves despite an excess of expenditures over revenues.

The Street fund has total fund ending balance of \$4,422,408, an increase of \$2,615,565 from the prior year. The increase is due to a transfer in from the former System Development Charge fund, which was closed and its assets distributed to the separate Street and Sewer Funds.

The Development Capital Projects fund has total ending fund balance of \$5,251,002, an increase of \$4,006,539 over the prior year. This increase is due to the sale of a large parcel of real estate.

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.

Unrestricted net assets of the Sewer Utility at the end of the year amounted to \$7,487,316, Emergency Medical Services amounted to \$1,792,447 and those for Booth-Kelly total \$1,247,077. The total growth in net assets for these funds were \$5,980,312, \$(110,534) and \$(57,237), respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was an increase of \$7,305,305.

- \$339,096 to General Government
- \$710,637 to Fire
- \$187,964 to Police
- \$91,548 to Library
- \$2,603,456 to Public Works (includes capital projects)
- \$1,285,744 to Development Services
- \$2,086,860 to Non-departmental transfers and reserves

These increases were funded as follows:

- \$2,031,000 from increases in assessment revenues (developer contributions to capital projects)
- \$3,997,314 from unanticipated cash carryover from the prior year
- \$295,452 from increases in use of money and property
- \$888,750 was decreased in charges for services
- \$705,132 was decreased from miscellaneous revenues
- \$935,114 from increases in other revenues
- \$999,172 from increases in intergovernmental revenues
- \$641,135 from increases in licenses and fees

For the year ended June 30, 2003 there was a slight variation between the final amended budget revenue and the actual budget-basis revenue amounts in the General Fund. Actual property tax revenues were within .02% of budget, while revenue from licenses and permits exceeded budget by almost 15%. Expenditures were under budget in all operating departments in amounts ranging from .8% to 13%.

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, 2003, amounts to \$106,499,805 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment and roads.

Major capital asset events during the current fiscal year included the following:

- The sale of a large parcel of land formerly intended to be used for a recreational sports facility for the amount \$5,346,975.
- The Purchase of properties for the extension of a major arterial to be named Martin Luther King Parkway (MLK) in the amount \$160,323.
- A purchase of a more centrally located large parcel for the sports center \$660,235.
- The purchase of property for realignment of Laura Street \$381,424.

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Land	\$28,774,587	(1)	\$3,011,754	(1)	\$31,786,341	(1)
Land Improvements	-	(1)	201,820	(1)	201,820	(1)
Construction in progress	676,045	(1)	961,486	(1)	1,637,531	(1)
Buildings	8,557,218	(1)	2,372,203	(1)	10,929,421	(1)
Improvements other than buildings			26,200,944	(1)	26,200,944	(1)
Infrastructure	27,716,059	(1)	-	(1)	27,716,059	(1)
Machinery & Equipment	6,948,977	(1)	339,759	(1)	7,288,736	(1)
Library Books	534,818	(1)	-	(1)	534,818	(1)
Studies	146,874	(1)	18,471	(1)	165,345	(1)
Other	-		38,791	(1)	38,791	(1)
Total	<u>\$73,354,578</u>	(1)	<u>\$33,145,227</u>	(1)	<u>\$106,499,805</u>	(1)

(1) The City did not restate its 2002 financial statements in this first year of implementation of GASB 34. Comparative information will be provided in future years

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

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$11,810,000. Of this amount, \$9,315,000 comprises debt backed by the full faith and credit of the government. 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>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
General obligation bonds	\$9,315,000	\$ 9,880,000	\$ -	\$ -	\$9,315,000	\$9,880,000
Special assessment debt with governmental commitment	-	60,000	-	-	-	60,000
Revenue bonds	-	-	<u>2,495,000</u>	<u>2,635,000</u>	<u>2,495,000</u>	<u>2,635,000</u>
Total	<u>\$9,315,000</u>	<u>\$9,940,000</u>	<u>\$ 2,495,000</u>	<u>\$ 2,635,000</u>	<u>\$11,810,000</u>	<u>\$12,575,000</u>

The City's total debt decreased by \$765,000 (6%) during the current fiscal year.

