Financial Section

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Independent Auditor's Report

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component 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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Springfield, Oregon as of June 30, 2008, and the respective changes in financial position and the cash flows where applicable thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the information. However, we did not audit the information and express no opinion on it.

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

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

By: _____
Charles A. Swank, A Shareholder
December 29, 2008

Management's Discussion and Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of City of Springfield's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2008. 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, 2008 are $258,482,560.
- The City's total combined liabilities at June 30, 2008 are $57,422,040.
- The City's total combined net assets at June 30, 2008 are $201,060,520.
- At June 30, 2008, the City's governmental funds reported a combined ending fund balance of $45,026,817. $37,231,573 is unreserved and available for appropriation.
- The General Fund reported an ending fund balance this year of $9,277,551. This is a significant increase from the previous year's fund balance of $8,266,170.

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 & Drainage Services
- Booth Kelly (operation of the Booth Kelly Center, a large commercial building and other similar activities)
- Ambulance Service

The government-wide financial statements include not only the City of Springfield itself (known as the primary government), but also three legally separate entities.

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

The City provides all administrative duties for the Metropolitan Wastewater Management Commission 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 of these 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 17-18 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 21 in the basic financial statements.

The City maintains 20 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for those funds that are considered significant (major) to the City taken as a whole. These financial statements report four funds: General Fund, Housing and Community Development Fund, Development Projects Fund, and Police Building Bond Capital Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all governmental funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the General Fund and the major special revenue funds as required supplementary information on pages 59-60. Budgetary comparisons for all other governmental funds have been provided elsewhere in this report.

The governmental fund financial statements can be found at pages 19-20 in the basic financial statements.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in government-wide financial statements. The City uses enterprise funds to account for its Local Sewer Operations, Storm Drainage Operations, Ambulance Service and Booth-Kelly building. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal services funds to account for its equipment, including its fleet of vehicles and its computer and telecommunication equipment, for employee benefits and risk management activities and for administrative activities related to the System Development Charge program. Because all three of these services predominantly benefit government rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Operating Fund, the Storm Drainage Fund, the Ambulance Fund, and the Booth-Kelly Fund, which are all considered to be major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The proprietary fund financial statements can be found on pages 22-24 in the basic financial statements.

Fiduciary funds. The City is the trustee, or *fiduciary*, for certain funds. The City is responsible for ensuring that the assets reported in a fiduciary fund are used for their intended purposes. The city has one fiduciary fund, the agency fund. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in assets and liabilities. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

The fiduciary fund financial statement of net assets can be found on page 25 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 26-58 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.

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 are included in this report and can be found on pages 61-113.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $201,060,520 at the close of the most recent fiscal year.

The largest portion of the City's net assets, $145,381,903, or 72%, 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
June 30,

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	$ 68,005,011	$ 76,303,585	$ 17,972,656	$ 23,036,880	$ 85,977,667	$ 99,340,465
Capital assets, net, where applicable, of accumulated depreciation	116,916,797	92,509,387	55,588,096	42,376,791	172,504,893	134,886,178
Total assets	184,921,808	168,812,972	73,560,752	65,413,671	258,482,560	234,226,643
Non-current liabilities	35,389,524	36,935,760	10,038,747	10,074,044	45,428,271	47,009,804
Other liabilities	9,973,740	9,363,565	2,020,029	2,631,753	11,993,769	11,995,318
Total liabilities	45,363,264	46,299,325	12,058,776	12,705,797	57,422,040	59,005,122
Net assets:						
Invested in capital assets, net of related debt	97,072,830	82,593,165	48,309,073	37,602,170	145,381,903	120,195,335
Restricted	7,347,374	8,109,950	4,433,871	5,522,505	11,781,245	13,632,455
Unrestricted	35,138,340	31,810,532	8,759,032	9,583,199	43,897,372	41,393,731
Total net assets	$ 139,558,544	$ 122,513,647	$ 61,501,976	$ 52,707,874	$ 201,060,520	$ 175,221,521

A portion of the City's net assets, $11,781,245, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, $43,897,372 or 22%, may be used to meet the government's ongoing obligations to citizens and creditors.

City of Springfield's Change in Net Assets
Year Ended June 30,

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	$ 9,900,091	$13,950,391	$ 14,041,388	$14,039,441	$23,941,479	$27,989,832
Operating grants and Contributions	4,527,430	6,106,694	-	2,294	4,527,430	6,108,988
Capital grants and Contributions	16,101,592	6,003,405	7,201,122	1,263,879	23,302,714	7,267,284
General revenues:						
Taxes	25,195,625	22,786,330	-	-	25,195,625	22,786,330
In lieu of tax payments	2,288,217	2,307,909	-	-	2,288,217	2,307,909
Shared revenue	1,146,172	1,193,858	-	-	1,146,172	1,193,858
Interest and investment earnings	2,945,365	2,758,907	821,733	868,946	3,767,098	3,627,853
Miscellaneous receipts	323,133	385,310	11,597	707,548	334,730	1,092,858
Gain (loss) on disposal of assets	-	(35,598)	-	-	-	(35,598)
Total revenues	62,427,625	55,457,206	22,075,840	16,882,108	84,503,465	72,339,314
Expenses:						
General Government	3,929,091	5,512,588	-	-	3,929,091	5,512,588
Development Services	5,566,714	6,326,538	-	-	5,566,714	6,326,538
Fire	10,354,699	9,713,840	-	-	10,354,699	9,713,840
Library	1,309,218	1,269,704	-	-	1,309,218	1,269,704
Police	13,116,023	12,619,083	-	-	13,116,023	12,619,083
Public Works	9,711,960	10,006,943	-	-	9,711,960	10,006,943
Unallocated depreciation & amortization	273,239	259,908	-	-	273,239	259,908
Interest on debt	1,394,478	706,762	-	-	1,394,478	706,762
Sewer	-	-	7,745,843	7,854,400	7,745,843	7,854,400
Booth Kelly	-	-	660,713	589,313	660,713	589,313
Ambulance	-	-	4,602,490	4,865,158	4,602,490	4,865,158
Total expenses	45,655,422	46,415,366	13,009,046	13,308,871	58,664,468	59,724,237
Increase in net assets before transfers	16,772,203	9,041,840	9,066,794	3,573,237	25,838,997	12,615,077
Transfers	272,692	643,168	(272,692)	(643,168)	-	-
Increase in net assets	17,044,895	9,685,008	8,794,102	2,930,069	25,838,997	12,615,077
Net assets – beginning	122,513,649	112,828,641	52,707,874	49,777,805	175,221,523	162,606,446
Net assets ending	$139,558,544	$122,513,649	$ 61,501,976	$52,707,874	$201,060,518	$175,221,523

