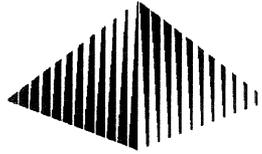


Financial Section

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Independent Auditor's Report

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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

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, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Springfield, Oregon as of June 30, 2007, 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 January 17, 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.

The 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Springfield's basic financial statements. The required and other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

By: 
Charles A. Swank, A Shareholder
January 17, 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, 2007. 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, 2007 are \$234,226,643.
- The City's total combined liabilities at June 30, 2007 are \$59,005,122.
- The City's total combined net assets at June 30, 2007 are \$175,221,521.
- At June 30, 2007, the City's governmental funds reported a combined ending fund balance of \$55,123,354. \$48,627,221 is unreserved and available for appropriation.
- The General Fund reported an ending fund balance this year of \$8,266,171. This is a significant increase from the previous year's fund balance of \$7,390,564.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Springfield's basic financial statements. The City's basic financial statements comprise three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include:

- General Government
- Police
- Fire
- Public Works
- Library
- Development Services

The business-type activities of the City include:

- Local Sewer Service
- Booth Kelly (operation of the Booth Kelly Center, a large commercial building 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 capital project fund is 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 16-17 of the basic financial statements.

Fund Financial Statements

The fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: government funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government activities. The reconciliations can be found on page 20 in the basic financial statements.

The City maintains 18 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 five funds: General Fund, Street Fund, Community Development Block Grant 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 58-60. Budgetary comparisons for all other governmental funds have been provided elsewhere in this report.

The governmental fund financial statements can be found at pages 18-19 in the basic financial statements.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in government-wide financial statements. The City uses enterprise funds to account for its Local Sewer Services, 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 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 21-23 in the basic financial statements.

Fiduciary funds. The City is the trustee, or *fiduciary*, for certain funds. The City is responsible for ensuring that the assets reported in a fiduciary fund are used for their intended purposes. 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 24 in the basic financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-57 of this report.

Required supplementary information. This report also presents certain required supplementary information concerning budgetary comparisons for the general and major special revenue funds and information about the City's progress in funding its obligation to provide pension benefits to its employees.

Other supplementary information. The combining statements referred to earlier in connection with non major governmental funds and internal service funds, the schedule of property tax transactions, the schedule of bonded debt transactions and future requirements for bonded debt are included in this report and can be found on pages 61-111.

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 \$175,221,521 at the close of the most recent fiscal year.

The largest portion of the City's net assets \$120,195,335, or 68% reflects its investment in capital assets (e.g., land and right-of-way, buildings, improvements, equipment, and infrastructure, net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens.

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

City of Springfield's Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	76,303,585	52,108,689	23,036,880	15,440,674	99,340,465	67,549,363
Capital assets, net, where applicable, of accumulated depreciation	92,509,387	82,193,242	42,376,791	39,840,647	134,886,178	122,033,889
Total assets	<u>168,812,972</u>	<u>134,301,931</u>	<u>65,413,671</u>	<u>55,281,321</u>	<u>234,226,643</u>	<u>189,583,252</u>
Non-current liabilities	36,935,760	14,495,177	10,074,044	3,536,641	47,009,804	18,031,818
Other liabilities	9,363,565	6,977,920	2,631,753	1,966,880	11,995,318	8,944,800
Total liabilities	<u>46,299,325</u>	<u>21,473,097</u>	<u>12,705,797</u>	<u>5,503,521</u>	<u>59,005,122</u>	<u>26,976,618</u>
Net assets:						
Invested in capital assets, net of related debt	82,593,165	73,775,040	37,602,170	36,211,661	120,195,335	109,986,701
Restricted	8,109,950	6,709,199	5,522,505	5,011,183	13,632,455	11,720,382
Unrestricted	31,810,532	32,344,595	9,583,199	8,554,956	41,393,731	40,899,551
Total net assets	<u>\$122,513,647</u>	<u>\$112,828,834</u>	<u>\$52,707,874</u>	<u>\$49,777,800</u>	<u>175,221,521</u>	<u>162,606,634</u>

A portion of the City's net assets, \$13,632,455, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$41,393,731 or 24%, may be used to meet the government's ongoing obligations to citizens and creditors.

City of Springfield's Change in Net Assets

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	Revenues:					
Program revenues:						
Charges for services	\$13,950,391	\$14,307,389	\$14,039,441	\$12,483,724	\$27,989,832	\$26,791,113
Operating grants and Contributions	6,106,694	4,679,550	2,294	6,068	6,108,988	4,685,618
Capital grants and Contributions	6,003,405	2,019,869	1,263,879	3,004,413	7,267,284	5,024,282
General revenues:						
Taxes	22,786,330	21,618,097	-	-	22,786,330	21,618,097
In lieu of tax payments	2,307,909	2,258,956	-	-	2,307,909	2,258,956
Shared revenue	1,193,858	1,090,631	-	-	1,193,858	1,090,631
Interest and investment earnings	2,758,907	1,702,251	868,946	441,688	3,627,853	2,143,939
Miscellaneous receipts	385,310	206,256	707,548	142,650	1,092,858	348,906
Gain (loss) on disposal of assets	(35,598)	49,900	-	-	(35,598)	49,900
Total revenues	55,457,206	47,932,899	16,882,108	16,078,543	72,339,314	64,011,442
Expenses:						
General Government	5,512,588	5,452,865	-	-	5,512,588	5,452,865
Development Services	6,326,538	4,791,592	-	-	6,326,538	4,791,592
Fire	9,713,840	8,714,544	-	-	9,713,840	8,714,544
Library	1,269,704	1,298,373	-	-	1,269,704	1,298,373
Police	12,619,083	12,040,291	-	-	12,619,083	12,040,291
Public Works	10,006,943	10,869,437	-	-	10,006,943	10,869,437
Unallocated depreciation	259,908	255,614	-	-	259,908	255,614
Interest on debt	706,762	381,657	-	-	706,762	381,657
Sewer	-	-	7,854,400	7,653,331	7,854,400	7,653,331
Booth Kelly	-	-	589,313	520,007	589,313	520,007
Ambulance	-	-	4,865,158	4,785,189	4,865,158	4,785,189
Total expenses	46,415,366	43,804,373	13,308,871	12,958,527	59,724,237	56,762,900
Increase in net assets before transfers	9,041,840	4,128,526	3,573,237	3,120,016	12,615,077	7,248,542
Transfers	643,168	416,552	(643,168)	(416,552)	-	-
Increase in net assets	9,685,008	4,545,078	2,930,069	2,703,464	12,615,077	7,248,542
Net assets – beginning (adjusted for change in inventory)	112,828,639	108,283,756	49,777,805	47,074,336	162,606,444	155,358,092
Net assets ending	\$122,513,647	\$112,828,834	\$52,707,874	\$49,777,800	\$175,221,521	\$162,606,634