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 FY2004 budget:

- Assessed values, the basis of property tax revenues, will grow by 3%
- Contributions in lieu of tax revenues will increase due to rate changes by Springfield Utility Board
- Interest rates on investments will be 2%.
- Inflation will occur at 1.5%
- Wages will increase by 2% for non-union employees, and employees represented by Oregon Public Employees Union and the Association of Federal State City Municipal Employees.
- Wages will increase by 6.7% for Springfield Police Association employees.
- Wages will increase by 8.0% for employees represented by International Association of Fire Fighters.
- Retirement costs will increase by an amount between 1.79% and 2.65.
- Health Insurance costs will increase by 10%

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:

Valerie Warner
Accounting & Audit Manager
City of Springfield
225 Fifth Street
Springfield, OR 97477

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City of Springfield, Oregon

Basic Financial Statements

City of Springfield, Oregon

Statement Of Net Assets
ALL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2003

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Metropolitan Wastewater	Regional Fiber Consortium	Hospital Facility Authority
ASSETS AND OTHER DEBITS						
Cash and investments	\$ 28,444,210	\$ 15,635,370	\$ 44,079,580	\$ 20,402,483	\$ 56,661	\$ 2,726,486
Receivables, net of allowance for uncollectable receivables	6,024,248	1,335,507	7,359,755	2,784,774	187,057	-
Internal Balances	149,235	(149,235)	-	-	-	-
Due to/From Other governments	5,467	-	5,467	(5,467)	-	-
Inventory	102,573	-	102,573	-	-	-
Investment in foreclosed properties	1,970	-	1,970	-	-	-
Property held for resale	105,238	-	105,238	-	-	-
Prepaid items	26,139	63,334	89,473	10,133	-	-
Deposits	28,689	-	28,689	500,000	-	-
Restricted assets - cash and investments	-	323,338	323,338	5,523,164	-	-
Accrued interest	169,208	93,379	262,587	-	-	-
Fixed assets, net, where applicable, of accumulated depreciation	73,354,578	33,145,227	106,499,805	67,699,168	25,158,929	-
Loan receivable from McKenzie Willamette Hospital	-	-	-	-	-	9,730,000
Total assets and other debits	108,411,556	50,446,920	158,858,476	96,914,255	25,402,647	12,456,486
LIABILITIES						
Accounts payable	640,912	240,456	881,368	826,474	1,498	-
Accrued payroll and other liabilities	1,931,072	470,529	2,401,601	136,427	-	-
Deferred revenue	1,225,529	2,304	1,227,834	-	-	-
Unearned revenue	600,000	416,212	1,016,212	11,507	-	-
Interest payable	-	71,510	71,510	-	-	-
Deposits	-	30,753	30,753	210	-	-
Noncurrent liabilities						
Due within one year	1,789,741	625,962	2,415,703	-	-	-
Due in more than one year	11,041,689	5,000,164	16,041,853	-	-	-
Long term debt, not an obligation of the City	-	-	-	-	-	9,730,000
Total liabilities	17,228,943	6,857,890	24,086,833	974,619	1,498	9,730,000
NET ASSETS						
Contributed capital	-	-	-	-	-	-
Invested in capital assets, net of related debt	64,574,366	27,984,816	92,559,182	67,699,168	25,158,929	-
Restricted for:						
SDC projects	998,458	-	998,458	-	-	-
Bicycle Trails	61,724	-	61,724	-	-	-
Deposits	28,689	-	28,689	-	-	-
Transportation	2,846,669	-	2,846,669	-	-	-
Local Sewer	-	5,226,609	5,226,609	-	-	-
Regional Sanitary sewer	-	-	-	6,521,693	-	-
Debt Service	320,227	-	320,227	-	-	2,726,486
Library	27,502	-	27,502	-	-	-
Police forfeitures	250,518	-	250,518	-	-	-
Museum	41,462	-	41,462	-	-	-
Unrestricted	22,032,997	10,377,605	32,410,603	21,718,775	242,221	-
Total Net assets	\$ 91,182,613	\$ 43,589,030	\$ 134,771,643	\$ 95,939,636	\$ 25,401,150	\$ 2,726,486

The accompanying notes are an integral part of this statement.

