

CITY OF

Springfield

OREGON

PASSION



INTEGRITY



RESULTS



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDING JUNE 30, 2008

CITY OF SPRINGFIELD, OREGON

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Fiscal Year Ended June 30, 2008

Prepared by:

Finance Department
Accounting Division

City of Springfield, Oregon

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2008

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	iii-xii
Organization Chart	xiii
Principal City Officials	xiv
Certificate of Achievement for Excellence in Financial Reporting	xv
FINANCIAL SECTION	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-16
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Assets – Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	23
Statement of Cash Flows-Proprietary Funds	24
Statement of Fiduciary Net Assets – Agency Fund	25
Notes to Basic Financial Statements	26-58
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund	59
Housing and Community Development Fund	60

City of Springfield, Oregon

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2008

Other Supplementary Information:

Non-major Governmental Funds Combining Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	62
Special Revenue Funds:	
Combining Balance Sheet – Nonmajor Special Revenue Funds	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	64
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Street Fund	65
Jail Operations Fund	66
Special Revenue Fund	67
Transient Room Tax Fund	68
River Bend Fund	69
Building Code Fund	70
SEDA Glenwood General Fund	71
Fire Local Option Levy Fund	72
Police Local Option Levy Fund	73
Debt Service Funds:	
Combining Balance Sheet – Nonmajor Debt Service Funds	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds	75
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Obligation Debt Service Fund	76
Bancroft Redemption Fund	77
Capital Projects Funds:	
Combining Balance Sheet – Nonmajor Capital Project Funds	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds	79
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Development Capital Projects Fund	80
Police Building Bond Capital Project Fund	81
Development Assessments Capital Projects Fund	82
Springfield Economic Development Agency Glenwood Capital Projects	83
Street Capital Projects Fund	84
SDC Transportation Reimbursement Fund	85
SDC Transportation Improvement Fund	86

City of Springfield, Oregon

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2008

Enterprise Funds:	
Combining Balance Sheet – Nonmajor Enterprise Funds	87
Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Enterprise Funds	88
Combining Statement of Cash Flows-Nonmajor Enterprise Funds	89
Schedules of Revenues, Expenses and Changes in Fund Net Assets – Budget and Actual:	
Sewer Operations Fund	90
Storm Drainage Operations Fund	91
Ambulance Fund	92
Booth Kelly Fund	93
Sewer Capital Projects Fund	94
Storm Drainage Capital Projects Fund	95
Storm Drainage System Development Capital Project Fund	96
Sewer Reimbursement System Development Capital Project Fund	97
Sewer Improvement System Development Capital Project Fund	98
Internal Service Funds:	
Combining Statement of Net Assets – Internal Service Funds	99
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds	100
Combining Statement of Cash Flows – Internal Service Funds	101
Schedule of Revenues, Expenses and Changes in Fund Net Assets – Budget and Actual:	
Vehicle and Equipment Fund	102
Insurance Fund	103
SDC Administration Fund	104
Fiduciary Fund:	
Statement of Changes in Assets and Liabilities – Agency Fund	105
Discretely Presented Component Units:	
Schedule of Revenues, Expenses and Changes in Fund Net Assets – (NonGAAP Budgetary Basis) - Budget to Actual – Regional Fiber Consortium	106
Combining Schedule of Revenues, Expenditures and Changes in Fund Net Assets-Regional Wastewater	107
Schedule of Revenues, Expenses and Changes in Fund Net Assets – Budget and Actual:	
Regional Wastewater Fund	108
Regional Wastewater Capital Fund	109
Regional Wastewater Bond Capital Fund	110
Regional Wastewater Improvement SDC Fund	111
Regional Wastewater Reimbursement SDC Fund	112
Regional Wastewater Debt Service Fund	113

City of Springfield, Oregon

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2008

Supplemental Schedules:

Schedule of Property Tax Transactions	114
Schedule of Bonded Debt Transactions	115
Schedule of Future Requirements for Retirements of City Issued General Obligation Bonds - General Issue	116

STATISTICAL SECTION

Financial Trend Information

Net assets by component	117
Changes in net assets, last six fiscal years	118
Fund balances, governmental funds, last ten fiscal years	119
Changes in fund balances, governmental funds, last ten fiscal years	120