Entity-wide change in net assets: Entity-wide net assets increased by $25,838,997 in the current fiscal year compared to an increase of $12,615,077 in the prior year. The increase in investment earnings is due to an increase in cash holdings. On the expenditure side, General Government, Fire, Police, and Library increased by 3%. This can mostly be accounted for by normal inflationary pressures.

Overall, the $25,838,997 increase in entity-wide ending net assets over the previous year places the government in an improved financial position.

Governmental Activities. Governmental activities increased the City's net assets by $17,044,895, thereby accounting for 66% of the growth in total net assets. A decrease in charges for services of $4,050,300 occurred in 2008 as compared to the prior year. A decrease of $1.7 million in road related system development charges and a $600,000 decrease in road funds received from Lane County make up the majority of the change.

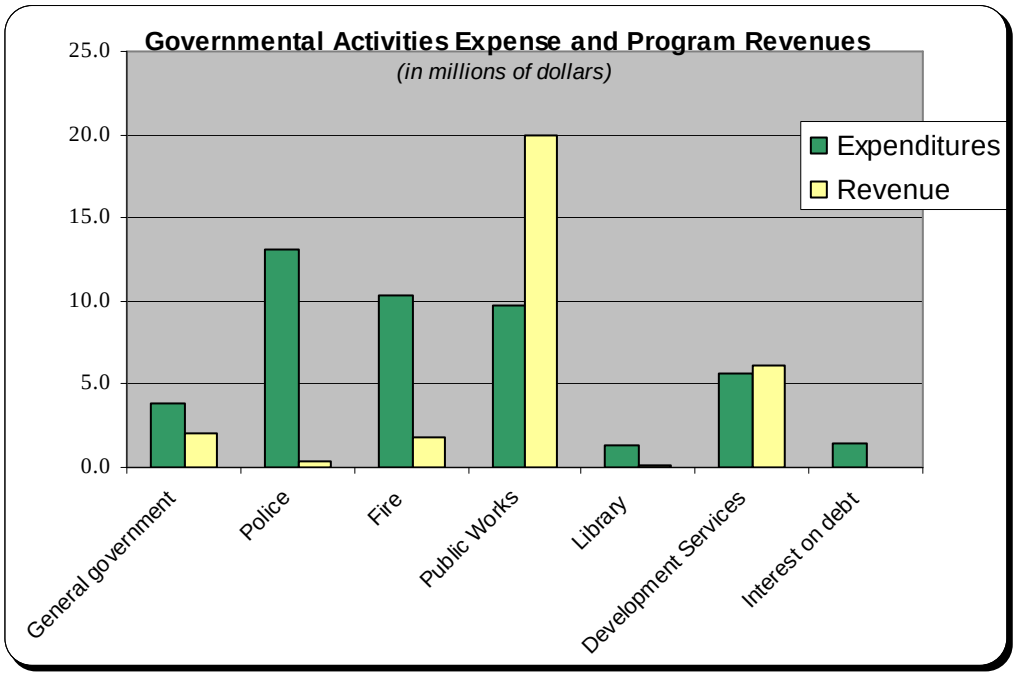

Chart 1

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 Development Services Department continued to see a high level of activity in the planning and building divisions.

