

# **Financial Section**

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# **Independent Auditors Report**

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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## ***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 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, 2005, 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 an opinion 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 units, each major fund, and the aggregate remaining fund information of the City of Springfield, Oregon as of June 30, 2005, 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 November 14, 2005 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.

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The Management's Discussion and Analysis and Required Supplementary Information are not a required part 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 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's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part 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. Such information has been subjected to the auditing procedures applied 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.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has 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  
November 14, 2005

# **Management 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, 2005. 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, 2005 are \$178,259,338.
- The City's total combined liabilities at June 30, 2005 are \$22,891,997.
- The City's total combined net assets at June 30, 2005 are \$155,367,341.
- At June 30, 2005, the City's governmental funds reported a combined ending fund balance of \$30,638,239. \$21,788,936 is unreserved and available for appropriation.
- The General Fund reported an ending fund balance this year of \$6,730,354. This is a significant increase from the previous year's fund balance of \$5,967,392.

### 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 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.

Financial information for both 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 16-17 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 20 in the basic financial statements.

The City maintains 16 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 54-57. Budgetary comparisons for all other governmental funds have been provided elsewhere in this report.

The governmental fund financial statements can be found at pages 18-19 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 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 [21-23](#) 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 pages [24](#) 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 [25-52](#) 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 [58-100](#).

## **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 \$155,367,341 at the close of the most recent fiscal year.

The largest portion of the City's net assets \$103,587,564, or 67% 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 Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current and other assets	\$46,554,274	\$ 39,281,109	\$15,201,539	\$17,892,738	\$61,755,813	\$ 57,173,847
Capital assets, net, where applicable, of accumulated depreciation	78,459,234	76,680,304	38,044,291	33,518,605	116,503,525	110,198,909
Total assets	125,013,508	115,961,413	53,245,830	51,411,343	178,259,338	167,372,756
Non-current liabilities	10,949,652	10,703,942	4,029,548	4,602,018	14,979,200	15,305,960
Other liabilities	5,770,851	5,615,928	2,141,946	1,886,538	7,912,797	7,502,466
Total liabilities	16,720,503	16,319,870	6,171,494	6,488,556	22,891,997	22,808,426
Net assets:						
Invested in capital assets, net of related debt	69,745,316	67,293,340	33,842,248	24,282,731	103,587,564	91,576,071
Restricted	8,616,435	8,827,375	4,260,230	5,509,851	12,876,665	14,337,226
Unrestricted	29,931,254	23,520,828	8,971,858	15,130,205	38,903,112	38,651,033
Total net assets	<u>\$108,293,005</u>	<u>\$ 99,641,543</u>	<u>\$47,074,336</u>	<u>\$44,922,787</u>	<u>\$155,367,341</u>	<u>\$144,564,330</u>

A portion of the City's net assets, \$12,876,665 presents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$38,903,112 or 25% 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>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:						
Program revenues:						
Charges for services	\$17,433,497	\$9,542,761	\$11,794,565	\$11,767,249	\$29,228,062	\$21,310,010
Operating grants and contributions	5,632,824	4,320,643	675	-	5,633,499	4,320,643
Capital grants and contributions	2,894,691	8,862,192	2,683,114	926,308	5,577,805	9,788,500
General revenues:						
Taxes	19,885,548	19,745,110	-	-	19,885,548	19,745,110
In lieu of tax payments	2,208,008	2,148,012	-	-	2,208,008	2,148,012
Shared revenue	1,000,195	927,259	-	-	1,000,195	927,259
Interest and investment earnings	814,959	295,382	328,840	141,852	1,143,799	437,234
Miscellaneous receipts	151,033	253,878	238,626	165,850	389,659	419,728
Gain (loss) on disposal of assets	-	(108,614)	-	557,509	-	448,895
Total revenues	<u>50,020,755</u>	<u>45,986,623</u>	<u>15,045,820</u>	<u>13,558,768</u>	<u>65,066,575</u>	<u>59,545,391</u>
Expenses:						
General Government	5,088,042	4,840,651	-	-	5,088,042	4,840,651
Development Services	5,410,298	6,515,102	-	-	5,410,298	6,515,102
Fire	8,394,509	7,833,341	-	-	8,394,509	7,833,341
Library	1,278,006	1,330,856	-	-	1,278,006	1,330,856
Police	11,652,431	10,454,210	-	-	11,652,431	10,454,210
Public Works	9,125,560	6,239,200	-	-	9,125,560	6,239,200
Unallocated depreciation	235,888	235,888	-	-	235,888	235,888
Interest on debt	516,454	538,563	-	-	516,454	538,563
Sewer	-	-	6,918,423	6,677,105	6,918,423	6,677,105
Booth Kelly	-	-	502,163	438,049	502,163	438,049
Emergency Medical Services	-	-	5,018,686	4,654,840	5,018,686	4,654,840
Total expenses	<u>41,701,188</u>	<u>37,987,811</u>	<u>12,439,272</u>	<u>11,769,994</u>	<u>54,140,460</u>	<u>49,757,805</u>
Increase in net assets before transfers	<u>8,319,567</u>	<u>7,998,812</u>	<u>2,606,548</u>	<u>1,788,774</u>	<u>10,926,115</u>	<u>9,787,586</u>
Transfers	454,999	455,019	(454,999)	(455,019)	-	-
Transfer out to separate entity	(100,454)	-	-	-	(100,454)	-
Increase in net assets	<u>8,674,112</u>	<u>8,453,831</u>	<u>2,151,549</u>	<u>1,333,755</u>	<u>10,825,661</u>	<u>9,787,586</u>
Net assets – 7/1/04 (adjusted for change in inventory)	99,618,893	91,187,712	44,922,787	43,589,030	144,541,680	134,776,742
Net assets 6/30/05	<u>\$108,293,005</u>	<u>\$99,641,543</u>	<u>\$47,074,336</u>	<u>\$44,922,785</u>	<u>\$155,367,341</u>	<u>\$144,564,328</u>

**Entity-wide change in net assets:** Entity-wide net assets increased by \$10,825,661 in the current fiscal year compared to an increase of \$9,787,588 in the prior year. The most significant difference between the two years is the large increase in charges for services. The city put a fee

increase in place for planning services. Development activity remained at an extremely high level, and three large developers paid for expedited plan reviews during the year.