Entity-wide change in net assets: Entity-wide net assets increased by \$12,615,077 in the current fiscal year compared to an increase of \$7,248,542 in the prior year. The increase in investment earnings is due to an increase in cash holdings and rising interest rates. On the expenditure side, General Government, Fire, Police, and Library increased by 5%. This can mostly be accounted for by normal inflationary pressures.

Overall, the \$12,615,077 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 \$9,685,008, thereby accounting for 77% of the growth in total net assets.

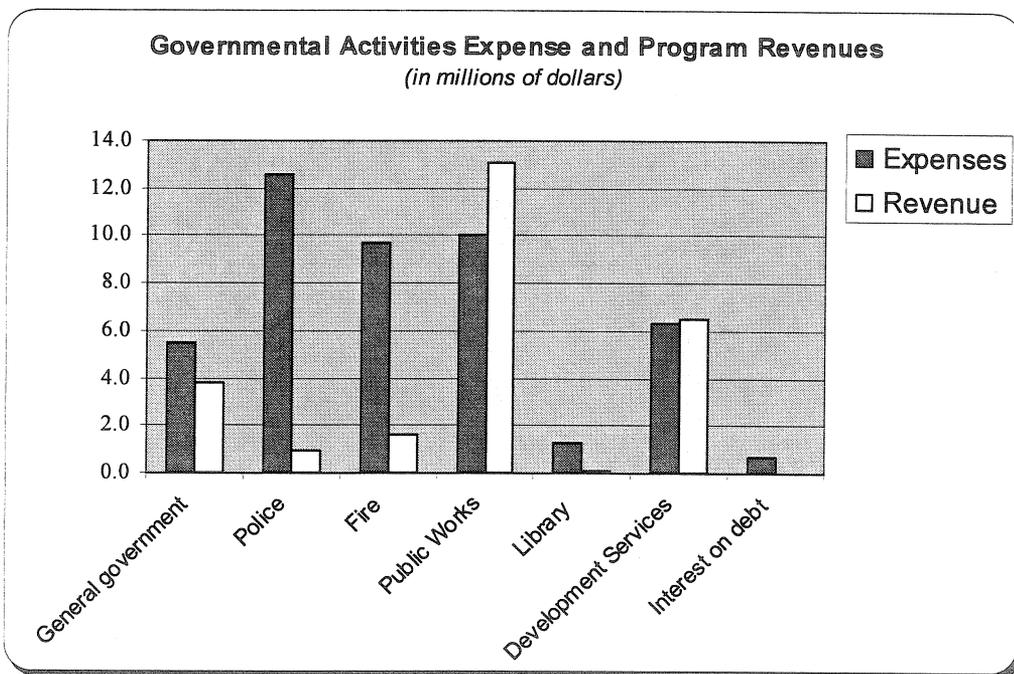


Chart 1

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.