CITY OF SPRINGFIELD
Statement of Activities
For the Year Ended June 30, 2003

Functions/Programs	Program Revenues				Total Governmental Activities	Primary Government		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Total Business-Type Activities	Total	Metropolitan Wastewater Management Commission	Component Units Regional Fiber	Hospital Facility Authority
Primary Government										
Governmental activities:										
General government	\$ 4,552,975	\$ 2,622,159	\$ -	\$ -	\$ (1,930,816)	\$ -	\$ (1,930,816)			
Police	9,219,461	170,630	363,314		(8,685,517)	-	(8,685,517)			
Fire	6,230,207	1,065,802	97,199		(5,067,206)	-	(5,067,206)			
Public Works	5,704,476	2,831,343	2,357,361	814,064	298,292	-	298,292			
Library	1,415,560	108,720	30,981		(1,275,859)	-	(1,275,859)			
Development Services	4,720,587	1,617,568	4,604,609		1,501,590	-	1,501,590			
Depreciation, unallocated	235,888				(235,888)	-	(235,888)			
Interest on long-term debt	571,376				(571,376)	-	(571,376)			
Total governmental activities	32,650,530	8,416,222	7,453,464	814,064	(15,966,780)	-	(15,966,780)			
Business-type activities:										
Sewer	6,505,305	5,887,097	-	1,932,085	-	1,313,877	1,313,877			
Booth Kelly	496,460	563,247			-	66,787	66,787			
Emergency Medical activities	4,467,552	4,248,020			-	(219,532)	(219,532)			
Total business-type activities	11,469,317	10,698,364	-	1,932,085	-	1,161,132	1,161,132			
Total Primary Government	44,119,847	19,114,586	7,453,464	2,746,149	(15,966,780)	1,161,132	(14,805,649)			
Component Units										
Regional Fiber Consortium	1,176,470	185,185							(991,285)	
MWMC	14,302,602	12,695,197					(1,607,405)			
Hospital Facility Authority	688,144	598,660								(89,484)
Total Component Units	\$ 16,167,216	\$ 13,479,042	\$ -	\$ -	-	-	(1,607,405)	(991,285)	(89,484)	
General revenues:										
Taxes										
Property taxes					13,711,384		13,711,384			
Other taxes					1,203,474		1,203,474			
In lieu of taxes					1,950,145		1,950,145			
Room tax					822,279		822,279			
Interest and investment earnings					629,891	350,104	979,995	471,538	100	61,957
Miscellaneous					258,703	42,882	301,585			
Gain (loss) on disposition of fixed assets					5,401,456		5,401,456	(69,339)		
Shared revenue					880,291		880,291			
Transfers					(4,109,189)	4,109,189	-			
Total general revenues and transfers					20,748,434	4,502,175	25,250,609	402,199	100	61,957
Change in net assets					4,781,654	5,663,307	10,444,960	(1,205,206)	(991,185)	(27,527)
Net assets, beginning					86,697,523	37,563,467	124,260,990	97,144,842	26,392,335	2,754,013
Prior period adjustments					(316,204)	362,257	46,053			
Change in net assets for inventory					19,640		19,640			
Net assets, beginning (as restated)					86,400,959	37,925,724	124,326,683	97,144,842	26,392,335	2,754,013
Net assets, ending					\$ 91,182,613	\$ 43,589,030	\$ 134,771,643	95,939,636	25,401,150	2,726,486

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon
BALANCE SHEET
GOVERNMENTAL FUNDS