Revenue Capacity Information

Assessed value and actual value of taxable property, last ten fiscal years	121
Direct and overlapping property tax rates, last ten fiscal years	122
Principal property tax payers, current year and nine years ago	123
Property tax levies and collections, last ten fiscal years	124

Debt Capacity Information

Ratios of outstanding debt by type, last ten fiscal years	125
Ratios of general bonded debt outstanding, last ten fiscal years	126
Direct and overlapping governmental activities debt	127
Legal debt margin information, last ten fiscal years	128
Pledged revenue coverage, last ten fiscal years	129

Demographic and Economic Information

Demographic and economic statistics, last ten calendar years	130
Principal employers, current year and nine years ago	131

Operating Information

Full-time equivalent city government employees by function/program, last ten fiscal years	132
Operating indicators by function/program, last ten fiscal years	133
Capital asset statistics by function/program, last ten fiscal years	134

COMPLIANCE SECTION

Audit Comments:

Comments and Disclosures Required by State Regulators	135-137
---	---------

City of Springfield, Oregon

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2008

Governmental Auditing Standards:

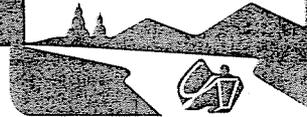
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	138-139
--	---------

OMB Circular A-133 (Single Audit):

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	140-141
Schedule of Findings and Questioned Costs	142
Schedule of Expenditures of Federal Awards	143
Notes to the Schedule of Expenditures of Federal Awards	144

Introductory Section

This page intentionally left blank.



FINANCE DEPARTMENT
ACCOUNTING / REPORTING
ACCOUNTS RECEIVABLE / PAYABLE
ASSESSMENTS
BUDGETING / TREASURY
PAYROLL
PURCHASING

225 FIFTH STREET
SPRINGFIELD, OR 97477
(541) 726-3704
FAX (541) 726-3782
www.ci.springfield.or.us

December 15, 2008

To the Citizens of Springfield, Oregon:

Local ordinances and state statutes require that the City of Springfield issue a report on its financial position and activity within six months of the close of each fiscal year. In addition, this report must be audited in accordance with auditing standards generally accepted in the United States of America by an independent firm of certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Springfield for the fiscal year ended June 30, 2008.

This report consists of management's representations concerning the finances of the City. Consequently, responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Springfield's financial statements have been audited by Grove, Mueller & Swank, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Springfield for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Springfield's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.



In addition to meeting the requirements set forth above, the independent audit also was designed to meet the special needs of federal grantor agencies as provided for in the Federal Single Audit Act and the Office of Management and Budget's (OMB) Circular A-133. These standards require the independent auditor report not only on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The results of the independent audit for the fiscal year ended June 30, 2008 indicated no instances of material weaknesses in the internal control structure nor significant violations of applicable laws and regulations. The independent auditor's reports related specifically to the Single Audit and OMB Circular A-133 are included in the Government Auditing Standards Section.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Springfield's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Springfield was incorporated on February 25, 1885. The City has a council-manager form of government. The six-member City Council sets overall city policy and goals. The City Council also makes laws, or ordinances which govern the city. Councilors are nominated from one of six wards and are elected at large for four-year staggered terms. The Mayor, elected at large to a four-year term, is the chief elected officer of the City and is responsible for providing political and policy leadership for the community. The Mayor has no executive power, but presides at City Council meetings and serves as the ceremonial head of the city.

Home to approximately 58,005 people, Springfield is bordered north and south by the McKenzie and Willamette Rivers, covering approximately 15 square miles in Lane County. The Springfield community has rich cultural assets like the Springfield Museum and Historic Interpretive Center, Washburne Historic District, Springfield Railroad Depot, Oregon Trail Mural, and Dorris Ranch Living History Farm.

The City provides a full range of municipal services. These services include police, fire and emergency medical services, municipal court, community planning and development, library, stormwater management, general public works, and administration.

For financial reporting purposes, the City includes all funds of the City subject to appropriation by the City Council. In addition, the City includes all governmental organizations and activities for which the City Council is financially accountable. Therefore, the financial statements of the Urban Renewal Agency of the City of Springfield, although legally separate, have been blended with those of the City by including them in the appropriate statements and schedules in this report. The City performs all administrative duties for the legally separate Metropolitan Wastewater Management Commission and the legally separate Regional Fiber Consortium. It would be misleading to omit information about these entities from the financial statements and so they are both included as discretely presented component units. Other potential component units

have been evaluated and determined not to be component units of the City according to the criteria provided by the Governmental Accounting Standards Board.