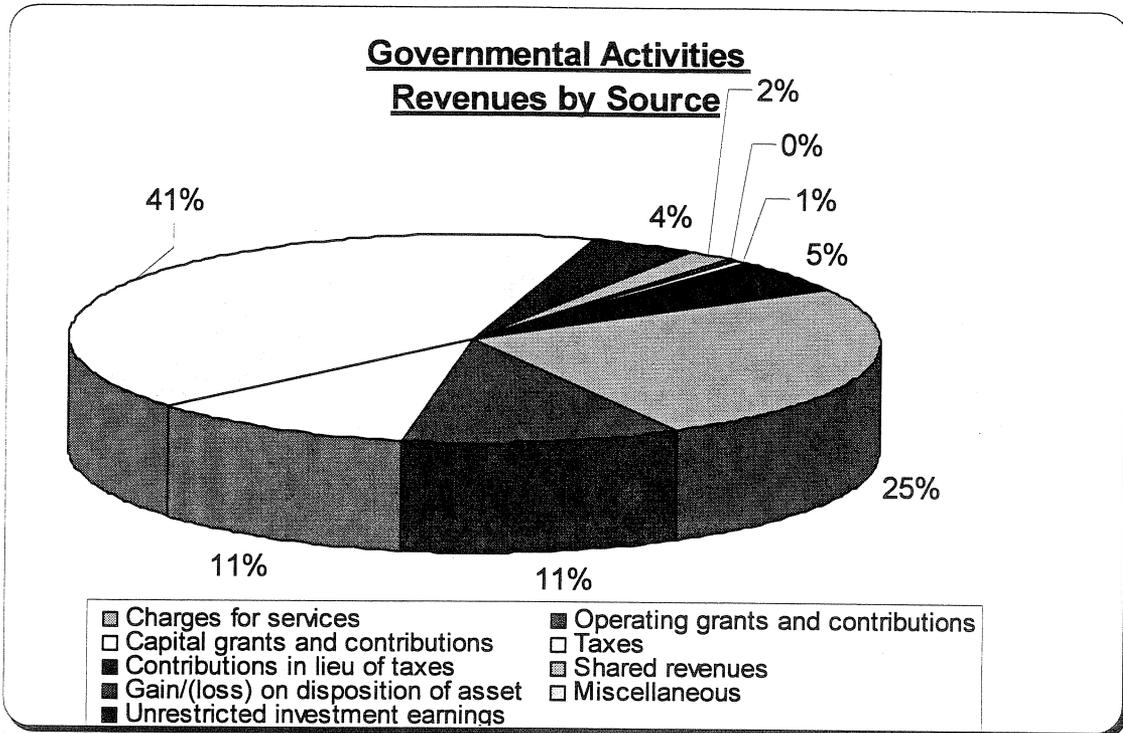


Chart 2

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 \$2,930,069, accounting for 23 percent of the total growth in the government's net assets. A key element of this increase is that the sewer utility fund operating revenues increased from 7.8 million to 9.3 million due to rate increases and growth.

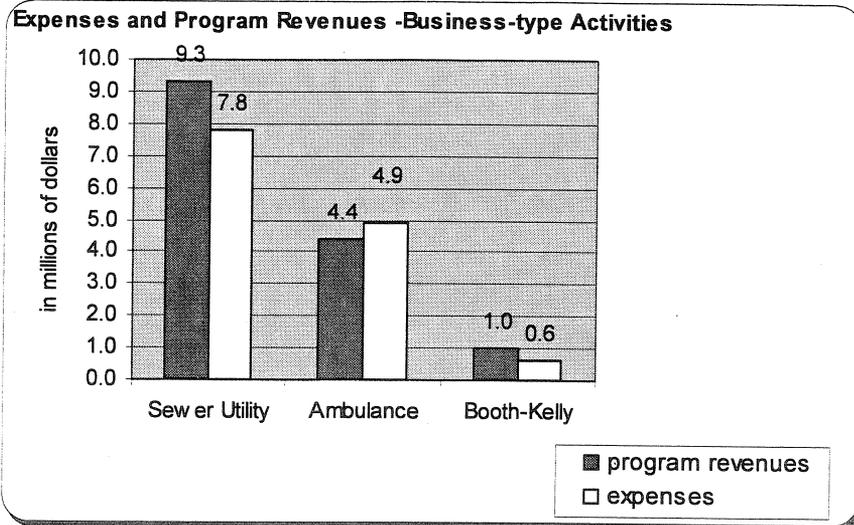


Chart 3

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

The Sewer Utility Fund relied primarily on program revenue to 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. The City has implemented a number of rate increases to reverse the trend.

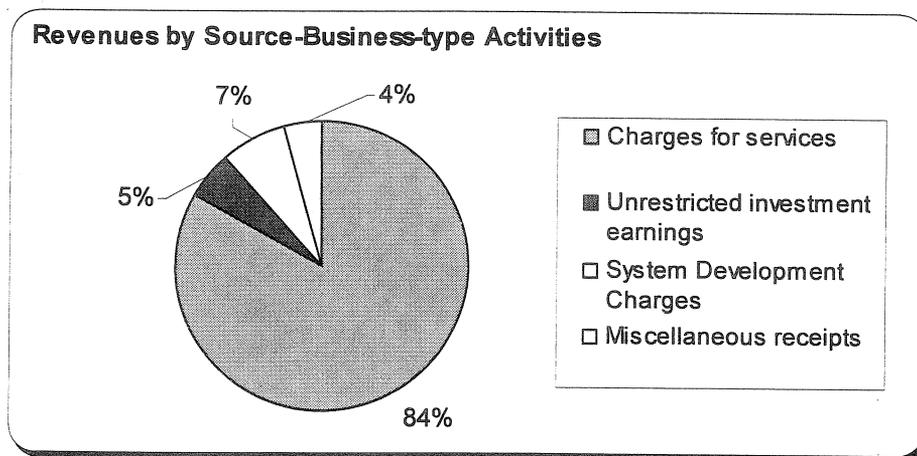


Chart 4

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 \$55,123,354. Of this total amount 88 percent, or \$48,627,221, 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 \$7,874,252, while total fund balance was \$8,266,171. 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 30 percent of that same amount.

The fund balance of the City's General Fund increased by \$875,994 during the year.

The Street Fund has a total ending fund balance of \$9,225,543. This represents an increase of \$1,266,735, and is relatively stable.

The fund balance of the Development Capital Projects Fund decreased by \$3,764,420 during this fiscal year, with an ending balance of \$3,213,531. This was due to the completion of several major projects, such as the Martin Luther King Jr Parkway.

The Police Building Bond Capital fund was added to the list of major funds for fiscal year 2007. It's ending fund balance was \$26,346,795, 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 Utility Fund at the end of the year totaled \$7,954,949, Ambulance Fund unrestricted net assets totaled \$172,419 and Booth-Kelly Fund totaled \$1,189,799. The total change in net assets for these funds were \$2,814,887. 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 \$783,212.