**Governmental Activities.** Governmental activities increased the City’s net assets by \$8,674,112, thereby accounting for 80% of the growth in total net assets. The primary element of this increase is as follows:

- The City received nearly \$5.5 million from PeaceHealth to be used by the City for infrastructure development in the area of the new hospital.

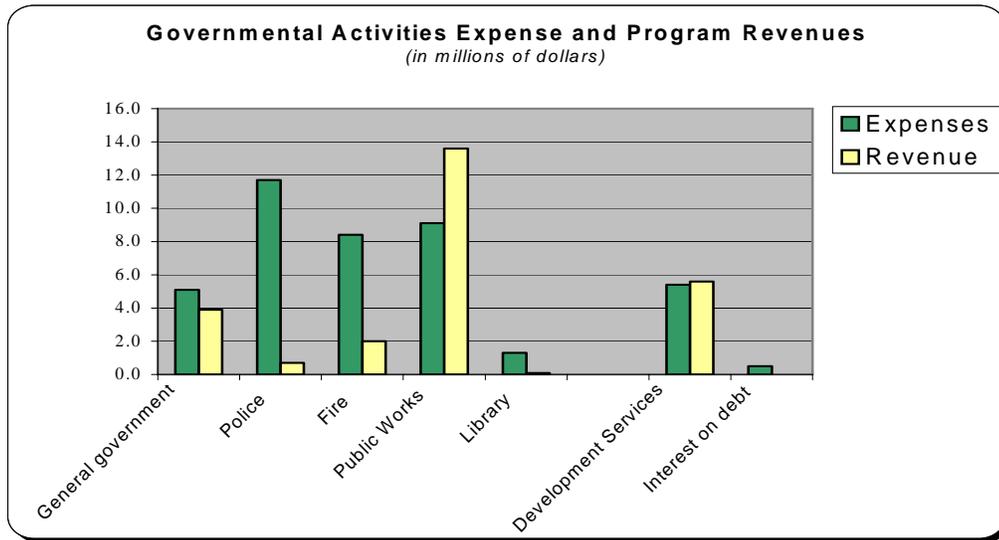


Chart 1

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. The Public Works Department received over \$2 million in donated infrastructure.

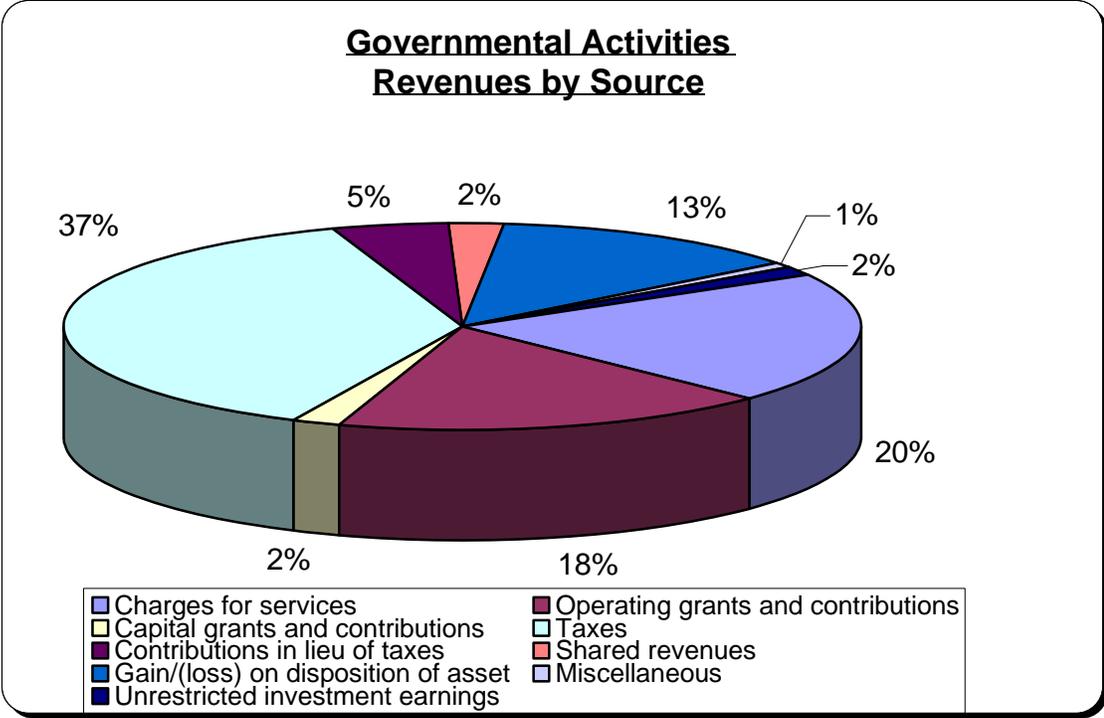


Chart 2

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 \$2,151,549 accounting for 20 percent of the total growth in the government’s net assets. Key elements of this increase are as follows:

- The Sewer Utility fund received capital contributions totaling \$1,885,568.
- The Sewer Utility fund collected system development charges in the amount of \$796,982.
- As illustrated in Chart 4, the largest component of business-type fund revenue comes from charges for services.