For financial planning and control, the City prepares and adopts an annual budget in accordance with Oregon law. The law establishes standard procedures for preparing, presenting and administering the budget. It requires citizen involvement in the preparation of the budget and public disclosure of the budget before final adoption. The activities of all the funds of the City (except the Trust and Agency Fund, which accounts only for non-budgeted pass-through monies) are included in the annual budget, as required by state law. The City prepares its budget, as allowed under Oregon law, using the modified accrual basis method of accounting. The legally adopted budget is at the departmental level for current expenditures, with separate appropriations established for capital projects, debt service, interfund transfers, miscellaneous fiscal transactions, statutory payments, contingencies, unappropriated fund balances and reserves.

Under the changes made by Measure 50, Oregon's municipalities now levy their annual property taxes on a partial rate based levy system. Springfield has been assigned a permanent tax rate of \$4.7403 per thousand dollars of assessed valuation for its annual property tax operating levy. This amount can be temporarily overridden through the use of voter approved serial levies. In November 2006, Springfield voters renewed a special purpose four-year property tax levy for fire services with a modest increase in the amount from \$.36 per thousand to \$.40 per thousand. In the same election, voters approved an additional \$1.09 per thousand to fund police services and operation costs for a city jail. Springfield is considered to be on a partial rate based levy system, as it still has the authority to levy additional dollar value property tax levy for the retirement of its voter approved general obligation bond debt. For the year ended June 30, 2008, the amount of the tax levy for general obligation bonded debt was \$1.02 per thousand.

Major Initiatives

The City Council goals for this year, along with some of the more significant activities and projects addressing those goals are as follows:

Provide financially sound, stable city government

- City bond rating of A2 maintained
- Identify strategies to reduce reliance on special levies
- Update the Information Technology Disaster Recovery Plan
- Evaluate needs of present City Hall operations

Utilize resources efficiently and effectively to meet citizen needs for core services

- Initiate Glenwood refinement plan update project
- Determine appropriate levels of service for the Library
- Identify and develop alternative building maintenance funding sources to address immediate, short and long term needs
- Document growth demands on current service levels

Maintain and improve transportation infrastructure and other city facilities

- Identify and develop alternative street maintenance funding sources to address immediate, short and long term needs
- Gateway Development [Gateway Area Transportation Management]

- Develop Franklin Blvd design concept and alignment, including preferred alternative for Franklin/McVay intersection, with project stakeholders
- Incorporate EmX into couplet design. (Gateway Development) Review and approve design detail for EmX in Gateway area as part of parkway BRT design review.
- TransPlan update

Expand the Springfield economy through commercial and industrial development to create family wage jobs

- Conduct a Commercial-Industrial Land Supply and Demand Study and Goal 14 analysis to determine whether expansion of the Urban Growth Boundary (UGB) is necessary and justifiable.

Enhance public safety in Springfield

- Continue enforcement efforts to reduce illegal activity
- Work with regional partners to establish a shared, interoperable radio system for police department operations. Develop protocols for improved interoperability with Fire Department
- Facilitate Justice Center construction timeline for on schedule completion

Facilitate the redevelopment of Springfield

- Implement downtown urban renewal plan
- Expand and strengthen the Downtown Association
- Prepare a Downtown Revitalization Strategic Plan
- Establish design standards for downtown renovation and new construction
- Continue with Mill Race Redevelopment Plan
- Identify key infrastructure projects and phasing for downtown development

Partner with citizens and other public agencies to leverage resources

- Continue to work with other TEAM Springfield agencies to achieve community goals and periodically assess progress
- Support review of the feasibility of a Conference Center

Preserve our hometown feel as we grow

- Implement remaining Nodal Development Areas per TransPlan
- Promote Community Image

Local Economy

The Lane County unemployment rate increased during the year from a seasonally adjusted 5.0% in June of 2007 to 5.4% in June 2008. In June 2008, Lane County's unemployment rate was just at the statewide figure of 5.4% and below the United States rate of 5.5%. Lane County's non-farm employment in June 2008 was 158,100 compared to 158,500 the previous year.

Over the past year, most sectors of the local economy have remained stable with the only significant changes being a decrease June-to-June in manufacturing jobs and a nearly offsetting increase in health care jobs.