- \$174,415 increase to General Government
- \$217,023 increase to Fire
- \$65,000 increase to Police
- \$36,683 increase to Library
- \$67,858 increase to Development Services
- \$222,233 increase to Non-departmental transfers and reserves

These increases were funded as follows:

- \$186,288 from increases in licenses, permits and fees
- \$62,242 from increases in intergovernmental revenues
- \$87,477 from increases in charges for service
- \$33,000 from increases in fines and forfeitures
- \$84,856 from increases in miscellaneous revenues
- \$329,349 increase in beginning cash

For the year ended June 30, 2007, the total variance between the final amended budget revenue and the actual budget-basis revenue amounts in the General Fund was less than 2.5%. Actual property tax revenues were within 1.6% of budget. Other revenue line items were above or below budget, with the aggregate difference representing only a 3% variance.

Expenditures were under budget in all operating departments in amounts ranging from 0% to 9%. In aggregate, operating expenditures of all General Fund departments were 2.2% under the revised budget amount. While Personnel Services are the largest component of the General Fund's operating budget, most of the under-expenditures occurred in the departments' Materials and Services line item category. In many cases, departments had budgeted line items for contractual services they were unable to use in the current year. For example, the Human Resources Department ended the year \$22,101 under budget, of which \$18,547 was for contractual services. The Finance Department was also under budget by \$76,513 (or 9%) of which \$50,639 was due to under-expenditure in contractual services due to the delay of a consulting project. Most departments had stable staffing throughout the year and ended the year very close to budget.

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, 2007, amounts to \$134,886,178 (net of accumulated depreciation). This investment in capital assets includes land, buildings, sewer pipes, improvements, machinery and equipment and roads.

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

- Donated right-of-way during the year was recorded at an estimated cost of \$5,811,495
- 21st Street reconstruction at a cost of \$705,877
- Major street repair work occurred on 42nd Street and MLK Parkway at a cost of \$726,459 and \$6,604,846 respectively
- The Data Center Remodel costs recorded for the year totaled 98,729
- Carter Building acquisition of \$934,723 and donation of \$325,000, for a total of \$1,259,723
- I Street improvements at a cost of \$238,949
- MLK Roundabout at a cost of \$257,655

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

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
	Land	\$39,827,894	\$33,869,957	\$4,164,431	\$4,079,241	\$43,992,325
Land improvements	-	-	100,234	125,631	100,234	125,631
Construction in progress	1,871,124	4,095,828	3,905,584	4,469,411	5,776,708	8,565,239
Buildings	7,445,529	7,765,914	33,565,234	30,822,647	41,010,763	38,588,561
Infrastructure	37,603,748	30,497,948	-	-	37,603,748	30,497,948
Machinery & equipment	5,022,652	5,182,911	174,415	185,968	5,197,067	5,368,879
Library books	610,331	628,931	-	-	610,331	628,931
Studies	128,109	91,796	466,893	107,173	595,002	198,969
Other	-	59,957	-	50,576	-	110,533
Total	<u>\$92,509,387</u>	<u>\$82,193,242</u>	<u>\$42,376,791</u>	<u>\$39,840,647</u>	<u>\$134,886,178</u>	<u>\$122,033,889</u>

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

Debt Administration. At the end of the current fiscal year, the City had total bonded debt outstanding of \$37,165,000. Of this amount, \$35,520,000 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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
General obligation bonds – 2005	\$10,870,000	\$11,805,000	\$ -	\$ -	10,870,000	\$11,805,000
General Obligation Bonds - 2007	\$24,650,000	-	-	-	24,650,000	-
Revenue bonds	-	-	<u>1,645,000</u>	<u>1,815,000</u>	<u>1,645,000</u>	<u>1,815,000</u>
Total	<u>\$35,520,000</u>	<u>\$11,805,000</u>	<u>\$1,645,000</u>	<u>\$1,815,000</u>	<u>\$37,165,000</u>	<u>\$13,620,000</u>

The City's total debt increased by \$23,545,000 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 FY2008 budget:

- Assessed values, the basis of property tax revenues, will grow by 5.5%.
- Interest rates on investments will be 4.5%.
- Inflation will occur at 3%, with special attention given to energy, fuel and intergovernmental costs
- Wages will not increase next year, but the city will begin paying the 6% employee retirement pick-up for non-union employees, and employees represented by Oregon Public Employees Union and the Association of Federal State City Municipal Employees.
- Wages will increase by 4.2% for Springfield Police Association employees
- Wages will increase by 4% for employees represented by International Association of Fire Fighters
- Retirement benefit rates remain level
- Health insurance costs will hold even or decrease slightly.