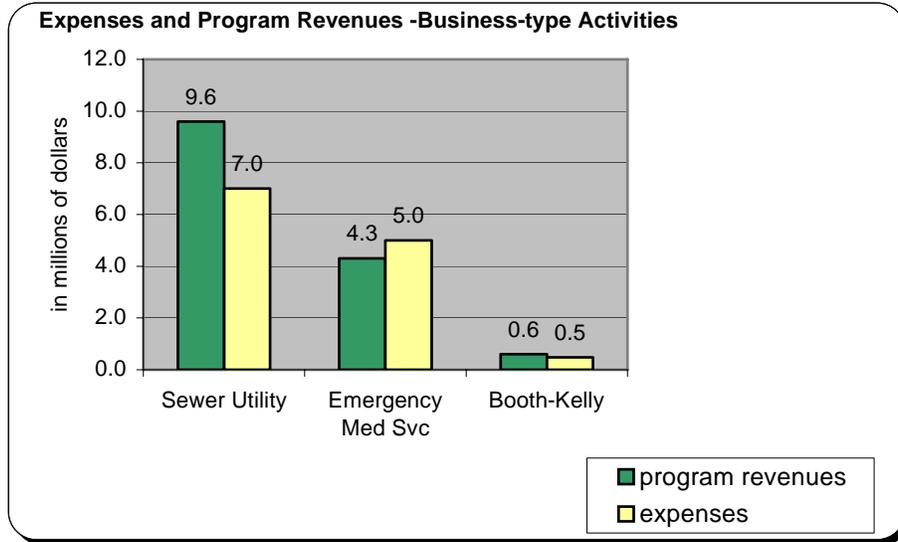


Chart 3

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

The Sewer Utility fund relied primarily on program revenue to operating expenses. SDC revenue is based on growth and will accumulate for future capital needs.

Emergency Medical Services 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 will be fully implemented by December 31, 2005. The City is currently considering a number of options for raising additional revenues.

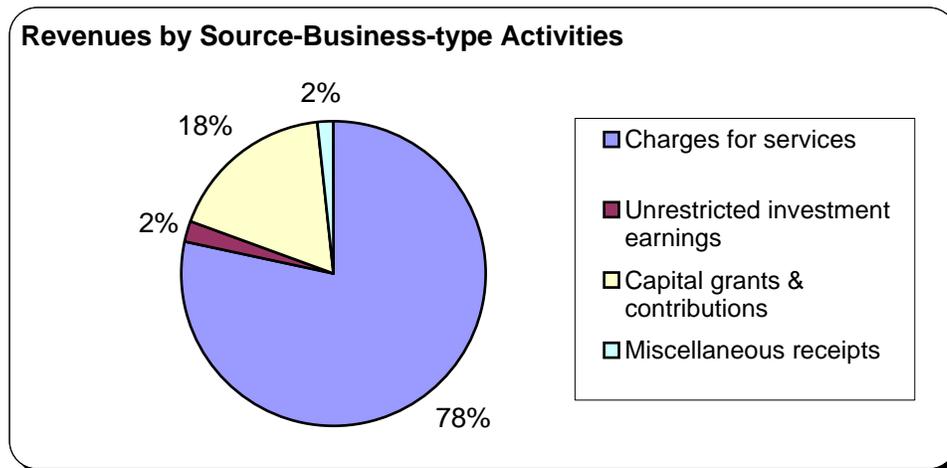


Chart 4

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 \$30,638,239. Approximately 71 percent of this total amount, \$21,788,936, 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 \$6,437,254, while total fund balance reached \$6,730,354. 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 27 percent of total General fund expenditures, while total fund balance represents 28 percent of that same amount.

The fund balance of the City's General fund increased by \$762,614 during the fiscal year. The key factors contributing to this growth are the planning fee increase and a recovery of delinquent fire protection fees.

The Development Capital Projects fund has a total ending fund balance of \$7,817,716. This is an increase of \$5,436,908 from the prior year. PeaceHealth paid the city over \$5.5 million to be used for infrastructure development in the area of their new hospital.

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 \$6,677,620, Emergency Medical Services amounted to \$1,149,052 and those for Booth-Kelly total \$1,242,309. The total change in net assets for these funds were \$2,944,967, \$(621,971) and \$(206,895), 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 a net increase of \$272,224.

- \$56,545 increase to General Government
- \$170,000 increase to Fire
- \$50,697 increase to Police
- \$96,016 increase to Library
- \$115 increase to Public Works (includes capital projects)
- \$62,354 increase to Development Services
- \$163,503 decrease to Non-departmental transfers and reserves

These increases were funded as follows:

- \$55,972 from increases in interfund transfers
- \$15,000 from increases in library donations
- \$46,200 from increases in miscellaneous revenues
- \$37,793 from increases in forfeitures
- \$153,764 from increases in licenses and fees
- \$36,505 decrease in beginning cash

For the year ended June 30, 2005 there was a small variation between the final amended budget revenue and the actual budget-basis revenue amounts in the General fund. Actual property tax revenues exceeded budget by 2.3%, while revenue from licenses and permits exceeded budget by almost 6% due to very active development in the community this year. Revenue in the category of “use of money and property” fell short of the revised budget by about 25% due to market interest rates not rising as rapidly as expected and consequently producing lower interest earnings.

Expenditures were under budget in all operating departments in amounts ranging from 0 to 12%. In aggregate, operating expenditures of all general fund departments was 20% under the revised budget amount.