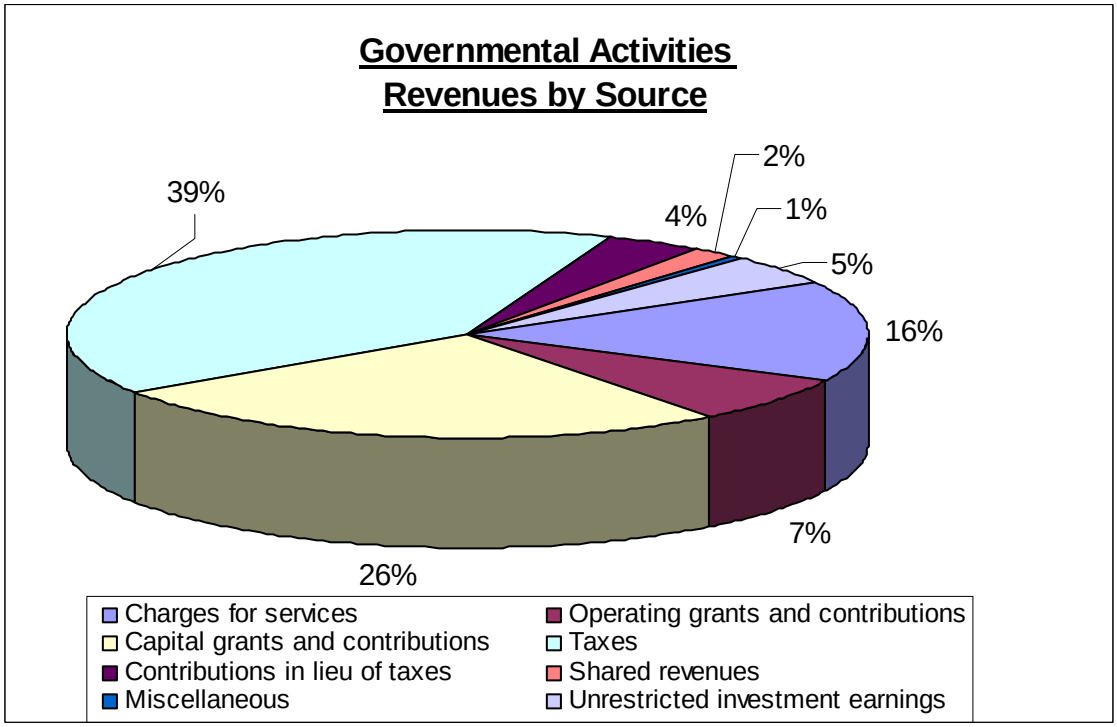

Chart 2

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

Business-type Activities. Business-type activities increased the City's net assets by $8,794,102, accounting for 34 percent of the total growth in the government's net assets. A key element of this increase is that the sewer utility fund capital contributions were 5.7 million.

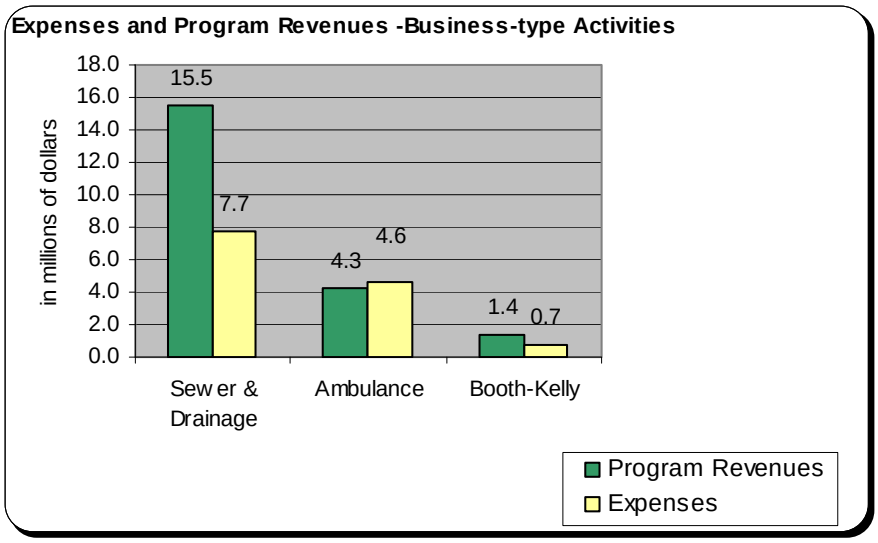

Chart 3

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

The Sewer and Drainage Operating Funds relied primarily on program revenue to fund operating expenses.

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

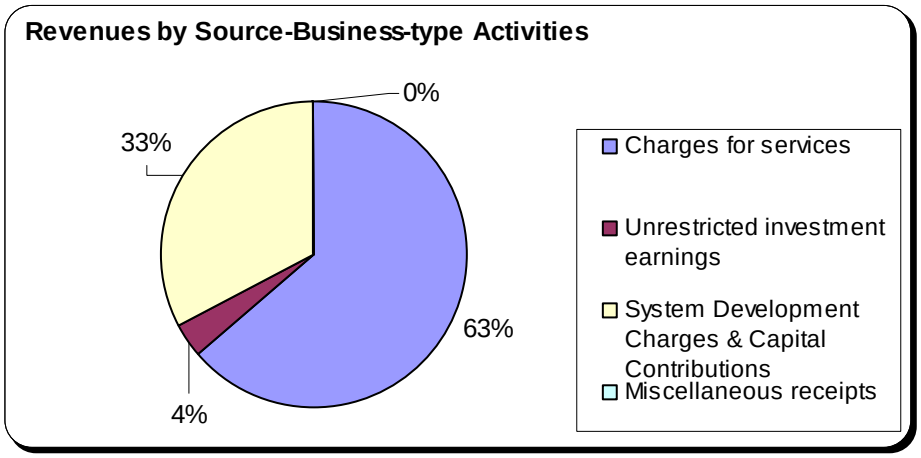

Chart 4

Chart 4 shows the percent of the total for each source of revenue supporting business-type activities. The largest component of business-type fund revenue comes from charges for services.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $45,026,817. Of this total amount 83 percent, or $37,231,573, 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 $8,350,863, while total fund balance was $9,277,551. 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 28 percent of total General Fund expenditures, while total fund balance represents 32 percent of that same amount.

The fund balance of the City's General Fund increased by $1,011,381 during the year. Some revenues, such as the property tax levy increased by $1,317,602 and charges for services increased by $522,402 over the prior year amounts. The total increase in revenue over the prior year was $1,725,917. Expenditures increased by a similar amount of $1,619,997 over the prior year. Most of the increase in fund balance, $905,117, came from the positive flow of inter-fund transfers.

The fund balance of the Development Capital Projects Fund increased by $6,327,635 during this fiscal year, with an ending balance of $9,541,166. This was largely due to a one time contribution of 7 million from Peace Health for infrastructure improvements around the new hospital.

The fund balance of the Police Building Bond Capital Fund decreased by $13,299,721 during the fiscal year due to the continuing progress of the Justice Center construction project. The fund's ending balance at year end was $13,047,074, consisting mostly of general obligation bond proceeds not yet spent on construction in progress.

Other governmental funds remained relatively stable during the year.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sewer Operations Fund at the end of the year totaled $2,299,572, an increase of $916,479. Unrestricted net assets in the Ambulance Fund total a negative $108,057, due to a recorded liability for future compensated absences in the amount of $221,504. Unrestricted net assets in the Booth-Kelly Fund totaled $1,063,691. The total change in net assets for the proprietary funds was $8,908,792. Of the total change for these funds, $5.2 million is from an increase in capital contributions over the prior year. 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 $1,305,814.