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

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City of Springfield, Oregon

Basic Financial Statements

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City of Springfield, Oregon

Statement Of Net Assets

June 30, 2007

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Metropolitan Wastewater	Regional Fiber Consortium
ASSETS					
Cash and investments	\$ 67,610,667	\$ 20,726,140	\$ 88,336,807	\$ 70,715,939	\$ 24,640
Receivables, net of allowance for uncollectable receivables	7,371,465	1,622,317	8,993,782	2,888,128	202
Internal balances	(414,230)	414,230	-	-	-
Due to/from other governments	(26,995)	-	(26,995)	26,995	-
Inventory	70,359	-	70,359	-	-
Investment in foreclosed properties	1,970	-	1,970	-	-
Property held for resale	105,238	-	105,238	-	-
Prepaid items	492,190	34,662	526,852	40,300	-
Deposits	13,359	-	13,359	700,000	-
Deferred charges	520,057	44,930	564,987	-	-
Restricted assets - cash and investments	-	-	-	6,603,656	-
Restricted assets - accounts receivables	-	-	-	284,280	-
Accrued interest	559,505	194,601	754,106	491,880	-
Capital assets					
Land and construction in progress	41,699,018	8,070,015	49,769,033	21,302,113	-
Other capital assets net of accumulated depreciation	50,810,369	34,306,776	85,117,145	53,491,886	20,584,577
Total assets and other debits	168,812,972	65,413,671	234,226,643	156,545,177	20,609,419
LIABILITIES					
Accounts payable	3,715,483	753,110	4,468,593	3,594,616	-
Accrued payroll and other liabilities	3,587,992	731,346	4,319,338	129,792	-
Unearned revenue	-	454,515	454,515	9,820	-
Interest payable	288,542	10,200	298,742	372,831	-
Deposits	396	31,833	32,229	-	-
Notes payable - current maturity	52,030	475,749	527,779	-	-
Revenue bonds payable - current maturity	-	175,000	175,000	1,495,000	-
Capital lease obligations due within one year	39,122	-	39,122	-	-
General long-term debt due within one year	1,680,000	-	1,680,000	-	-
Noncurrent liabilities					
Accrued absence payable	2,089,476	360,977	2,450,453	95,663	-
Accrued interest	-	53,499	53,499	-	-
General long-term debt	33,962,120	-	33,962,120	-	-
Revenue bonds payable (net of unamortized discount)	-	1,444,685	1,444,685	48,805,903	-
Arbitrage liability	127,409	-	127,409	321,865	-
Notes and contracts payable	669,248	8,214,883	8,884,131	-	-
Capital lease	87,507	-	87,507	-	-
Total liabilities	46,299,325	12,705,797	59,005,122	54,825,490	-
NET ASSETS					
Invested in capital assets, net of related debt	82,593,165	37,602,170	120,195,335	62,709,263	20,584,577
Restricted for:					
SDC projects	-	5,522,505	5,522,505	-	-
Bicycle trails	72,207	-	72,207	-	-
Transportation	7,432,058	-	7,432,058	-	-
Regional sanitary sewer	-	-	-	6,887,936	-
Debt service	262,685	-	262,685	-	-
Library	37,503	-	37,503	-	-
Police forfeitures	305,497	-	305,497	-	-
Unrestricted	31,810,532	9,583,199	41,393,731	32,122,488	24,842
Total net assets	\$ 122,513,647	\$ 52,707,874	\$ 175,221,521	\$ 101,719,687	\$ 20,609,419

The accompanying notes are an integral part of this statement.

CITY OF SPRINGFIELD
Statement of Activities
For the Year Ended June 30, 2007

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Primary Government		Metropolitan Wastewater Mgmt Commission	Regional Fiber	
						Business-Type Activities	Total			
Primary government										
General government										
Police	\$ 5,512,588	\$ 3,749,720	\$ 73,596	\$ -	\$ (1,689,272)	\$ -	\$ (1,689,272)	\$ -	\$ -	\$ -
Fire	12,619,083	232,563	631,213	-	(11,755,307)	-	(11,755,307)	-	-	-
Public Works	9,713,840	1,587,419	40,170	-	(8,086,251)	-	(8,086,251)	-	-	-
Library	10,006,943	4,487,753	2,625,909	6,003,405	3,110,124	-	3,110,124	-	-	-
Development Services	1,269,704	88,338	28,428	-	(1,152,938)	-	(1,152,938)	-	-	-
Depreciation & amortization, unallocated	6,326,538	3,804,598	2,707,378	-	185,438	-	185,438	-	-	-
Interest on long-term debt	259,908	-	-	-	(259,908)	-	(259,908)	-	-	-
	706,762	-	-	-	(706,762)	-	(706,762)	-	-	-
Total governmental activities	46,415,366	13,950,391	6,106,694	6,003,405	(20,354,876)	-	(20,354,876)	-	-	-
Business-type activities:										
Sewer	7,854,400	8,967,919	-	1,263,879	-	2,377,398	2,377,398	-	-	-
Booth Kelly	589,313	634,721	-	-	-	45,408	45,408	-	-	-
Ambulance	4,865,158	4,436,801	2,294	-	-	(426,063)	(426,063)	-	-	-
Total business-type activities	13,308,871	14,039,441	2,294	1,263,879	-	1,996,743	1,996,743	-	-	-
Total primary government	\$ 59,724,237	\$ 27,989,832	\$ 6,108,988	\$ 7,267,284	(20,354,876)	1,996,743	(18,358,133)	-	-	-
Component units										
Regional Fiber Consortium	1,177,584	6,600	-	-	-	-	-	-	-	(1,170,984)
Metropolitan Wastewater Management Commission	19,347,401	21,725,990	-	-	-	-	-	2,378,589	-	-
Total component units	\$ 20,524,985	\$ 21,732,590	\$ -	\$ -	-	-	-	2,378,589	-	(1,170,984)
General revenues:										
Taxes										
Property taxes					19,023,927		19,023,927			
Other taxes					2,943,197		2,943,197			
Contributions in lieu of taxes					2,307,909		2,307,909			
Room tax					819,206		819,206			
Interest and investment earnings					2,758,907	868,946	3,627,853	2,775,985	1,540	
Miscellaneous					385,310	707,548	1,092,858	420,913		
Gain (loss) on disposition of capital assets					(35,598)	-	(35,598)	(7,836)		
Shared revenue					1,193,858	-	1,193,858	-		
Transfers					643,168	(643,168)	-	-		
Total general revenues and transfers					30,039,884	933,326	30,973,210	3,189,062	1,540	1,540
Change in net assets					9,685,008	2,930,069	12,615,077	5,567,651	(1,169,444)	(1,169,444)
Net assets, beginning					112,828,639	49,777,805	162,606,444	96,152,036	21,778,863	21,778,863
Net assets, ending					\$ 122,513,647	\$ 52,707,874	\$ 175,221,521	\$ 101,719,687	\$ 20,609,419	\$ 20,609,419