## 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, 2005, amounts to \$116,503,525 (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:

- Donated Right-of-way during the year was recorded at an estimated cost of \$1,544,160
- Donated Street infrastructure during the year was recorded at an estimated cost of \$1,045,108.
- Donated Sewer infrastructure during the year was recorded at an estimated cost of \$796,255.
- Purchased a parcel of land from McKenzie Forest Products that provides access to and use of the Springfield Millrace. The cost of the land was \$1,256,085.
- The City donated a parcel of land in the vicinity of the Sports Complex to the Willamalane Park District. The recorded cost of the land was \$600,235.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land	\$32,014,712	\$30,891,165	\$4,073,713	\$2,697,649	\$36,088,425	\$33,588,814
Land improvements	-	-	151,028	176,424	151,028	176,424
Construction in progress	3,110,184	2,428,292	4,463,374	1,816,733	7,573,558	4,245,025
Buildings	8,128,374	8,443,516	2,091,521	2,233,252	10,219,895	10,676,768
Improvements other than buildings			26,830,761	26,188,268	26,830,761	26,188,268
Infrastructure	29,053,871	28,147,992	-	-	29,053,871	28,147,992
Machinery & equipment	5,536,919	6,126,538	266,857	356,103	5,803,776	6,482,641
Library books	505,018	514,286	-	-	505,018	514,286
Studies	110,156	128,515	110,815	14,643	220,971	143,158
Other	-	-	56,222	35,535	56,222	35,535
<b>Total</b>	<u>\$78,459,234</u>	<u>\$76,680,304</u>	<u>\$38,044,291</u>	<u>\$33,518,607</u>	<u>\$116,503,525</u>	<u>\$110,198,911</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 \$10,090,000. Of this amount, \$8,105,000 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>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
General obligation bonds	\$8,105,000	\$8,725,000	\$ -	\$ -	\$8,105,000	\$8,725,000
Revenue bonds	-	-	<u>1,985,000</u>	<u>2,345,000</u>	<u>1,985,000</u>	<u>2,345,000</u>
Total	<u>\$8,105,000</u>	<u>\$8,725,000</u>	<u>\$1,985,000</u>	<u>\$2,345,000</u>	<u>\$10,090,000</u>	<u>\$11,070,000</u>

The City's total debt decreased by \$980,000 (8.8%) during the current fiscal year. For additional information on the City's long-term debt see Note I to the financial statements.

**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 FY2006 budget:

- Assessed values, the basis of property tax revenues, will grow by 3.5%.
- Interest rates on investments will be 2%.
- Inflation will occur at 1.5%, with special attention given to energy, fuel and intergovernmental costs
- Wages will increase by 2.5% 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 3% for Springfield Police Association employees.
- Wages will increase by 3% for employees represented by International Association of Fire Fighters.
- Retirement costs will increase by an additional 1.79 to 2.14 percent of eligible wages.
- 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

**City of Springfield, Oregon**

**Basic Financial Statements**

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City of Springfield, Oregon

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

June 30, 2005

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Metropolitan Wastewater	Regional Fiber Consortium
<b>ASSETS AND OTHER DEBITS</b>					
Cash and investments	\$ 40,136,374	\$ 13,854,325	\$ 53,990,699	\$ 20,882,811	\$ 65,298
Receivables, net of allowance for uncollectable receivables	5,911,466	1,388,039	7,299,505	1,317,713	178
Internal Balances	100,737	(100,737)	-	-	-
Due to/From Other governments	11,644	-	11,644	(11,644)	-
Inventory	85,022	-	85,022	-	-
Investment in foreclosed properties	1,971	-	1,971	-	-
Property held for resale	105,238	-	105,238	-	-
Prepaid items	57,429	16,281	73,710	78,838	-
Deposits	12,358	-	12,358	500,000	-
Restricted assets - cash and investments	-	-	-	6,491,387	-
Restricted assets accounts receivables	-	-	-	405,409	-
Accrued interest	132,035	43,631	175,666	79,375	-
Capital assets					
Land and construction in progress	35,124,897	8,537,087	43,661,984	11,969,954	-
Other capital assets net of accumulated depreciation	43,334,337	29,507,204	72,841,541	56,731,679	22,871,753
Total assets and other debits	<u>125,013,508</u>	<u>53,245,830</u>	<u>178,259,338</u>	<u>98,445,522</u>	<u>22,937,229</u>
<b>LIABILITIES</b>					
Accounts payable	1,483,033	472,189	1,955,222	2,306,563	16,833
Accrued payroll and other liabilities	3,496,540	684,991	4,181,531	65,625	-
Unearned revenue	761,991	443,242	1,205,233	7,527	-
Interest payable	-	57,088	57,088	-	-
Deposits	600	1,500	2,100	-	-
Notes payable - current maturity	-	287,358	287,358	-	-
Revenue bonds payable - current maturity	-	195,578	195,578	-	-
Capital lease obligations due within one year	28,687	-	28,687	-	-
Noncurrent liabilities					
Accrued absence payable	1,896,252	284,863	2,181,115	51,111	-
General long-term debt	8,923,920	-	8,923,920	-	-
Revenue bonds payable (net of unamortized discount)	-	1,783,323	1,783,323	-	-
Notes payable	-	1,961,362	1,961,362	-	-
Capital lease	129,480	-	129,480	-	-
Total liabilities	<u>16,720,503</u>	<u>6,171,494</u>	<u>22,891,997</u>	<u>2,430,826</u>	<u>16,833</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	69,745,316	33,842,248	103,587,564	68,701,633	22,871,753
Restricted for:					
SDC projects	1,018,595	4,260,230	5,278,825	-	-
Bicycle trails	68,064	-	68,064	-	-
Transportation	6,917,412	-	6,917,412	-	-
Regional sanitary sewer	-	-	-	8,809,944	-
Debt service	351,036	-	351,036	-	-
Library	34,393	-	34,393	-	-
Police forfeitures	226,935	-	226,935	-	-
Unrestricted	<u>29,931,254</u>	<u>8,971,858</u>	<u>38,903,112</u>	<u>18,503,119</u>	<u>48,643</u>
Total Net assets	<u>\$ 108,293,005</u>	<u>\$ 47,074,336</u>	<u>\$ 155,367,341</u>	<u>\$ 96,014,696</u>	<u>\$ 22,920,396</u>

The accompanying notes are an integral part of this statement.