Year Ended June 30, 2003

	General	Street	Special Revenue	CDBG	Development Projects	Nonmajor Governmental	Total Governmental
ASSETS							
Cash and investments	\$ 6,221,692	\$ 4,382,513	\$ -	\$ 32,246	\$ 6,337,879	\$ 6,699,046	\$ 23,673,376
Receivables:							
Accounts	305,156	377,590	-	675	104,279	174,963	962,663
Property taxes	817,642	-	-	-	-	146,617	964,259
Assessments and liens	-	-	-	-	-	241,975	241,975
Grants	78,388	62,327	125,421	70,286	200	-	336,622
Accrued interest	38,777	27,400	-	-	37,792	37,757	141,726
Mortgage notes	-	-	1,866,226	1,424,783	121,597	106,123	3,518,730
Inventory	1,671	100,902	-	-	-	-	102,573
Investment in foreclosed property	1,970	-	-	-	-	-	1,970
Property held for resale	-	-	-	105,238	-	-	105,238
Due from other funds	103,064	-	-	-	-	-	103,064
Prepaid items	15,752	188	-	-	-	-	15,939
Deposits	-	-	28,689	-	-	-	28,689
Total assets	<u>\$ 7,584,112</u>	<u>\$ 4,950,919</u>	<u>\$ 2,020,337</u>	<u>\$ 1,633,228</u>	<u>\$ 6,601,747</u>	<u>\$ 7,406,481</u>	<u>\$ 30,196,824</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 288,928	\$ 114,978	\$ 91,160	\$ 27,686	\$ 11,406	\$ 63,708	\$ 597,866
Accrued payroll and other liabilities	1,550,928	202,238	5,101	28,819	-	47,351	1,834,437
Deferred revenue	835,013	211,295	1,995,709	1,600,307	739,339	461,831	5,843,494
Unearned revenue	-	-	-	-	600,000	-	600,000
Due to other funds	-	-	15,825	-	-	87,239	103,064
Total liabilities	<u>2,674,869</u>	<u>528,511</u>	<u>2,107,795</u>	<u>1,656,812</u>	<u>1,350,745</u>	<u>660,129</u>	<u>8,978,861</u>
Fund Balances:							
Reserved							
Inventory	1,671	100,902	-	-	-	-	102,573
Library	27,502	-	-	-	-	-	27,502
Museum	-	-	-	-	-	41,462	41,462
Bicycle trails	-	61,724	-	-	-	-	61,724
Prepays	9,520	-	-	-	-	-	9,520
Deposits	-	-	28,689	-	-	-	28,689
Police Forfeitures	250,518	-	-	-	-	-	250,518
Street	-	2,846,669	-	-	-	-	2,846,669
Debt service	-	-	-	-	-	320,227	320,227
SDC projects	-	-	-	-	998,458	-	998,458
Unreserved	4,620,032	1,413,113	(116,147)	(23,584)	4,252,544	6,384,664	16,530,622
Total fund balances	<u>4,909,243</u>	<u>4,422,408</u>	<u>(87,458)</u>	<u>(23,584)</u>	<u>5,251,002</u>	<u>6,746,353</u>	<u>21,217,964</u>
Total liabilities and fund balances	<u>\$ 7,584,112</u>	<u>\$ 4,950,919</u>	<u>\$ 2,020,337</u>	<u>\$ 1,633,228</u>	<u>\$ 6,601,747</u>	<u>\$ 7,406,482</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 ingovernmental funds.

4,617,965

Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Assets at their net depreciable value

67,173,037

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.

(12,831,430)

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

11,005,076

Net assets of governmental activitie:

\$ 91,182,612

The accompanying notes are an integral part of this statement

City of Springfield, Oregon
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Year Ended June 30, 2003