- $172,610 increase to General Government
- $353,739 increase to Fire
- $253,260 increase to Police
- $2,344 increase to Library
- $228,947 increase to Public Works
- $57,907 increase to Development Services
- $237,007 increase to Non-departmental transfers and reserves

These increases were funded as follows:

- $8,167 from increases in licenses, permits and fees
- $11,033 from increases in intergovernmental revenues
- $148,199 from increases in interest and investment earnings
- $193,000 from increases in charges for service
- $12,000 from increases in fines and forfeitures
- $8,040 from increases in miscellaneous revenues
- $925,375 increase in beginning cash

For the year ended June 30, 2008, the total variance between the final amended budgeted revenue and the actual budget-basis revenue amounts in the General Fund was 3.6%, where actual revenues were greater than budgeted revenues. Actual property tax revenues were 2.6% above budgeted amounts. Other revenue line items were above or below budget, with the aggregate difference representing the 3.6% variance.

Expenditures were under budget in all General Fund operating departments in amounts ranging from 0.4% to 21.5%. In aggregate, operating expenditures in all General Fund departments were 2.9% under the revised budget amount. While personal services are the largest component of the General Fund's operating budget (78%), most of the under-expenditures occurred in the

departments' capital outlay line item category. In many cases, departments had budgeted line items for larger capital purchases they were unable to complete in the current year. The majority of the under-expenditures occurred in the Fire and Life Safety Department with $503,984 budgeted for computer and emergency equipment, but only $97,695 spent. Many of the outstanding capital outlay line items were re-appropriated for Fiscal Year 2009.

Most departments had stable staffing throughout the year and ended the year very close to budget. In aggregate, personal services were 2.4% below the revised budgeted amount. Materials and services expenses exceeded budgeted amounts by 2.3%, but this over-expenditure represents a much smaller dollar amount than the savings in personal services ($139,908 vs $554,208).

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, 2008, amounts to $172,504,893 (net of accumulated depreciation). This investment in capital assets includes land, buildings, sewer pipes, improvements, machinery and equipment and roads.

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

- Donated right of way during the year was recorded at an estimated cost of $7,989,229, up from $5,811,495 in the prior year.
- The Springfield Depot was donated to the City in February 2008 with a book value of $767,334.
- MLK Parkway improvements for $543,713.
- South 42nd Street Main to Jasper improvements for $1,317,515.
- Continuing construction costs for the Justice Center in progress totaled approximately $13,864,547.

City of Springfield's Capital Assets
(net of depreciation)
June 30,

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	$47,793,123	$39,827,894	$4,493,125	$4,164,431	$52,286,248	$43,992,325
Land improvements	-	-	74,838	100,234	74,838	100,234
Construction in progress	18,221,110	1,871,124	11,472,859	3,905,584	29,693,969	5,776,708
Buildings	7,107,808	7,445,529	38,996,513	33,565,234	46,104,321	41,010,763
Infrastructure	37,803,305	37,603,748	-	-	37,803,305	37,603,748
Machinery & equipment	4,903,269	5,022,652	141,956	174,415	5,045,225	5,197,067
Library books	582,200	610,331	-	-	582,200	610,331
Studies	505,982	128,109	408,805	466,893	914,787	595,002
Total	$116,916,797	$92,509,387	$55,588,096	$42,376,791	$172,504,893	$134,886,178

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 $35,310,000. Of this amount, $33,840,000 comprises debt backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources.

City of Springfield's Outstanding Debt
General Obligation and Revenue Bonds
June 30,

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds – 2005	$ 9,910,000	$10,870,000	$ -	$ -	$ 9,910,000	$10,870,000
General Obligation Bonds - 2007	23,930,000	24,650,000	-	-	23,930,000	24,650,000
Revenue bonds	-	-	1,470,000	1,645,000	1,470,000	1,645,000
Total	$33,840,000	$35,520,000	$1,470,000	$1,645,000	$35,310,000	$37,165,000

The City's total debt decreased by $1,855,000 during the current fiscal year. For additional information on the City's long-term debt, see Note I in the notes 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 FY2009 budget:

- Assessed values, the basis of property tax revenues, will grow by only 1.93%.
- Interest rates on investments will be 2%.
- Inflation will occur at 4%, with special attention given to energy, fuel and intergovernmental costs.
- Wages will increase by 4.3% for employees represented by OPEU and AFSCME.
- Wages will increase by 4.4% for Springfield Police Association employees.
- Wages will increase by 3% for employees represented by International Association of Fire Fighters.
- Retirement benefit rates for PERS will drop slightly for 2008/09 while the recently completed actuarial study for the City Retirement Plan will result in an increase in the contribution rate to 45.72%.
- Health insurance costs will increase 38%.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Accounting & 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