Some of the more significant development events, excluding many new housing subdivision projects, of the past year were:

- Construction was completed on Peace Health's \$600 million, 900,000 square-foot medical facility at the Riverbend campus in north Springfield's Gateway area employing over 2,500. The eight-story building with over 400 beds opened as planned in August 2008. Peace Health has also built two multi-story parking structures for about 500 vehicles and connecting several buildings with patient services and storage. Within this complex the \$35 million Oregon Heart & Vascular Institute (OHVI) is a six-story structure connected to the Hospital. The OHVI includes a cardiac and pulmonary rehabilitation center; diagnostic cardiac and vascular services; nuclear medicine services; administrative support offices; cardiac catheterization, peripheral vascular labs, and electrophysiology labs; cardiovascular surgical suite, and patient- and family-friendly pre-procedure and recovery areas. Floors four and five contain 72 single-occupancy patient suites as a hospital-within-a-hospital.
- Construction of two medical office buildings for a number of medical clinics is nearing completion for opening in January 2009. The five-story Riverbend Medical Pavilion operated by Peace Health primarily house offices and exam rooms for PeaceHealth Medical Group physicians whose patients may be in need of hospital services. The independent Northwest Specialty Clinics (NSC) is now training employees in the facilities and includes eleven specialty medical clinics. A covered walkway connects both the Pavilion and NSC directly to Sacred Heart Medical Center at RiverBend.
- Inn Sight Hotel Management opened on schedule in May its new \$11 million six-story Holiday Inn hotel on a 7-acre site at Kruse and Hutton Way with 153 rooms, restaurant and 4,000 square feet of meeting space. Groundbreaking was in December 2006 and construction completion allowed more than 700 international media members to cover the 2008 US Olympic trials held in June at the University of Oregon in Eugene.
- Gateway Hospitality LLC of Corvallis has approval from the City for a Hilton Garden Inn: a \$12 million 5-story, full service hotel with approximately 152 rooms northwest of the Beltline-Gateway intersection. The hotel ground floor would include a swimming pool, restaurant, lounges, and 5 meeting rooms.
- Sycan B completed construction of an additional 55,000 square-foot retail building for Michaels on its Best Buy commercial site in the Gateway area.
- Hawes Investments, is nearing completion of its 33,000 square foot office headquarters building in the Gateway area. The new office facilities will allow better operations of its current five financial service firms and consolidate the nearly 300 employees in the new Springfield facility from scattered office locations in Eugene. The facility will also include two small restaurants and ATM.
- St. Vincent de Paul completed construction of a \$6.7 million dollar 5-story, mixed-use building. With approximately 4,000 square feet of ground floor commercial space, upper stories provide 33, 1-bedroom affordable housing units serving individuals, couples, and small families at or below 50% of the Area Median Income. Renters moved into and filled the structure in Fall 2007.

- St. Vincent DePaul received tentative approval in June 2007 for its 54-unit, 3-story, senior housing facility on 3rd Street called the Aster Apartments. Construction is well underway with interior finishing substantially complete.
- Brethren Community Services proposes to expand its housing in Downtown for homeless and chronically ill. The expansion will include a community center coupled with 4,000 square foot retail area to help create transitional work opportunities for residents.
- The Springfield Justice Center, a multi-million dollar, three story combined courts, police facility, with standard steel erection was completed and occupied several months ahead of schedule allowing relocation of the Police and Municipal Court activities. With the demolition of the old Police building, the construction of the companion 100-bed municipal jail facility on that site is now underway with expected completion in Fall 2009.
- Midtown Court, a 5-acre commercial center at Main and 32nd Streets, has nearly completed construction of Phase I for commercial buildings to be built in 3 phases, including a bank, pharmacy, two restaurants, and 3 retail/office buildings.
- The Armed Forces Reserve Center (AFRC), located on about 20 acres off Pierce Parkway, is in its late construction stages for the 145,000 square foot building and an 11,000 square foot storage building. The facility will also provide office and meeting space, parking, security, and secure public access to offices of the regional US Forest Service and federal Bureau of Land Management. All agencies are co-locating from outdated individual Eugene facilities. Completion and occupancy is expected in January 2009.
- Hammer Industrial nears completing construction of a 30,000 square foot building for lease to Aramark in the Hammer industrial Park in mid-Springfield. Aramark, relocating and expanding from its Eugene location, provides/cleans industrial uniforms, linens, and rubber runners for many industrial and business organizations in the local area. The new facility will also allow Aramark future expansion opportunities.
- Developers of Marcola Meadows, a proposed 100-acre multi-use development on 28th and Mohawk, submitted a master plan for rezoning 56 acres to 11 acres of commercial development; 19 acres for medium density/nodal development; and 26 acres commercial/nodal development. The remaining 44 acres would be medium density residential development. Included in the development proposal is a 130,000 square foot Lowe's Home Improvement Center to be built initially.
- The Springfield School District is immersed in the construction for rebuilding two new schools in east and mid-Springfield with wall and the expansion of its Academy of Arts and Academics in Downtown. Construction completion will allow use of these facilities in Fall 2009.
- Wynant's Family Nutrition Store has relocated Downtown and redeveloped and opened a retail store for health, nutrition and natural foods. The facility re-uses a former auto repair building in the heart of Downtown.