	General	Street	Special Revenue	CDBG	Development Capital Projects	Nonmajor Governmental	Total Governmental
Revenues:							
Taxes	\$ 11,914,043	\$ -	\$ 248,008	\$ -	\$ -	\$ 1,623,085	\$ 13,785,136
Intergovernmental	3,244,355	2,745,068	228,371	718,063	463,925	-	7,399,782
Licenses and permits	2,893,223	48,386	-	-	-	-	2,941,609
Fines & Forfeitures	959,806	-	-	-	-	-	959,806
Use of money & property	234,219	95,724	356,962	89,984	105,772	255,547	1,138,208
Miscellaneous receipts	109,792	313,098	21,900	-	364,652	21,482	830,924
Charges for services	2,806,636	1,250,038	-	-	-	272,680	4,329,354
Special Assessments	-	-	-	-	-	171,544	171,544
Total Revenues	<u>22,162,074</u>	<u>4,452,314</u>	<u>855,241</u>	<u>808,047</u>	<u>934,349</u>	<u>2,344,338</u>	<u>31,556,363</u>
Expenditures:							
Current Operating:							
General Government	4,153,831	58,478	32,156	12,685	-	82,839	4,339,989
Fire	6,116,043	-	-	-	-	30,000	6,146,043
Police	8,680,552	-	280,272	-	917	116,414	9,078,155
Library	1,191,379	-	23,381	-	-	39,726	1,254,486
Public Works	699,451	3,327,970	-	-	1,000	45,181	4,073,602
Development Services	2,001,692	71,697	320,480	514,534	608,836	534,116	4,051,355
Capital Projects	-	1,113,954	319,067	329,450	1,286,546	221,796	3,270,813
Debt Service	-	-	-	-	-	-	0
Principal Interest	-	-	-	-	-	681,894	681,894
Penalty	-	-	-	-	-	571,377	571,377
Total Expenditures	<u>22,842,948</u>	<u>4,572,099</u>	<u>975,356</u>	<u>856,669</u>	<u>1,897,299</u>	<u>2,323,343</u>	<u>33,467,714</u>
Excess of revenues over (under) expenditures	(680,874)	(119,785)	(120,115)	(48,622)	(962,950)	20,995	(1,911,351)
Other financing sources (Uses)							
Proceeds of sale of capital asset	54,481	-	-	-	5,346,974	-	5,401,455
Transfers in	1,517,874	2,757,380	-	-	-	122,193	4,397,447
Transfers out	(49,574)	(22,030)	(13,451)	-	(377,485)	(7,845,707)	(8,308,247)
Total other financing sources (uses)	1,522,781	2,735,350	(13,451)	-	4,969,489	(7,723,514)	1,490,655
Net change in fund balance	841,907	2,615,565	(133,566)	(48,622)	4,006,539	(7,702,519)	(420,696)
Fund balances-- beginning	4,066,967	1,787,572	46,108	25,038	1,244,463	14,448,872	21,619,020
Change in reserve for inventories	369	19,271	-	-	-	-	19,640
Fund balances--ending	<u>\$ 4,909,243</u>	<u>\$ 4,422,408</u>	<u>\$ (87,458)</u>	<u>\$ (23,584)</u>	<u>\$ 5,251,002</u>	<u>\$ 6,746,353</u>	<u>\$ 21,217,964</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, 2003

Net change in fund balances total governmental funds	\$	(420,697)
The net revenue of certain activities of Internal Service funds is reported with governmental activities		(266,278)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements		4,617,967
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.		187,390
Net effect of various miscellaneous transactions involving capital assets is to decrease net assets		(18,622)
Repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However the payment of debt principal does not affect the Statement of Activities, but is reported as a decrease in noncurrent liabilities in the Statement of Net Assets		<u>681,894</u>
Change in net assets, governmental activities	\$	<u><u>4,781,654</u></u>