June 30, 2008

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Metropolitan Wastewater	Regional Fiber Consortium
ASSETS					
Cash and investments	$ 51,466,697	$ 16,118,780	$ 67,585,477	$ 62,947,152	$ -
Receivables, net of allowance for uncollectable receivables	15,219,902	1,541,999	16,761,901	1,674,603	6,687
Internal balances	(151,340)	151,340	-	-	-
Due to/from other governments	(41,650)	-	(41,650)	45,000	(3,350)
Inventory	90,171	-	90,171	-	-
Investment in foreclosed properties	1,970	-	1,970	-	-
Prepaid items	170,013	16,618	186,631	10,753	-
Deposits	144,710	961	145,671	700,000	-
Deferred charges	660,300	39,285	699,585	-	-
Restricted assets - cash and investments	-	-	-	7,341,348	-
Restricted assets - accounts receivables	-	-	-	99,272	-
Accrued interest	444,238	103,673	547,911	386,852	-
Capital assets					
Land and construction in progress	66,014,233	15,965,983	81,980,216	13,510,518	-
Other capital assets net of accumulated depreciation	50,902,564	39,622,113	90,524,677	71,263,962	19,440,989
Total assets and other debits	184,921,808	73,560,752	258,482,560	157,979,460	19,444,326
LIABILITIES					
Accounts payable	5,298,872	500,877	5,799,749	3,031,995	-
Accrued payroll and other liabilities	2,558,767	436,636	2,995,403	48,383	-
Unearned revenue	-	461,333	461,333	9,872	-
Interest payable	119,852	32,538	152,390	362,866	-
Deposits	-	30,968	30,968	-	-
Notes payable - current maturity	55,047	367,677	422,724	-	-
Revenue bonds payable - current maturity	-	190,000	190,000	1,555,000	-
Capital lease obligations due within one year	41,202	-	41,202	-	-
General long-term debt due within one year	1,900,000	-	1,900,000	-	-
Noncurrent liabilities					
Accrued absence payable	2,255,215	265,199	2,520,414	86,018	-
Accrued interest	-	466,338	466,338	-	-
General long-term debt	32,224,101	-	32,224,101	-	-
Revenue bonds payable (net of unamortized discount)	-	1,280,000	1,280,000	47,094,470	-
Arbitrage liability	249,701	-	249,701	581,464	-
Notes and contracts payable	614,202	8,027,210	8,641,412	-	-
Capital lease	46,305	-	46,305	-	-
Total liabilities	45,363,264	12,058,776	57,422,040	52,770,068	-
NET ASSETS					
Invested in capital assets, net of related debt	97,072,830	48,309,073	145,381,903	60,605,373	19,440,989
Restricted for:					
SDC projects	266,848	4,433,871	4,700,719	-	-
Transportation	6,255,729	-	6,255,729	-	-
Regional sanitary sewer	-	-	-	7,440,620	-
Debt service	418,537	-	418,537	-	-
Other purposes	406,260	-	406,260	-	-
Unrestricted	35,138,340	8,759,032	43,897,372	37,163,399	3,337
Total net assets	$ 139,558,544	$ 61,501,976	$ 201,060,520	$ 105,209,392	$ 19,444,326

The accompanying notes are an integral part of this statement.

CITY OF SPRINGFIELD
Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total Governmental Activites	Primary Government: Total Business-Type Activities	Primary Government: Total	Component Units: Metropolitan Wastewater Mgmt Commission	Component Units: Regional Fiber
Primary government									
Governmental activities:									
General government	$ 3,929,091	$ 2,078,657	$ 20,656	$	$ (1,829,778)	$ -	$ (1,829,778)	$ -	$ -
Police	13,116,023	274,968	155,943	-	(12,685,112)	-	(12,685,112)	-	-
Fire	10,354,699	1,659,654	87,761	59,052	(8,548,232)	-	(8,548,232)	-	-
Public works	9,711,960	1,424,937	2,482,458	16,042,540	10,237,975	-	10,237,975	-	-
Library	1,309,218	91,273	48,462		(1,169,483)	-	(1,169,483)	-	-
Development services	5,566,714	4,370,602	1,732,150	-	536,038	-	536,038	-	-
Depreciation & amortization, unallocated	273,239	-	-	-	(273,239)	-	(273,239)	-	-
Interest on long-term debt	1,394,478	-	-	-	(1,394,478)	-	(1,394,478)	-	-
Total governmental activities	45,655,422	9,900,091	4,527,430	16,101,592	(15,126,309)	-	(15,126,309)	-	-
Business-type activities:									
Sewer & drainage	7,745,843	9,116,078	-	6,433,788	-	7,804,023	7,804,023	-	-
Booth Kelly	660,713	664,398	-	767,334	-	771,019	771,019	-	-
Ambulance	4,602,490	4,260,912	-	-	-	(341,578)	(341,578)	-	-
Total business-type activities	13,009,046	14,041,388	-	7,201,122	-	8,233,464	8,233,464	-	-
Total primary government	$ 58,664,468	$ 23,941,479	$ 4,527,430	$ 23,302,714	(15,126,309)	8,233,464	(6,892,845)	-	-
Component units									
Regional Fiber Consortium	1,172,537	6,910	-	-	-	-	-	-	(1,165,627)
Metropolitan Wastewater Management Commission	20,847,213	20,897,974	-	-	-	-	-	50,761	-
Total component units	$ 22,019,750	$ 20,904,884	$ -	$ -	-	-	-	50,761	(1,165,627)
General revenues:									
Taxes									
Property taxes					20,761,839	-	20,761,839	-	-
Contributions in lieu of taxes					2,288,217	-	2,288,217	-	-
Franchise tax					2,136,329	-	2,136,329	-	-
Local fuel tax					1,067,037	-	1,067,037	-	-
Room tax					783,767	-	783,767	-	-
911 tax					446,653	-	446,653	-	-
Interest and investment earnings					2,945,365	821,733	3,767,098	3,419,116	536
Miscellaneous					323,133	11,597	334,730	19,828	-
Gain (loss) on disposition of capital assets					-	-	-	-	-
Shared revenue					1,146,172	-	1,146,172	-	-
Transfers					272,692	(272,692)	-	-	-
Total general revenues and transfers					32,171,204	560,638	32,731,842	3,438,944	536
Change in net assets					17,044,895	8,794,102	25,838,997	3,489,705	(1,165,091)
Net assets,beginning					122,513,649	52,707,874	175,221,523	101,719,687	20,609,417
Net assets,ending					$ 139,558,544	$ 61,501,976	$ 201,060,520	$ 105,209,392	$ 19,444,326