- Lithia Toyota completed \$2.3 million construction of a vehicle repair building and a new auto sales office and showroom Downtown.
- The City of Springfield has construction proceeding on the replacement of Fire Station #16 in East Springfield. The \$3 million project is now has concrete masonry walls completed and the first floor wood framing for interior walls underway. Completion is expected in Spring 2009. Fire fighters are being housed in temporary leased buildings located adjacent to the construction site to ensure fire protection service for the area.
- I-5 Storage has completed Phase 1 for its front office and 6 storage buildings on 52nd Street in East Springfield and begun Phase 2 for an additional 10 new storage buildings and Phase 4 foundation slabs.
- McKenzie-Taylor Center Business Complex on Olympic Street in North Springfield has completed two of three buildings for office and industrial space. The third building is nearing completion on its shell.
- ODOT's initial design options and configurations of the replacement bridge over the Willamette River for Interstate 5 along Glenwood's western edge are well underway. Estimated at about \$160 million, ODOT anticipates construction completion in 2012.
- "A Storage Place" located in Pierce Parkway Industrial Park has nearly complete construction of a 100,000 square foot storage facility to include 5 warehouses, 4 mini-storage buildings, a manager's office/residence.
- The Olympic LLC completed major building and site modifications to the former K-Kmart building in mid-Springfield to allow Wilco, a farm and ranch supply store, to locate retail operations in 38,000 square feet of the 68,000 square foot building. The balance of the store may be used as expansion warehouse storage for the adjacent 140,000 square foot Jerry's Home Improvement.
- The Women's Care Clinic at River Bend has completed and opened its \$6 million Phase 1 a 10,455 square foot building with parking lot and landscaping on the West side of Martin Luther King Jr. Parkway. Women's Care has approvals for its future expansion with Phase 2 – a 2nd story addition for a total building area of 20,910 square feet.
- Walgreen's opened its third new facility in Springfield at 3rd and Q Streets
- The long-planned Chuck E Cheese family restaurant at the Gateway Mall has been built off the Mall's popular Food Court with interior renovations and modifications to the Mall's parking areas to allow exterior access.

Long-term Financial Planning

In the area of capital improvement projects, the council annually approves a list of public projects such as street, sewer and drainage repair and improvements that are tentatively funded for construction in the next five years. These projects are aimed at improving neighborhoods,

providing for economic growth, improving traffic safety, and maintaining the existing city infrastructure. Some of the major projects include the following.