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon
BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2007

	General	Street	Housing and Community Development	Development Projects	Police Building Bond Capital	Nonmajor Governmental	Total Governmental
ASSETS							
Cash and investments	\$ 9,801,731	\$ 9,774,991	\$ (689,988)	\$ 4,730,620	\$ 26,548,312	\$ 8,126,463	\$ 58,292,129
Receivables:							
Accounts	350,153	1,160,755	-	201,613	-	235,440	1,947,961
Taxes	676,834	96,400	-	219,473	-	284,411	1,277,118
Assessments and liens	-	-	-	-	-	76,601	76,601
Grants	-	40,748	834,144	-	-	48,998	923,890
Accrued interest	132,894	76,499	-	43,691	123,170	92,255	468,509
Mortgage notes	-	-	3,004,654	17,705	-	13,267	3,035,626
Inventory	940	69,419	-	-	-	-	70,359
Investment in foreclosed property	1,970	-	-	-	-	-	1,970
Property held for resale	-	-	105,238	-	-	-	105,238
Due from other funds	-	-	-	-	-	50,426	50,426
Prepaid items	45,564	-	-	-	-	-	45,564
Deposits	-	-	-	-	-	13,359	13,359
Total assets	<u>\$ 11,010,086</u>	<u>\$ 11,218,812</u>	<u>\$ 3,254,048</u>	<u>\$ 5,213,102</u>	<u>\$ 26,671,482</u>	<u>\$ 8,941,220</u>	<u>\$ 66,308,750</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 293,708	\$ 913,360	\$ 79,256	\$ 1,749,716	\$ 310,558	\$ 274,790	\$ 3,621,388
Accrued payroll and other liabilities	1,675,478	243,931	29,432	-	14,129	320,174	2,283,144
Deferred revenue	774,333	835,978	3,004,654	101,657	-	365,222	5,081,844
Unearned revenue	-	-	-	-	-	-	-
Deposits	396	-	-	-	-	-	396
Due to other funds	-	-	-	148,198	-	50,426	198,624
Total liabilities	<u>2,743,915</u>	<u>1,993,269</u>	<u>3,113,342</u>	<u>1,999,571</u>	<u>324,687</u>	<u>1,010,612</u>	<u>11,185,396</u>
Fund balances:							
Reserved:							
Inventory	940	69,419	-	-	-	-	70,359
Library	37,503	-	-	-	-	-	37,503
Bicycle trails	-	72,207	-	-	-	-	72,207
Prepays	10,230	-	-	-	-	-	10,230
Deposits	-	-	-	-	-	13,359	13,359
Police forfeitures	305,497	-	-	-	-	-	305,497
Street capital	-	4,890,283	-	-	-	-	4,890,283
Property held for resale	1,970	-	105,238	-	-	-	107,208
Technology	35,779	-	-	-	-	-	35,779
Interfund receivable	-	-	-	-	-	50,426	50,426
SDC projects	-	-	-	903,282	-	-	903,282
Unreserved, reported in:							
General fund	7,874,252	-	-	-	-	-	7,874,252
Special revenue funds	-	4,193,634	35,468	-	-	4,258,878	8,487,980
Capital projects funds	-	-	-	2,310,249	26,346,795	1,571,051	30,228,095
Debt service funds	-	-	-	-	-	2,036,894	2,036,894
Total fund balances	<u>8,266,171</u>	<u>9,225,543</u>	<u>140,706</u>	<u>3,213,531</u>	<u>26,346,795</u>	<u>7,930,608</u>	<u>55,123,354</u>
Total liabilities and fund balances	<u>\$ 11,010,086</u>	<u>\$ 11,218,812</u>	<u>\$ 3,254,048</u>	<u>\$ 5,213,102</u>	<u>\$ 26,671,482</u>	<u>\$ 8,941,220</u>	

Reconciliation to the statement of net assets

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

5,081,844

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

88,146,625

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.

(39,265,478)

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.