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	General	Housing and Community Development	Development Projects	Police Building Bond Capital	Nonmajor Governmental	Total Governmental
ASSETS						
Cash and investments	$ 9,062,142	$ -	$ 3,052,123	$ 15,943,896	$ 12,397,520	$ 40,455,681
Receivables:						
Accounts	851,004	-	7,084,578	-	1,827,203	9,762,785
Taxes	803,796	-	-	-	621,092	1,424,888
Assessments and liens	-	-	-	-	38,787	38,787
Grants	-	457,014	121,152	-	157,364	735,530
Accrued interest	81,764		19,622	160,475	111,970	373,831
Mortgage notes	-	3,199,269	-	-	12,409	3,211,678
Inventory	1,856	-	-	-	88,315	90,171
Investment in foreclosed property	1,970		-	-	-	1,970
Due from other governments	3,350	-	-	-	-	3,350
Due from other funds	613,648	-	-	-	-	613,648
Prepaid items	15,908	-	-	-	206	16,114
Deposits	-	-	-	-	144,710	144,710
Total assets	$ 11,435,438	$ 3,656,283	$ 10,277,475	$ 16,104,371	$ 15,399,576	$ 56,873,143
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 309,253	$ 48,518	$ 652,329	$ 3,050,477	$ 899,642	$ 4,960,219
Accrued payroll and other liabilities	767,202	9,322	26	6,820	260,480	1,043,850
Deferred revenue	1,081,432	3,199,269	83,954	-	863,954	5,228,609
Due to other funds	-	260,918	-	-	352,730	613,648
Total liabilities	2,157,887	3,518,027	736,309	3,057,297	2,376,806	11,846,326
Fund balances:						
Reserved						
Inventory	1,856	-	-	-	88,315	90,171
Library	-	-	-	-	44,630	44,630
Bicycle trails	-	-	-	-	68,324	68,324
Prepaids	15,908	-	-	-	-	15,908
Deposits	-	-	-	-	144,710	144,710
Police forfeitures	293,306	-	-	-	-	293,306
Transportation	-	-	-	-	6,255,729	6,255,729
Property held for resale	1,970	-	-	-	-	1,970
Interfund receivable	613,648	-	-	-	-	613,648
SDC projects	-	-	266,848	-	-	266,848
Unreserved, reported in:						
General fund	8,350,863	-	-	-	-	8,350,863
Special revenue funds	-	138,256	-	-	2,999,586	3,137,842
Capital projects funds	-	-	9,274,318	13,047,074	1,702,554	24,023,946
Debt service funds	-	-	-	-	1,718,922	1,718,922
Total fund balances	9,277,551	138,256	9,541,166	13,047,074	13,022,770	45,026,817
Total liabilities and fund balances	$ 11,435,438	$ 3,656,283	$ 10,277,475	$ 16,104,371	$ 15,399,576	

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.	5,228,609
Capital assets are not financial resources in governmental funds, but are reported in the statement of net assets at their net depreciable value.	112,541,126
All liabilities are reported in the statement of net assets. However, if they are not due and payable in the current period, they are not recorded in the governmental funds.	(38,058,521)
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.	14,820,513
Net assets of governmental activities	$ 139,558,544

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, 2008

	General	Housing and Community Development	Development Capital Projects	Police Building Bond Capital	Nonmajor Governmental	Total Governmental
Revenues:						
Taxes	$ 15,462,653	$ -	$ -	$ -	$ 7,294,023	$ 22,756,676
Intergovernmental	3,586,397	1,342,624	308,521	-	2,815,496	8,053,038
Licenses ,permits and fees	3,794,364	-	-	-	180,997	3,975,361
Fines & forfeitures	1,162,425	-	-	-	-	1,162,425
Use of money & property	684,216	192,484	142,433	1,039,685	763,018	2,821,836
Miscellaneous revenues	161,695	-	660	-	149,799	312,154
Charges for services	4,513,848	-	7,946,656	-	4,137,685	16,598,189
Special assessments	-	-	-	-	38,011	38,011
Total revenues	29,365,598	1,535,108	8,398,270	1,039,685	15,379,029	55,717,690
Expenditures:						
Current operating:						
General government	5,115,724	15,328	-	-	684,584	5,815,636
Fire	9,228,071	-	-	-	1,258,490	10,486,561
Police	11,119,210	-	46,085	-	2,102,429	13,267,724
Library	1,184,781	-	-	-	78,658	1,263,439
Public works	937,424	-	-	489,196	5,564,948	6,991,568
Development services	1,674,124	803,835	-	-	2,336,285	4,814,244
Capital projects	-	718,395	2,297,586	13,864,547	3,283,633	20,164,161
Debt service						
Principal	-	-	-	-	1,732,030	1,732,030
Interest	-	-	-	-	1,572,382	1,572,382
Total expenditures	29,259,334	1,537,558	2,343,671	14,353,743	18,613,439	66,107,745
Excess of revenues over (under) expenditures	106,264	(2,450)	6,054,599	(13,314,058)	(3,234,410)	(10,390,055)
Other financing sources (uses)						
Interfund loan proceeds and repayments	-	-	-	-	50,000	50,000
Interfund loans issued and repaid	-	-	(50,000)	-	-	(50,000)
Transfers in	1,301,229	-	462,717	14,337	745,076	2,523,359
Transfers out	(396,112)	-	(139,681)	-	(1,712,944)	(2,248,737)
Total other financing sources (uses)	905,117	-	273,036	14,337	(917,868)	274,622
Net change in fund balance	1,011,381	(2,450)	6,327,635	(13,299,721)	(4,152,278)	(10,115,433)
Fund balances– beginning	8,266,170	140,706	3,213,531	26,346,795	17,156,153	55,123,355
Change in reserve for inventories	-	-	-	-	18,895	18,895
Fund balances–ending	$ 9,277,551	$ 138,256	$ 9,541,166	$ 13,047,074	$ 13,022,770	$ 45,026,817

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, 2008

Net change in fund balances - total governmental funds	$	(10,115,433)
The net revenue of certain activities of internal service funds is reported with governmental activities		1,393,210
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements		146,765
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.		24,394,501
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.		(549,732)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		1,756,689
Decreases in inventory in governmental funds increase expenses.		18,895
Change in net assets of governmental activities	$	17,044,895

The accompanying notes are are an integral part of this statement.