- ◆ An ongoing program of road maintenance is in place to repair and extend the life of city streets through sealing and overlays. Street seal and overlay projects throughout the city have an FY09 proposed budget of \$616,118. The major project completed this year through this program is the overlay of 5th Street from Main Street to G Street.
- ◆ Construction of the Justice Center Facility is underway, with the first phase completed in October 2008 and the jail portion to be completed by January 2010, with a capital project budget of \$28,980,469, with \$11,326,381 included in the FY'09 budget. This four-year project includes construction of replacement facilities for the Police Department, Municipal Court and City Prosecutor's Office. The facility will also include approximately 100 jail beds.
- ◆ Reconstruction of Fire Station 16, located on Main Street at South 69th Place, is in progress. The total budget for this project is \$2,696,861.
- ◆ Construction of an addition to Fire Station 3, located on 28th Street at Centennial Boulevard, is also in progress. This project will add six sleeping rooms and additional restrooms to the existing fire station, with a current project budget of \$320,234.
- ◆ An ongoing program of sanitary sewer maintenance is in place to deal with the capacity issues caused by excess infiltration and inflow of rain and ground water to the system. Over five years, the City expects to spend approximately \$5.2 million on this activity, totally funded by sewer user fees.
- ◆ Drainage improvements for the Springfield Millrace are underway and are expected to take several years. At completion, the project will improve water quality and stabilize year round flows, restoring the aquatic ecosystem from Clearwater Park to the 7th Street bridge. The entire project is anticipated to cost \$4.1 million, with the majority of the funds coming from a federal grant.
- ◆ The Gateway/Beltline intersection has been identified as needing major transportation improvements, including the construction of a couplet and purchase of right-of-way. The project is needed for improving level of service at the intersection and maintaining proper function of the intersection in relationship to the I-5/Beltline Interchange. Current project estimates are \$7.8 million.

Other Issues

Cash Management

Cash, temporarily idle during the year in the City's accounts, was invested in certificates of deposit, obligations of the U.S. Treasury and agencies, commercial paper, and the State of Oregon Local Government Investment Pool, all ranging in maturity from one day to eighteen months. The total amount of interest earned was \$3,767,098 as compared to \$3,627,853 for the

prior year. The change is the result of rising interest rates throughout the fiscal year ended June 30, 2008 combined with higher cash balances.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance, the Securities Investor Protection Corporation (SIPC), or collateralized through the Oregon Certification of Participation Collateral Pool.

Investments are required to be reported at fair value rather than cost. For this year, investment value was marked down by \$344,874 to reflect fair value. For fiscal year 2006-07 investments were marked down by \$64,522 to reflect fair value. This is a function of market fluctuation and will not result in a realized loss or gain to the City because our policy is to hold investments to maturity.

Risk Management

The City maintains a professional risk management program. Various risk control techniques, including employee accident prevention training, have been implemented to minimize accident related losses. The City has third-party coverage for all lines of insurance. The liability program has an aggregate deductible of \$100,000 except for worker's compensation insurance.

On March 31, 1999, the City terminated the Workers' Compensation Self-Insurance Plan, which had been implemented in 1991. From that date on, worker's compensation claims have been covered by a third-party carrier, SAIF. As of June 30, 2008, the amount of liability for claims incurred before March 31, 1999, but not reported, was estimated at \$0.

Awards and Acknowledgements

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2007. This was the twenty-seventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

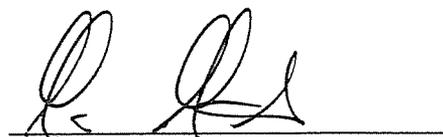
Acknowledgments

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. In addition, members of the Public Works staff continue to make a substantial contribution to the financial statement preparation by tracking and valuing the city's infrastructure in order to report in compliance with GASB34.

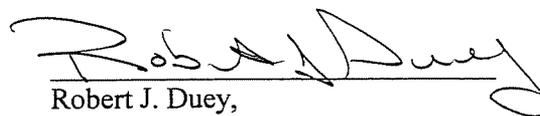
In closing, without the leadership and support of the Mayor and City Council, preparation of this report would not have been possible.