13,427,302

Net assets of governmental activities

\$ 122,513,647

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, 2007

	General	Street	Housing and Community Development	Development Capital Projects	Police Building Bond Capital	Nonmajor Governmental	Total Governmental
Revenues:							
Taxes	\$ 14,579,910	\$ 1,082,674	\$ -	\$ -	\$ -	\$ 5,539,350	\$ 21,201,934
Intergovernmental	3,769,124	3,518,134	2,643,442	32,245	-	518,797	10,481,742
Licenses ,permits and fees	3,164,613	140,503	-	-	-	52,120	3,357,236
Fines & forfeitures	1,216,083	-	-	-	-	-	1,216,083
Use of money & property	679,575	421,538	93,182	281,319	527,621	486,288	2,489,523
Miscellaneous revenues	238,930	120,824	-	117,724	-	48,466	525,944
Charges for services	3,991,446	2,806,934	-	187,369	-	2,759,678	9,745,427
Special assessments	-	-	-	-	-	53,236	53,236
Total revenues	27,639,681	8,090,607	2,736,624	618,657	527,621	9,457,935	49,071,125
Expenditures:							
Current operating:							
General government	4,772,314	11,069	15,661	-	-	539,006	5,338,050
Fire	8,562,510	-	-	-	-	1,319,242	9,881,752
Police	10,797,291	-	-	155	-	2,240,655	13,038,101
Library	1,228,367	-	-	-	-	32,087	1,260,454
Public Works	812,665	4,994,765	-	-	1,435,240	730,776	7,973,446
Development Services	1,466,190	49,592	867,481	-	-	2,156,373	4,539,636
Capital projects	-	1,957,068	2,041,861	4,679,263	785,287	106,728	9,570,207
Debt service							
Principal	-	-	-	-	-	984,177	984,177
Interest	-	-	-	-	-	413,956	413,956
Bond issue costs	-	-	-	-	-	355,501	355,501
Total expenditures	27,639,337	7,012,494	2,925,003	4,679,418	2,220,527	8,878,501	53,355,280
Excess of revenues over (under) expenditures	344	1,078,113	(188,379)	(4,060,761)	(1,692,906)	579,434	(4,284,155)
Other financing sources (uses)							
Transfers in	1,111,050	200,000	-	296,341	-	164,927	1,772,318
Transfers out	(235,400)	(11,378)	(5,315)	-	-	(877,057)	(1,129,150)
Issuance of debt	-	-	-	-	24,606,741	355,501	24,962,242
Total other financing sources (uses)	875,650	188,622	(5,315)	296,341	24,606,741	(356,629)	25,605,410
Net change in fund balance	875,994	1,266,735	(193,694)	(3,764,420)	22,913,835	222,805	21,321,255
Fund balances— beginning	7,390,564	7,963,834	334,400	6,977,951	3,432,960	7,707,803	33,807,512
Change in reserve for inventories	(387)	(5,026)	-	-	-	-	(5,413)
Fund balances—ending	\$ 8,266,171	\$ 9,225,543	\$ 140,706	\$ 3,213,531	\$ 26,346,795	\$ 7,930,608	\$ 55,123,354

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, 2007

Net change in fund balances - total governmental funds	\$ 21,321,255
The net revenue of certain activities of internal service funds is reported with governmental activities	1,598,854
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements	(98,716)
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.	10,539,579
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.	388,081
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.	(24,058,632)
Decreases in inventory in governmental funds increase expenses.	<u>(5,413)</u>
Change in net assets of governmental activities	<u>\$ 9,685,008</u>

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

June 30, 2007

	Business-type Activities - Enterprise Funds				Governmental
	Sewer Utility	Ambulance	Booth- Kelly	Total	Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	\$ 13,561,457	\$ 588,142	\$ 6,576,541	\$ 20,726,140	\$ 9,318,538
Accounts receivable, net of allowance for estimated uncollectibles	1,123,833	486,608	11,876	1,622,317	110,269
Prepays	-	30,761	3,901	34,662	446,626
Accrued interest	132,903	6,437	55,261	194,601	90,996
Due from other funds	-	-	148,198	148,198	-
Total current assets	14,818,193	1,111,948	6,795,777	22,725,918	9,966,429
Noncurrent assets:					
Bond costs - net	44,930	-	-	44,930	-
Capital assets - net	31,561,533	164,007	2,581,236	34,306,776	4,362,762
Construction in progress	2,970,255	-	935,329	3,905,584	-
Land and land rights	1,851,568	-	2,312,863	4,164,431	-
Total noncurrent assets	36,428,286	164,007	5,829,428	42,421,721	4,362,762
Total assets	51,246,479	1,275,955	12,625,205	65,147,639	14,329,191
LIABILITIES					
Current liabilities:					
Accounts payable	675,957	56,105	21,048	753,110	94,095
Accrued payroll and other liabilities	416,751	306,306	8,289	731,346	342,616
Accrued interest	10,200	-	-	10,200	-
Deposits	-	4,805	27,028	31,833	-
Notes payable - current maturity	312,420	-	163,329	475,749	-
Capital lease payable - current maturity	-	-	-	-	39,122
Unearned revenues	-	454,515	-	454,515	-
Revenue bonds payable - current maturity	175,000	-	-	175,000	-
Total current liabilities	1,590,328	821,731	219,694	2,631,753	475,833
Noncurrent liabilities:					
Accrued absence payable	237,831	117,798	5,348	360,977	45,522
Accrued interest	-	-	53,499	53,499	-
Revenue bonds payable (net of unamortized discount)	1,444,685	-	-	1,444,685	-
Notes payable	1,227,117	-	6,987,766	8,214,883	-
Capital lease obligation	-	-	-	-	87,507
Total noncurrent liabilities	2,909,633	117,798	7,046,613	10,074,044	133,029
Total liabilities	4,499,961	939,529	7,266,307	12,705,797	608,862
NET ASSETS					
Invested in capital assets, net of related debt	33,269,064	164,007	4,169,099	37,602,170	4,236,133
Restricted	5,522,505	-	-	5,522,505	-
Unrestricted	7,954,949	172,419	1,189,799	9,317,167	9,484,196
Total net assets	\$ 46,746,518	\$ 336,426	\$ 5,358,898	52,441,842	\$ 13,720,329
Adjustment to reflect consolidation of internal service fund activities				266,032	
Net assets of business-type activities				\$ 52,707,874	