125,013,508	53,245,830	178,259,338	98,445,522	22,937,229
	ok		ok	ok

CITY OF SPRINGFIELD  
Statement of Activities  
For the Year Ended June 30, 2005

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets								
	Program Revenues				Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Business-Type Activities	Total	Metropolitan Wastewater Management Commission	Regional Fiber
<b>Primary Government</b>									
Governmental activities:									
General government	\$ 5,088,042	\$ 3,865,736	\$ -	\$ 62,442	\$ (1,159,864)	\$ -	\$ (1,159,864)	\$ -	\$ -
Police	11,652,431	156,735	522,595	-	(10,973,101)	-	(10,973,101)	-	-
Fire	8,394,509	1,679,977	335,454	-	(6,379,078)	-	(6,379,078)	-	-
Public Works	9,125,560	8,071,249	2,684,973	2,832,249	4,462,911	-	4,462,911	-	-
Library	1,278,006	94,313	19,405	-	(1,164,288)	-	(1,164,288)	-	-
Development Services	5,410,298	3,565,487	2,070,397	-	225,586	-	225,586	-	-
Depreciation, unallocated	235,888	-	-	-	(235,888)	-	(235,888)	-	-
Interest on long-term debt	516,454	-	-	-	(516,454)	-	(516,454)	-	-
Total governmental activities	<u>41,701,188</u>	<u>17,433,497</u>	<u>5,632,824</u>	<u>2,894,691</u>	<u>(15,740,176)</u>	<u>-</u>	<u>(15,740,176)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Sewer	6,918,423	6,933,656	675	2,682,550	-	2,698,458	2,698,458	-	-
Booth Kelly	502,163	593,937	-	-	-	91,774	91,774	-	-
Emergency Medical activities	5,018,686	4,266,972	-	564	-	(751,150)	(751,150)	-	-
Total business-type activities	<u>12,439,272</u>	<u>11,794,565</u>	<u>675</u>	<u>2,683,114</u>	<u>-</u>	<u>2,039,082</u>	<u>2,039,082</u>	<u>-</u>	<u>-</u>
Total Primary Government	\$ <u>54,140,460</u>	\$ <u>29,228,062</u>	\$ <u>5,633,499</u>	\$ <u>5,577,805</u>	<u>(15,740,176)</u>	<u>2,039,082</u>	<u>(13,701,094)</u>	<u>-</u>	<u>-</u>
<b>Component Units</b>									
Regional Fiber Consortium	1,187,102	65,435	-	-	-	-	-	-	(1,121,667)
MWMC	15,377,686	17,050,285	-	-	-	-	-	1,672,599	-
Total Component Units	\$ <u>16,564,788</u>	\$ <u>17,115,720</u>	\$ <u>-</u>	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,672,599</u>	<u>(1,121,667)</u>
<b>General revenues:</b>									
<b>Taxes</b>									
Property taxes					16,542,797	-	16,542,797	-	-
Other taxes					2,756,003	-	2,756,003	-	-
Contributions in lieu of taxes					2,208,008	-	2,208,008	-	-
Room tax					586,748	-	586,748	-	-
Interest and investment earnings					814,959	328,840	1,143,799	443,528	799
Miscellaneous					151,033	238,626	389,659	52,128	-
Intergovernmental, unrestricted									
Shared revenue					1,000,195	-	1,000,195	-	-
Transfer out to separate entity					(100,454)	-	(100,454)	-	-
Transfers					454,999	(454,999)	-	-	-
Total general revenues and transfers					<u>24,414,288</u>	<u>112,467</u>	<u>24,526,755</u>	<u>517,466</u>	<u>799</u>
Change in net assets					8,674,112	2,151,549	10,825,661	2,190,065	(1,120,868)
Net assets, beginning					99,641,543	44,922,787	144,564,330	93,824,631	24,041,264
Change in net assets for inventory					(22,650)	-	(22,650)	-	-
Net assets, beginning (as restated)					<u>99,618,893</u>	<u>44,922,787</u>	<u>144,541,680</u>	<u>93,824,631</u>	<u>24,041,264</u>
Net assets, ending					\$ <u>108,293,005</u>	\$ <u>47,074,336</u>	\$ <u>155,367,341</u>	\$ <u>96,014,696</u>	\$ <u>22,920,396</u>