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

June 30, 2003

	Business-type Activities - Enterprise Funds				Governmental
	Sewer Utility	Emergency Medical Services	Booth- Kelly	Total	Internal Service Funds
ASSETS					
Current assets					
Cash and investment	\$ 12,514,508	\$ 1,815,578	\$ 1,305,284	\$ 15,635,370	\$ 4,770,834
Accounts receivable, net of allowance for estimated uncollectibles:	561,353	774,154	-	1,335,507	-
Prepays	54,139	9,195	-	63,334	10,200
Accrued interest	74,596	11,426	7,357	93,379	27,482
Total current assets	13,204,596	2,610,353	1,312,641	17,127,590	4,808,516
Noncurrent assets					
Restricted cash	323,338	-	-	323,338	-
Bond costs - net	38,791	-	-	38,791	-
Fixed assets - net	26,611,581	286,444	2,235,171	29,133,196	6,181,541
Construction in progress:	872,849	25,000	63,637	961,486	-
Land and land rights	451,082	332,999	2,227,673	3,011,754	-
Total noncurrent assets:	28,297,641	644,443	4,526,481	33,468,565	6,181,541
Total assets	41,502,237	3,254,796	5,839,122	50,596,155	10,990,057
LIABILITIES					
Current liabilities:					
Accounts payable	187,867	32,778	19,811	240,456	43,045
Accrued payroll and other liabilities:	232,310	232,544	5,675	470,529	96,635
Accrued interest	71,510	-	-	71,510	-
Deferred revenue	2,304	-	-	2,304	-
Deposits	2,375	-	28,378	30,753	-
Notes payable - current maturity	263,802	-	-	263,802	-
Unearned revenue:	-	416,212	-	416,212	-
Revenue bonds payable - current maturit	150,000	-	-	150,000	-
Total current liabilities	910,168	681,534	53,864	1,645,566	139,680
Noncurrent liabilities:					
Accrued absence payable	317,644	136,372	11,700	465,716	-
Revenue bonds payable (net of unamortized discount)	2,323,781	-	-	2,323,781	-
Notes payable	2,422,827	-	-	2,422,827	-
Total noncurrent liabilities	5,064,252	136,372	11,700	5,212,324	-
Total liabilities	5,974,420	817,906	65,564	6,857,890	139,680
NET ASSETS					
Invested in capital assets, net of related deb	22,813,892	644,443	4,526,481	27,984,816	6,181,541
Restricted	5,226,609	-	-	5,226,609	-
Unrestricted	7,487,316	1,792,447	1,247,077	10,526,840	4,668,836
Total net assets	\$ 35,527,817	\$ 2,436,890	\$ 5,773,558	\$ 43,738,265	\$ 10,850,377
Adjustment to reflect consolidation of Internal Service Fund activitie				(149,235)	
Net assets of business type activitie				43,589,030	

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 ASSETS

Year Ended June 30, 2003

	Business-type Activities - Enterprise Fund				Governmental
	Sewer Utility	Emergency Medical Services	Booth- Kelly	Total	Activities Internal service Funds
OPERATING REVENUES:					
Charges for service:	\$ 5,905,578	\$ 5,301,507	\$ 563,247	\$ 11,770,332	\$ 2,000,761
Less: Contractual adjustment:	-	(1,053,488)	-	(1,053,488)	
Fines and forfeiture:	-	-	-	-	6,420
Miscellaneous receipt:	38,229	4,620	33	42,882	118,230
Total operating revenues:	5,943,807	4,252,639	563,280	10,759,726	2,125,411
Operating expenses					
City Manager's Office	-	-	23,220	23,220	2,984
Court	-	-	-	-	3,705
Finance	7,738	-	-	7,738	4,824
Information Technology	-	-	-	-	84,781
Library	-	-	-	-	8,678
Fire	-	4,076,289	-	4,076,289	31,874
Police	-	-	-	-	34,696
Public Works	5,421,427	-	18,674	5,440,101	39,491
Human Resources	-	-	-	-	1,454,750
Development Service:	74,849	-	242,529	317,378	12,159
Depreciation	677,563	64,208	210,496	952,267	1,004,915
Bad debt expense	-	267,500	-	267,500	-
Total operating expenses:	6,181,577	4,407,997	494,919	11,084,492	2,682,857
Operating income (loss):	(237,770)	(155,358)	68,361	(324,767)	(557,446)
Nonoperating revenues (expenses)					
Interest on investment:	278,032	44,824	27,248	350,104	110,857
Interest expense	(254,070)	-	-	(254,070)	-
Gain/(loss) on disposal of asset	-	-	-	-	700
Total nonoperating revenues:	23,962	44,824	27,248	96,034	111,557
Net income (loss) before transfer:	(213,808)	(110,534)	95,609	(228,733)	(445,889)
Transfers in	4,337,545	-	-	4,337,545	-
Transfers (out)	(75,510)	-	(152,846)	(228,356)	(198,387)
System Development Charge:	780,922	-	-	780,922	-
Capital contributions	1,151,163	-	-	1,151,163	421,673
Change in net assets:	5,980,312	(110,534)	(57,237)	5,812,541	(222,603)
Net assets--beginning, as originally state	29,185,248	2,547,424	5,830,795	37,563,467	11,389,184
Prior period adjustment:	362,257	-	-	362,257	(316,204)
Net assets - beginning, as adjusted:	29,547,505	2,547,424	5,830,795	37,925,724	11,072,980
Net assets, end of year:	\$ 35,527,817	\$ 2,436,890	\$ 5,773,558		\$ 10,850,377
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund				(149,235)	
				\$ 43,589,030	