City of Springfield, Oregon

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

June 30, 2008

	Business-type Activities - Enterprise Funds						Governmental Activities
	Sanitary Sewer Operations	Storm Drainage Operatations	Ambulance	Booth Kelly	Other Nonmajor Proprietary	Total	Internal Service Funds
ASSETS							
Current assets:							
Cash and investments	$ 2,080,040	$ 1,309,999	$ 319,491	$ 4,126,892	$ 8,282,358	$ 16,118,780	$ 11,011,016
Accounts receivable, net of allowance for estimated uncollectibles	539,385	481,194	431,039	13,316	77,065	1,541,999	46,234
Prepaids	104	103	16,411	-	-	16,618	153,899
Deposits	961	-	-	-	-	961	-
Accrued interest	10,543	7,964	1,773	14,713	68,680	103,673	70,407
Total current assets	2,631,033	1,799,260	768,714	4,154,921	8,428,103	17,782,031	11,281,556
Noncurrent assets:							
Bond costs - net	39,285	-	-	-	-	39,285	-
Capital assets - net	36,554,472	-	139,444	2,928,197	-	39,622,113	4,375,671
Construction in progress	7,539,843	-	-	3,933,015	-	11,472,858	-
Land and land rights	1,851,568	-	-	2,641,557	-	4,493,125	-
Total noncurrent assets	45,985,168	-	139,444	9,502,769	-	55,627,381	4,375,671
Total assets	48,616,201	1,799,260	908,158	13,657,690	8,428,103	73,409,412	15,657,227
LIABILITIES							
Current liabilities:							
Accounts payable	70,642	16,860	71,671	37,967	303,737	500,877	338,653
Accrued payroll and other liabilities	58,753	120,409	254,444	3,030	-	436,636	182,866
Accrued interest	32,538	-	-	-	-	32,538	-
Deposits	-	-	640	30,328	-	30,968	-
Notes payable - current maturity	321,230	-	-	46,447	-	367,677	-
Capital lease payable - current maturity	-	-	-	-	-	-	41,202
Unearned revenues	-	-	461,333	-	-	461,333	-
Revenue bonds payable - current maturity	190,000	-	-	-	-	190,000	-
Total current liabilities	673,163	137,269	788,088	117,772	303,737	2,020,029	562,721
Noncurrent liabilities:							
Accrued absence payable	169,528	-	88,683	6,988	-	265,199	31,348
Accrued interest	-	-	-	466,338	-	466,338	-
unamortized discount)	1,280,000	-	-	-	-	1,280,000	-
Notes payable	1,032,392	-	-	6,994,818	-	8,027,210	-
Capital lease obligation	-	-	-	-	-	-	46,305
Total noncurrent liabilities	2,481,920	-	88,683	7,468,144	-	10,038,747	77,653
Total liabilities	3,155,083	137,269	876,771	7,585,916	303,737	12,058,776	640,374
NET ASSETS							
Invested in capital assets, net of related debt	43,161,546	-	139,444	5,008,083	-	48,309,073	4,288,164
Restricted	-	-	-	-	4,433,871	4,433,871	-
Unrestricted	2,299,572	1,661,991	(108,057)	1,063,691	3,690,495	8,607,692	10,728,689
Total net assets	$ 45,461,118	$ 1,661,991	$ 31,387	$ 6,071,774	$ 8,124,366	61,350,636	$ 15,016,853
Adjustment to reflect consolidation of internal service fund activities						151,340	
Net assets of business-type activities						$ 61,501,976	

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, 2008

	Business-type Activities - Enterprise Funds						Governmental Activities
	Sanitary Sewer Operations	Storm Drainage Operations	Ambulance	Booth Kelly	Other Nonmajor Proprietary	Total	Internal Service Funds
OPERATING REVENUES:							
Charges for services	$ 4,805,842	$ 4,291,799	$ 7,771,739	$ 664,398	$ 18,437	$ 17,552,215	$ 2,546,780
Less: Contractual adjustments	-	-	(3,510,827)	-		(3,510,827)	-
Licenses and permits	-	-	-	-		-	87,677
Intergovernmental revenues	-	-	-	-		-	14,331
Miscellaneous receipts	99	2,049	1,962	7,284	203	11,597	94,414
Total operating revenues	4,805,941	4,293,848	4,262,874	671,682	18,640	14,052,985	2,743,202
Operating expenses:							
City manager's office	-	-	-	-	-	-	2,031
Court	-	-	-	-	-	-	1,841
Human resources	-	-	-	-	-	-	516,633
Finance	9,290	9,288	-	-	-	18,578	30,583
Information technology	-	-	-	-	-	-	108,698
Library	-	-	-	-	-	-	5,866
Fire	-	-	4,540,477	-	-	4,540,477	27,571
Police	-	-	-	-	-	-	25,884
Public works	2,422,502	3,580,030	-	20,193	492,814	6,515,539	476,372
Development services	21,377	32,648	-	317,258	-	371,283	106,474
Depreciation	1,013,464	-	24,563	254,078	-	1,292,105	762,766
Total operating expenses	3,466,633	3,621,966	4,565,040	591,529	492,814	12,737,982	2,064,719
Operating income (loss)	1,339,308	671,882	(302,166)	80,153	(474,174)	1,315,003	678,483
Nonoperating revenues (expenses):							
Interest on investments	82,667	55,491	(329)	227,732	456,172	821,733	490,196
Interest expense	(110,410)	-	-	(45,964)	-	(156,374)	(6,398)
Gain/(loss) on disposal of assets	-	-	-	-	-	-	(49,056)
Total nonoperating revenues	(27,743)	55,491	(329)	181,768	456,172	665,359	434,742
Income (loss) before contributions and transfers	1,311,565	727,373	(302,495)	261,921	(18,002)	1,980,362	1,113,225
Transfers in	5,135,872	-	2,451	125,617	1,829,431	7,093,371	-
Transfers out	(1,358,248)	(353,641)	(4,995)	(441,996)	(5,207,183)	(7,366,063)	(1,930)
Capital contributions	5,719,772	-	-	767,334	714,016	7,201,122	185,228
Change in net assets	10,808,961	373,732	(305,039)	712,876	(2,681,738)	8,908,792	1,296,523
Net assets - beginning	34,652,157	1,288,259	336,426	5,358,898	10,806,104		13,720,330
Net assets, end of year	$ 45,461,118	$ 1,661,991	$ 31,387	$ 6,071,774	$ 8,124,366		$ 15,016,853
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(114,690)	
Change in net assets of business-type activities						$ 8,794,102	