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2005

	General	Street	Special Revenue	CDBG	Development Projects	Nonmajor Governmental	Total Governmental
<b>ASSETS</b>							
Cash and investments	\$ 7,739,367	\$ 9,611,943	\$ 47,637	\$ 25,452	\$ 8,795,807	\$ 7,040,396	\$ 33,260,602
Receivables:							
Accounts	270,427	542,766	-	-	83,954	187,900	1,085,047
Property taxes	690,859	-	-	-	-	249,902	940,761
Assessments and liens	-	-	-	-	-	279,927	279,927
Grants	41,880	46,125	61,569	88,638	11,521	-	249,733
Accrued interest	32,234	28,952	-	-	24,448	25,927	111,561
Mortgage notes	-	-	1,958,215	1,333,490	23,704	40,589	3,355,998
Inventory	1,522	83,500	-	-	-	-	85,022
Investment in foreclosed property	1,971	-	-	-	-	-	1,971
Property held for resale	-	-	-	105,238	-	-	105,238
Due from Other Fund	146,054	3,614	11,640	-	-	146,085	307,393
Prepaid items	28,280	67	-	-	-	29,082	57,429
Deposits	-	-	12,358	-	-	-	12,358
<b>Total assets</b>	<b>\$ 8,952,594</b>	<b>\$ 10,316,967</b>	<b>\$ 2,091,419</b>	<b>\$ 1,552,818</b>	<b>\$ 8,939,434</b>	<b>\$ 7,999,808</b>	<b>\$ 39,853,040</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 152,324	\$ 330,496	\$ 3,053	\$ 88,568	\$ 339,932	\$ 296,050	\$ 1,210,423
Accrued payroll and other liabilities	1,359,529	213,116	8,343	25,522	-	277,424	1,883,934
Deferred revenue	698,747	232,351	2,019,784	1,422,128	119,179	561,885	5,054,074
Unearned revenue	-	5,875	93,509	-	662,607	-	761,991
Deposits	-	600	-	-	-	-	600
Due to Other Fund	11,640	-	65	-	-	292,074	303,779
<b>Total liabilities</b>	<b>2,222,240</b>	<b>782,438</b>	<b>2,124,754</b>	<b>1,536,218</b>	<b>1,121,718</b>	<b>1,427,433</b>	<b>9,214,801</b>
Fund Balances:							
Reserved							
Inventory	1,521	83,500	-	-	-	-	85,021
Library	34,393	-	-	-	-	-	34,393
Bicycle trails	-	68,064	-	-	-	-	68,064
Prepays	28,280	-	-	-	-	-	28,280
Deposits	-	-	12,358	-	-	-	12,358
Police Forfeitures	226,935	-	-	-	-	-	226,935
Street Capital	-	6,917,412	-	-	-	-	6,917,412
Property held for resale	1,971	-	-	105,238	-	-	107,209
Debt service	-	-	-	-	-	351,036	351,036
SDC projects	-	-	-	-	1,018,595	-	1,018,595
Unreserved, reported in:							
General Fund	6,437,254	-	-	-	-	-	6,437,254
Special Revenue funds	-	2,465,553	(45,693)	(88,638)	-	2,183,294	4,514,516
Capital Projects funds	-	-	-	-	6,799,121	1,476,876	8,275,997
Debt Service funds	-	-	-	-	-	2,561,169	2,561,169
<b>Total fund balances</b>	<b>6,730,354</b>	<b>9,534,529</b>	<b>(33,335)</b>	<b>16,600</b>	<b>7,817,716</b>	<b>6,572,375</b>	<b>30,638,239</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,952,594</b>	<b>\$ 10,316,967</b>	<b>\$ 2,091,419</b>	<b>\$ 1,552,818</b>	<b>\$ 8,939,434</b>	<b>\$ 7,999,808</b>	

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.

5,054,074

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

73,585,946

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.

(12,061,725)

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.

11,076,471

Net assets of governmental activities

\$ 108,293,005

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, 2005

	General	Street	Special Revenue	CDBG	Development Capital Projects	Nonmajor Governmental	Total Governmental
<b>Revenues:</b>							
Taxes	\$ 13,009,515	\$ 1,072,753	\$ 277,031	\$ -	\$ -	\$ 4,403,377	\$ 18,762,676
Intergovernmental	3,380,694	3,626,925	851,918	796,894	823,928	-	9,480,359
Licenses and permits	2,603,626	82,300	-	-	-	-	2,685,926
Fines & forfeitures	975,892	-	-	-	-	-	975,892
Use of money & property	235,182	221,824	438,008	98,931	90,644	232,616	1,317,205
Miscellaneous receipts	87,043	46,611	1,849	3	130	13,453	149,089
Charges for services	4,432,667	808,720	-	-	6,174,795	2,844,568	14,260,750
Special assessments	-	-	-	-	-	88,103	88,103
<b>Total Revenues</b>	<b>24,724,619</b>	<b>5,859,133</b>	<b>1,568,806</b>	<b>895,828</b>	<b>7,089,497</b>	<b>7,582,117</b>	<b>47,720,000</b>
<b>Expenditures:</b>							
<b>Current Operating:</b>							
General Government	4,197,731	23,343	-	14,550	-	281,619	4,517,243
Fire	7,178,755	-	275,812	-	-	1,078,281	8,532,848
Police	9,365,737	-	621,080	-	-	1,332,944	11,319,761
Library	1,175,806	-	7,338	-	-	39,487	1,222,631
Public Works	753,997	4,334,104	-	-	-	437,440	5,525,541
Development Services	1,302,193	90,172	301,361	577,770	-	1,789,506	4,061,002
Capital Projects	-	1,447,036	335,560	323,494	2,829,588	762,190	5,697,868
<b>Debt Service</b>							
Principal	-	-	-	-	-	673,046	673,046
Interest	-	-	-	-	-	507,382	507,382
<b>Total Expenditures</b>	<b>23,974,219</b>	<b>5,894,655</b>	<b>1,541,151</b>	<b>915,814</b>	<b>2,829,588</b>	<b>6,901,895</b>	<b>42,057,322</b>
Excess of revenues over (under) expenditures	750,400	(35,522)	27,655	(19,986)	4,259,909	680,222	5,662,678
<b>Other financing sources (uses)</b>							
Transfers in	1,059,098	-	-	-	1,176,999	424,895	2,660,992
Transfers out	(1,046,884)	(19,954)	-	-	-	(1,139,155)	(2,205,993)
Transfer out to separate entity	-	-	-	-	-	(100,454)	(100,454)
<b>Total other financing sources (uses)</b>	<b>12,214</b>	<b>(19,954)</b>	<b>-</b>	<b>-</b>	<b>1,176,999</b>	<b>(814,714)</b>	<b>354,545</b>
<b>Net change in fund balance</b>	<b>762,614</b>	<b>(55,476)</b>	<b>27,655</b>	<b>(19,986)</b>	<b>5,436,908</b>	<b>(134,492)</b>	<b>6,017,223</b>
Fund balances-- beginning	5,967,392	9,613,003	(60,990)	36,586	2,380,808	6,706,867	24,643,666
Change in reserve for inventories	348	(22,998)	-	-	-	-	(22,650)
<b>Fund balances--ending</b>	<b>\$ 6,730,354</b>	<b>\$ 9,534,529</b>	<b>\$ (33,335)</b>	<b>\$ 16,600</b>	<b>\$ 7,817,716</b>	<b>\$ 6,572,375</b>	<b>\$ 30,638,239</b>