The accompanying notes are an integral part of this statement

City of Springfield, Oregon
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 Year Ended June 30, 2003

	Business type activities - Enterprise Funds				Governmental Activities Internal service Funds
	Sewer Utility	Emergency Medical Services	Booth Kelly	Total	
Decrease in Cash and Investments					
Cash flows from operating activities:					
Cash received from customers	\$ 5,866,199	\$ 3,844,570	\$ 566,335	\$ 10,277,104	\$ -
Cash received from quasi-external operating transactions with other funds	-	-	-	-	2,007,181
Cash paid for employee services	(2,751,348)	(2,701,846)	(72,361)	(5,525,555)	(422,850)
Cash paid to suppliers for goods and services	(2,697,506)	(1,371,499)	(202,255)	(4,271,260)	(1,406,442)
Other operating receipts	42,023	10,385	1,384	53,792	117,230
Net cash provided by (used in) operating activities	459,368	(218,391)	293,103	534,080	295,119
Cash flows from noncapital financing activities:					
Net Transfers	4,262,035	-	(152,846)	4,109,189	(198,387)
Net cash provided by noncapital financing activities	4,262,035	-	(152,846)	4,109,189	(198,387)
Cash flows from capital and related financing activities:					
Proceed from sale of capital assets	-	-	-	-	700
Bond costs	3,255	-	-	3,255	-
Acquisition of capital assets	(89,890)	(42,222)	(63,638)	(195,750)	(930,654)
System Development Charges	780,922	-	-	780,922	-
Loan payments	(362,867)	-	-	(362,867)	-
Bond payments	(138,220)	-	-	(138,220)	-
Interest paid	(260,329)	-	-	(260,329)	-
Net cash used in capital and related financing activities	(67,128)	(42,222)	(63,638)	(172,988)	(929,954)
Cash flows from investing activities:					
Interest received	236,250	41,731	25,034	303,015	105,447
Net change in cash and investments	4,890,524	(218,882)	101,653	4,773,296	(727,775)
Cash and investments, beginning of year	7,947,321	2,034,460	1,203,631	11,185,412	5,498,609
Cash and investments, end of year	\$ 12,837,846	\$ 1,815,578	\$ 1,305,284	\$ 15,958,708	\$ 4,770,834
Reconciliation of Operating Loss to Net Cash Provided by (used in) Operating Activities					
Operating loss	\$ (237,769)	\$ (155,358)	\$ 68,361	\$ (324,766)	\$ (557,446)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation	677,563	64,208	210,496	952,267	1,004,914
Changes in assets and liabilities:					
Prepaid expenses	(53,592)	8,147	-	(45,445)	(113)
Accounts receivable	(39,379)	(135,949)	3,088	(172,240)	-
Accounts payable	104,787	21,457	11,505	137,749	(110,991)
Accrued payroll and other liabilities	3,964	(26,660)	(1,698)	(24,394)	(41,245)
Deposits	1,500	0	1,351	2,851	-
Deferred revenue	2,294	5,765	-	8,059	-
Net cash provided by (used in) operating activities	\$ 459,368	\$ (218,391)	\$ 293,103	\$ 534,080	\$ 295,119
Noncash capital and related financing activities:					
Contributed fixed assets	\$ 1,151,163			\$ 1,151,163	\$ 421,673
Retirement and disposition of capital assets, net of accumulated depreciation				-	-
Increased basis of newly acquired assets due to trade-ins				-	-
Sales commission on auctioned capital assets				-	-
Prior period adjustment of capital assets	\$ 362,257			\$ 362,257	-

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon

Statement of Fiduciary Net Assets

Agency Fund

June 30, 2003

	<u>Total</u>
ASSETS	
Cash & investments	\$ <u>1,548,090</u>
Total assets	<u><u>1,548,090</u></u>
LIABILITIES	
Amounts held in trust for other parties	<u>1,548,090</u>
Total liabilities	<u><u>1,548,090</u></u>

The accompanying notes are an integral part of this statement.