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, 2007

	Business-type Activities - Enterprise Funds				Governmental
	Sewer Utility	Ambulance	Booth- Kelly	Total	Internal Service Funds
OPERATING REVENUES:					
Charges for services	\$ 8,967,919	\$ 6,781,910	\$ 634,721	\$ 16,384,550	\$ 4,163,156
Less: Contractual adjustments	-	(2,345,109)	-	(2,345,109)	-
Licenses and permits	-	-	-	-	278,861
Intergovernmental revenues	-	2,294	-	2,294	55,227
Fines and forfeitures	-	-	-	-	69
Miscellaneous receipts	318,320	4,604	384,624	707,548	39,039
Total operating revenues	9,286,239	4,443,699	1,019,345	14,749,283	4,536,352
Operating expenses:					
City Manager's Office	-	-	-	-	1,231
Court	-	-	-	-	-
Human Resources	-	-	-	-	2,136,410
Finance	17,382	-	-	17,382	27,871
Information Technology	-	-	-	-	10,433
Library	-	-	-	-	4,707
Fire	-	4,241,987	-	4,241,987	(226,895)
Police	-	-	-	-	320,928
Public Works	6,893,830	-	21,658	6,915,488	300,952
Development Services	51,965	-	346,108	398,073	107,042
Depreciation	838,386	25,827	217,003	1,081,216	709,810
Bad debt expense	-	641,642	-	641,642	-
Total operating expenses	7,801,563	4,909,456	584,769	13,295,788	3,392,489
Operating income (loss)	1,484,676	(465,757)	434,576	1,453,495	1,143,863
Nonoperating revenues (expenses):					
Interest on investments	699,119	48,220	121,607	868,946	467,345
Interest expense	(128,265)	-	-	(128,265)	(8,167)
Gain/(loss) on disposal of assets	-	-	-	-	5,764
Total nonoperating revenues	570,854	48,220	121,607	740,681	464,942
Income (loss) before contributions and transfers	2,055,530	(417,537)	556,183	2,194,176	1,608,805
Transfers in	-	-	-	-	-
Transfers out	(271,311)	-	(371,857)	(643,168)	-
Capital contributions	1,263,879	-	-	1,263,879	108,217
Change in net assets	3,048,098	(417,537)	184,326	2,814,887	1,717,022
Net assets - beginning	43,698,420	753,963	5,174,572		12,003,307
Net assets, end of year	\$ 46,746,518	\$ 336,426	\$ 5,358,898		\$ 13,720,329
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				115,182	
Change in net assets of business-type activities				\$ 2,930,069	

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

Year Ended June 30, 2007

	Business type activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Sewer Utility	Ambulance	Booth Kelly	Total	
Cash flows from operating activities:					
Cash received from customers	\$ 8,686,803	\$ 3,922,578	\$ 635,622	\$ 13,245,003	\$ -
Cash received from interfund services provided	-	-	-	-	4,143,711
Cash paid for employee services	(3,570,459)	(2,830,447)	(70,572)	(6,471,478)	(599,795)
Cash paid to suppliers for goods and services	(2,945,609)	(1,361,138)	(286,145)	(4,592,892)	(2,583,467)
Other operating receipts	318,320	(28,564)	381,868	671,624	373,196
Net cash provided by (used in) operating activities	2,489,055	(297,571)	660,773	2,852,257	1,333,645
Cash flows from noncapital financing activities:					
Advance to other funds	-	-	(148,198)	(148,198)	-
Transfers to other funds	(271,311)	-	(371,857)	(643,168)	-
Net cash provided (used) by noncapital financing activities	(271,311)	-	(520,055)	(791,366)	-
Cash flows from capital and related financing activities:					
Proceeds from capital debt	-	-	7,204,594	7,204,594	-
Acquisition of capital assets	(1,549,026)	(22,876)	(2,096,034)	(3,667,936)	(432,487)
Disposition of capital assets	-	-	-	-	6,264
System development charges	1,263,879	-	-	1,263,879	-
Loan payments	(302,945)	-	-	(302,945)	(37,085)
Bond payments	(166,819)	-	-	(166,819)	-
Interest paid	(129,416)	-	-	(129,416)	(8,167)
Net cash used in capital and related financing activities	(884,327)	(22,876)	5,108,560	4,201,357	(471,475)
Cash flows from investing activities:					
Interest received	675,500	49,934	78,015	803,449	450,626
Net change in cash and investments	2,008,917	(270,513)	5,327,293	7,065,697	1,312,796
Cash and investments, beginning of year	11,552,540	858,655	1,249,248	13,660,443	8,005,742
Cash and investments, end of year	\$ 13,561,457	\$ 588,142	\$ 6,576,541	\$ 20,726,140	\$ 9,318,538
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 1,484,676	\$ (465,757)	\$ 434,576	\$ 1,453,495	\$ 1,143,863
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation & amortization	838,386	25,827	217,003	1,081,216	709,810
Changes in assets and liabilities:					
Accounts receivable	(281,116)	137,290	901	(142,925)	(19,445)
Prepaid expenses	-	(9,871)	(3,901)	(13,772)	(446,626)
Accounts payable	413,060	34,070	12,699	459,829	(6,031)
Accrued payroll and other liabilities	28,403	16,332	2,251	46,986	(47,926)
Deposits	-	676	800	1,476	-
Unearned revenue	-	(36,138)	(3,556)	(39,694)	-
Net cash provided by (used in) operating activities	\$ 2,483,409	\$ (297,571)	\$ 660,773	\$ 2,846,611	\$ 1,333,645
Noncash capital and related financing activities:					
Contributed capital assets	\$ -	\$ -	\$ -	\$ -	\$ 108,217
Retirement and disposition of capital assets, net of accumulated depreciation	-	-	-	-	\$ 5,764
Capital lease with no down-payment	-	-	-	-	\$ 6,130

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon

Statement of Fiduciary Net Assets
Agency Fund

June 30, 2007

ASSETS

Cash and investments

\$ 2,532,791

Total assets

\$ 2,532,791

LIABILITIES

Amounts held in trust for other parties

\$ 2,532,791

Total liabilities

\$ 2,532,791

The accompanying notes are an integral part of this statement.