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, 2005

Net change in fund balances total governmental funds	\$	6,017,223
The net revenue of certain activities of Internal Service funds is reported with governmental activities		(7,201)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements		(98,284)
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.		2,670,558
Governmental funds do not report expenditures for unpaid compensated absences 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.		(581,230)
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>673,046</u>
Change in net assets, governmental activities	\$	<u><u>8,674,112</u></u>

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon

PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS

June 30, 2005

	Business-type Activities - Enterprise Funds				Governmental
	Sewer Utility	Emergency Medical Services	Booth- Kelly	Total	Internal Service Funds
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 11,183,497	\$ 1,407,439	\$ 1,263,389	\$ 13,854,325	\$ 6,875,772
Accounts receivable, net of allowance for estimated uncollectible	804,967	567,058	16,014	1,388,039	-
Prepays	262	16,019	-	16,281	-
Accrued interest	36,124	3,654	3,853	43,631	20,474
<b>Total current assets</b>	<b>12,024,850</b>	<b>1,994,170</b>	<b>1,283,256</b>	<b>15,302,276</b>	<b>6,896,246</b>
Noncurrent assets:					
Bond costs - net	56,222	-	-	56,222	-
Capital assets - net	27,272,386	238,809	1,939,787	29,450,982	4,873,286
Construction in progress	4,463,374	-	-	4,463,374	-
Land and land rights	1,846,040	-	2,227,673	4,073,713	-
<b>Total noncurrent assets</b>	<b>33,638,022</b>	<b>238,809</b>	<b>4,167,460</b>	<b>38,044,291</b>	<b>4,873,286</b>
<b>Total assets</b>	<b>45,662,872</b>	<b>2,232,979</b>	<b>5,450,716</b>	<b>53,346,567</b>	<b>11,769,532</b>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	436,439	29,532	6,218	472,189	272,610
Accrued payroll and other liabilities	408,716	269,271	7,004	684,991	371,051
Due to other funds	3,614	-	-	3,614	-
Accrued interest	57,088	-	-	57,088	-
Deposits	1,500	-	-	1,500	-
Notes payable - current maturity	287,358	-	-	287,358	-
Capital lease payable - current maturity	-	-	-	-	28,687
Unearned revenues	-	443,242	-	443,242	-
Revenue bonds payable - current maturity	170,000	-	25,578	195,578	-
<b>Total current liability</b>	<b>1,364,715</b>	<b>742,045</b>	<b>38,800</b>	<b>2,145,560</b>	<b>672,348</b>
Noncurrent liabilities					
Accrued absence payable	179,643	103,073	2,147	284,863	-
Revenue bonds payable (net of unamortized discount)	1,783,323	-	-	1,783,323	-
Notes payable	1,961,362	-	-	1,961,362	-
Capital lease obligation, less current portion	-	-	-	-	129,480
<b>Total noncurrent liability</b>	<b>3,924,328</b>	<b>103,073</b>	<b>2,147</b>	<b>4,029,548</b>	<b>129,480</b>
<b>Total liability</b>	<b>5,289,043</b>	<b>845,118</b>	<b>40,947</b>	<b>6,175,108</b>	<b>801,828</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related deb	29,435,979	238,809	4,167,460	33,842,248	4,715,119
Restricted	4,260,230	-	-	4,260,230	-
Unrestricted	6,677,620	1,149,052	1,242,309	9,068,981	6,252,585
<b>Total net assets</b>	<b>\$ 40,373,829</b>	<b>\$ 1,387,861</b>	<b>\$ 5,409,769</b>	<b>47,171,459</b>	<b>\$ 10,967,704</b>
Adjustment to reflect consolidation of Internal Service Fund activities				(97,123)	
Net assets of business-type activities				\$ 47,074,336	