Respectfully submitted,

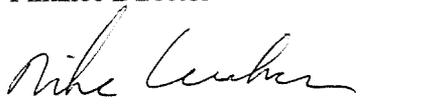
CITY OF SPRINGFIELD, OREGON



Gino Grimaldi,
City Manager



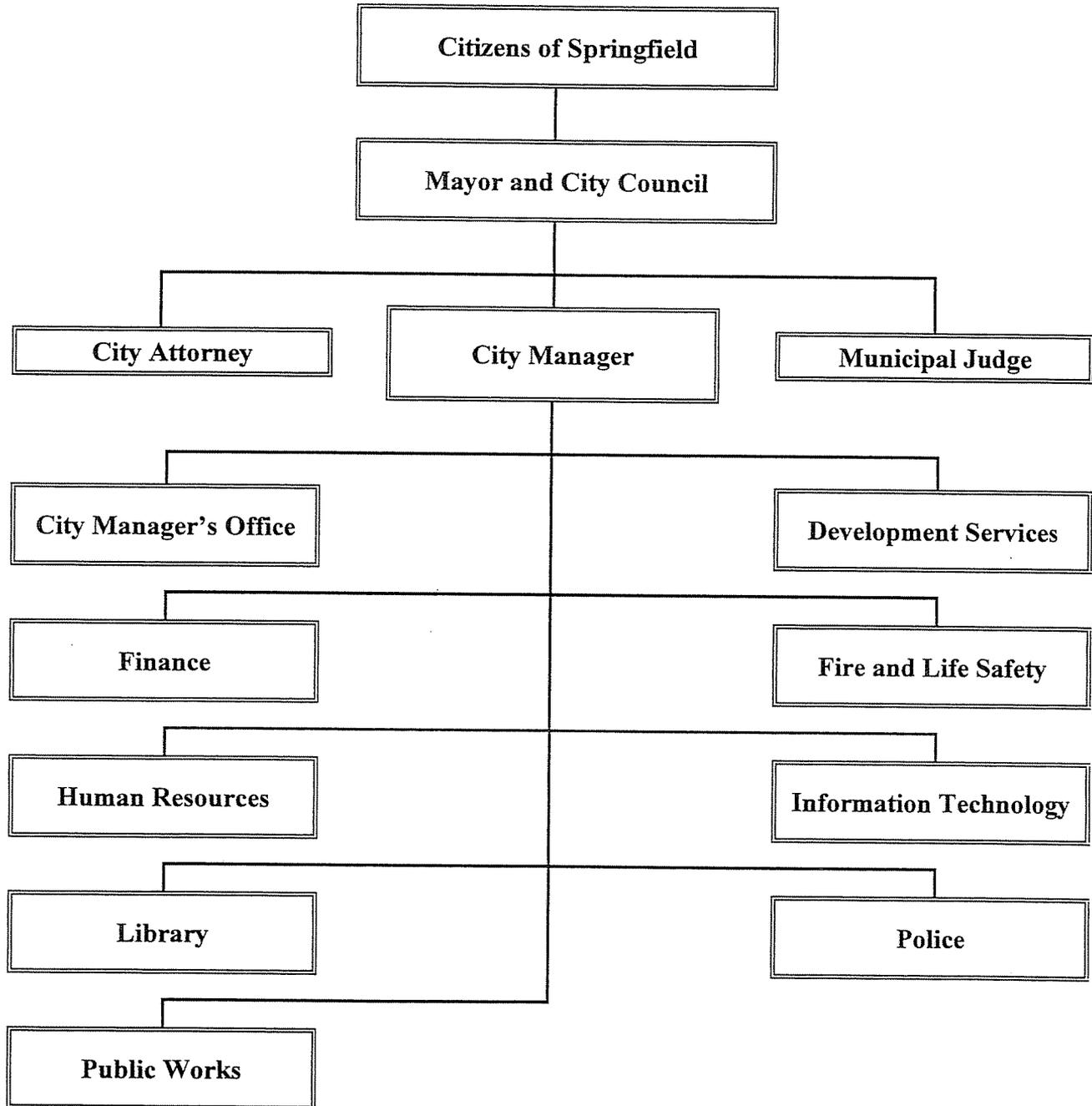
Robert J. Duey,
Finance Director



Michael Crocker,
Accounting & Audit Manager

CITY OF SPRINGFIELD

Organization Chart



City of Springfield, Oregon

Principal City Officials June 30, 2008

Elected Officials

Mavor

Sidney W. Leiken
6856 Holly Street
Springfield, OR 97478

Term Expiration

December 31, 2008

Council Members

Christine Lundberg
127 Woodlane Drive
Springfield, OR 97477

Ward 1

December 31, 2010

Hillary Wylie
339 S "E" Street
Springfield, OR 97477

Ward 2

December 31, 2010

Anne Ballew
953 "C" Street
Springfield, OR 97477

Ward 3

December 31, 2008

David Ralston
2114 "L" Street
Springfield, OR 97477

Ward 4

December 31, 2008

John Woodrow
1009 S 59th Street
Springfield, OR 97477

Ward 5

December 31, 2010

Joe Pishioneri
961 S 70th Street
Springfield, OR 97478

Ward 6

December 31, 2008

Administrative Officials

Gino Grimaldi
Jeff Towery
Robert J. Duey

City Manager
Assistant City Manager
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Springfield
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director