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

Year Ended June 30, 2008

	Business type activities - Enterprise Funds						Governmental Activities Internal Service Funds
	Sanitary Sewer Operations	Storm Drainage Operations	Ambulance	Booth Kelly	Other Nonmajor Proprietary	Total	
Cash flows from operating activities:							
Cash received from customers	$ 4,780,722	$ 4,253,312	$ 4,323,299	$ 662,958	$ 18,437	$ 14,038,728	$ -
Cash received from interfund services provided	-	-	-	-	-	-	2,610,815
Cash paid for employee services	(1,771,711)	(2,312,937)	(3,292,826)	(76,870)	-	(7,454,344)	(356,790)
Cash paid to suppliers for goods and services	(973,648)	(1,391,811)	(1,302,877)	(240,080)	(709,618)	(4,618,034)	(581,802)
Other operating receipts	99	2,049	1,962	7,284	203	11,597	196,422
Net cash provided by (used in) operating activities	2,035,462	550,613	(270,442)	353,292	(690,978)	1,977,947	1,868,645
Cash flows from noncapital financing activities:							
Advance to other funds	-	-	-	148,198		148,198	-
Transfers from other funds	5,135,872	-	2,451	125,617	1,829,431	7,093,371	-
Transfers to other funds	(1,358,248)	(353,641)	(4,995)	(441,996)	(5,207,183)	(7,366,063)	(1,930)
Net cash provided (used) by noncapital financing activities	3,777,624	(353,641)	(2,544)	(168,181)	(3,377,752)	(124,494)	(1,930)
Cash flows from capital and related financing activities:							
Acquisition of capital assets	(4,856,219)	-	-	(2,693,747)	-	(7,549,966)	(705,822)
Disposition of capital assets	-	-	-	-	-	-	66,320
System development charges	-	-	-	-	803,811	803,811	-
Bond Costs	5,645	-	-	-	-	5,645	-
Loan payments	(185,915)	-	-	(163,329)	-	(349,244)	(39,122)
Bond payments	(149,685)	-	-	-	-	(149,685)	-
Interest paid	(88,072)	-	-	(45,964)	-	(134,036)	(6,398)
Net cash used in capital and related financing activities	(5,274,246)	-	-	(2,903,040)	803,811	(7,373,475)	(685,022)
Cash flows from investing activities:							
Interest received	86,861	57,457	4,335	268,280	495,729	912,662	510,785
Net change in cash and investments	625,701	254,429	(268,651)	(2,449,649)	(2,769,190)	(4,607,360)	1,692,478
Cash and investments, beginning of year	1,454,339	1,055,570	588,142	6,576,541	11,051,548	20,726,140	9,318,538
Cash and investments, end of year	$ 2,080,040	$ 1,309,999	$ 319,491	$ 4,126,892	8,282,358	$ 16,118,780	$ 11,011,016
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities							
Operating income (loss)	$ 1,339,308	$ 671,882	$ (302,166)	$ 80,153	$ (474,174)	$ 1,315,003	$ 678,483
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation & amortization	1,013,464	-	24,563	254,078	-	1,292,105	762,766
Changes in assets and liabilities:							
Accounts receivable	(26,081)	(38,486)	55,569	(1,440)	-	(10,438)	64,035
Prepaid expenses	(104)	(103)	14,350	3,901	-	18,044	292,727
Accounts payable	(42,000)	(25,913)	15,566	16,919	(216,804)	(252,232)	244,558
Accrued payroll and other liabilities	(249,125)	(56,767)	(80,977)	(3,619)	-	(390,488)	(173,924)
Deposits	-	-	(4,165)	3,300	-	(865)	-
Unearned revenue	-	-	6,818	-	-	6,818	-
Net cash provided by (used in) operating activities	$ 2,035,462	$ 550,613	$ (270,442)	$ 353,292	$ (690,978)	$ 1,977,947	$ 1,868,645
Noncash capital and related financing activities:							
Contributed capital assets	$ 5,719,772	$ -	$ -	$ 767,334	$ -	$ 6,487,106	$ 185,228
Retirement and disposition of capital assets, net of accumulated depreciation	-	-	-	-	-	-	$ (49,056)
Capitalized Interest	-	-	-	466,338	-	466,338	-

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon

Statement of Fiduciary Net Assets
Agency Fund

June 30, 2008

ASSETS	
Cash and investments	$ 2,030,026
Total assets	$ 2,030,026
LIABILITIES	
Amounts held in trust for other parties	$ 2,030,026
Total liabilities	$ 2,030,026

The accompanying notes are an integral part of this statement.