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, 2005

	Business-type Activities - Enterprise Fund				Governmental
	Sewer Utility	Emergency Medical Services	Booth- Kelly	Total	Activities Internal Service Funds
<b>OPERATING REVENUES:</b>					
Charges for service:	\$ 6,933,656	\$ 6,014,814	\$ 593,937	\$ 13,542,407	\$ 3,210,226
Less: Contractual adjustments:	-	(1,747,842)	-	(1,747,842)	-
Intergovernmental revenue:	675	564	-	1,239	-
Miscellaneous receipts:	102,670	135,958	-	238,628	49,362
<b>Total operating revenues:</b>	<b>7,037,001</b>	<b>4,403,494</b>	<b>593,937</b>	<b>12,034,432</b>	<b>3,259,588</b>
<b>Operating expenses:</b>					
Finance	8,823	-	-	8,823	3,815
Information Technology	-	-	-	-	8,366
Library	-	-	-	-	28,446
Fire	-	4,185,037	-	4,185,037	34,628
Police	-	-	-	-	109,344
Public Works	5,849,125	-	20,371	5,869,496	42,072
Human Resources	-	-	-	-	2,012,367
Development Service:	114,862	-	239,229	354,091	16,337
Depreciation	728,390	76,568	217,247	1,022,205	1,165,872
Bad debt expense	-	757,119	-	757,119	-
<b>Total operating expenses:</b>	<b>6,701,200</b>	<b>5,018,724</b>	<b>476,847</b>	<b>12,196,771</b>	<b>3,421,247</b>
<b>Operating income (loss):</b>	<b>335,801</b>	<b>(615,230)</b>	<b>117,090</b>	<b>(162,339)</b>	<b>(161,659)</b>
<b>Nonoperating revenues (expenses):</b>					
Interest on investment:	268,806	33,871	26,163	328,840	156,446
Interest expense	(220,966)	-	-	(220,966)	(9,072)
Gain/(loss) on disposal of asset	-	-	-	-	(26,381)
Other nonoperating expenses:	(49,938)	-	(7,047)	(56,985)	-
<b>Total nonoperating revenues:</b>	<b>(2,098)</b>	<b>33,871</b>	<b>19,116</b>	<b>50,889</b>	<b>120,993</b>
<b>Net income (loss) before transfer:</b>	<b>333,703</b>	<b>(581,359)</b>	<b>136,206</b>	<b>(111,450)</b>	<b>(40,666)</b>
<b>Transfers (out):</b>	<b>(71,286)</b>	<b>(40,612)</b>	<b>(343,101)</b>	<b>(454,999)</b>	<b>-</b>
<b>Capital contributions:</b>	<b>2,682,550</b>	<b>-</b>	<b>-</b>	<b>2,682,550</b>	<b>62,442</b>
<b>Change in net assets:</b>	<b>2,944,967</b>	<b>(621,971)</b>	<b>(206,895)</b>	<b>2,116,101</b>	<b>21,776</b>
<b>Net assets - beginning:</b>	<b>37,428,862</b>	<b>2,009,832</b>	<b>5,616,664</b>	<b>45,055,358</b>	<b>10,945,928</b>
<b>Net assets, end of year:</b>	<b>\$ 40,373,829</b>	<b>\$ 1,387,861</b>	<b>\$ 5,409,769</b>	<b>47,171,459</b>	<b>\$ 10,967,704</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund				(97,123)	
				<u>\$ 47,074,336</u>	

The accompanying notes are an integral part of this statement

City of Springfield, Oregon

PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS

Year Ended June 30, 2005

	Business type activities - Enterprise Funds				Governmental Activities Internal service Funds
	Sewer Utility	Emergency Medical Services	Booth Kelly	Total	
Cash flows from operating activities:					
Cash received from customers	\$ 7,040,484	\$ 3,710,647	\$ 579,687	\$ 11,330,818	\$ -
Cash received from Interfund services provided	-	-	-	-	3,210,226
Cash paid for employee services	(2,393,761)	(2,701,170)	(71,059)	(5,165,990)	(276,423)
Cash paid to suppliers for goods and services	(3,288,660)	(1,443,796)	(196,554)	(4,929,010)	(2,061,278)
Other operating receipts (expenditures)	101,785	155,585	(933)	256,437	49,362
Net cash provided by (used in) operating activities	1,459,848	(278,734)	311,141	1,492,255	921,887
Cash flows from noncapital financing activities:					
Net Transfers	1,814,282	(40,612)	(343,101)	1,430,569	-
Due to other funds	3,614	-	-	3,614	-
Net cash provided by noncapital financing activities	1,817,896	(40,612)	(343,101)	1,434,183	-
Cash flows from capital and related financing activities:					
Bond costs	(70,625)	-	-	(70,625)	-
Acquisition of capital assets	(5,527,203)	-	(7,047)	(5,534,250)	(288,724)
Disposition of capital assets	-	-	-	-	50,540
System Development Charges	796,982	-	-	796,982	-
Proceeds from revenue bond	1,953,323	-	-	1,953,323	-
Loan payments	(276,886)	-	-	(276,886)	(27,349)
Payment to refund 95A revenue bond	(2,325,566)	-	-	(2,325,566)	-
Interest paid	(228,858)	-	-	(228,858)	(9,072)
Net cash used in capital and related financing activities	(5,678,833)	-	(7,047)	(5,685,880)	(274,605)
Cash flows from investing activities:					
Interest received	297,654	38,592	28,507	364,753	164,026
Net change in cash and investments	(2,103,435)	(280,754)	(10,500)	(2,394,689)	811,308
Cash and investments, beginning of year	13,286,931	1,688,193	1,273,889	16,249,013	6,064,464
Cash and investments, end of year	\$ 11,183,497	\$ 1,407,439	\$ 1,263,389	\$ 13,854,325	\$ 6,875,772
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating loss	\$ 335,801	\$ (615,230)	\$ 117,090	\$ (162,339)	\$ (161,659)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation	728,390	76,568	217,247	1,022,205	1,165,872
Changes in assets and liabilities:					
Accounts receivable	106,153	216,813	(14,250)	308,716	-
Prepaid expenses	(262)	(16,019)	-	(16,281)	-
Accounts payable	273,128	(17,830)	(4,728)	250,570	(23,494)
Accrued payroll and other liabilities	17,523	57,901	(3,285)	72,139	(58,832)
Deposits	(875)	-	(550)	(1,425)	-
Unearned revenue	-	19,063	-	19,063	-
Deferred revenue	(10)	-	(383)	(393)	-
Net cash provided by (used in) operating activities	\$ 1,459,848	\$ (278,734)	\$ 311,141	\$ 1,492,255	\$ 921,887
Noncash capital and related financing activities:					
Contributed capital assets	\$ 796,255	\$ -	\$ -	\$ 796,255	\$ 62,442
Retirement and disposition of capital assets, net of accumulated depreciation	-	-	-	-	\$ (26,381)

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon

Statement of Fiduciary Net Assets

Agency Fund

June 30, 2005

<b>ASSETS</b>	
Cash & investments	<u>\$ 1,412,246</u>
Total assets	<u><u>\$ 1,412,246</u></u>
<b>LIABILITIES</b>	
Amounts held in trust for other parties	<u>\$ 1,412,246</u>
Total liabilities	<u><u>\$ 1,412,246</u></u>

The accompanying notes are an integral part of this statement.