

# AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name: City of Springfield, Michigan	County Calhoun
Audit Date June 30, 2005	Opinion Date September 23, 2005	Date Accountant Report Submitted To State: December 14, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> yes            | <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input checked="" type="checkbox"/> yes | <input type="checkbox"/> no            | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input checked="" type="checkbox"/> yes | <input type="checkbox"/> no            | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> yes            | <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> yes            | <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132])   |
| <input type="checkbox"/> yes            | <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes            | <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes            | <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> yes            | <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): <b>Plante &amp; Moran, PLLC</b>			
Street Address 750 Trade Centre Way, Suite 300	City Portage	State MI	ZIP 49002
Accountant Signature  <i>Plante &amp; Moran, PLLC</i>			

# **City of Springfield, Michigan**

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**Financial Report  
with Supplemental Information  
June 30, 2005**

# City of Springfield, Michigan

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## Contents

<b>Report Letter</b>	1-2
<b>Management's Discussion and Analysis</b>	3-7
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Assets (Deficit)	8
Statement of Activities	9-10
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	11
Statement of Revenue, Expenditures, and Changes in Fund Balances	12
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Proprietary Funds:	
Statement of Net Assets	14
Statement of Revenue, Expenses, and Changes in Net Assets	15
Statement of Cash Flows	16
Fiduciary Funds:	
Statement of Net Assets	17
Statement of Changes in Net Assets	18
Component Units:	
Statement of Net Assets (Deficit)	19
Statement of Activities	20-21
Notes to Financial Statements	22-38
<b>Required Supplemental Information</b>	39
Budgetary Comparison Schedule - General Fund	40-41
Budgetary Comparison Schedule - Major Special Revenue Funds	42-43

# City of Springfield, Michigan

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## Contents (Continued)

<b>Other Supplemental Information</b>	44
Nonmajor Governmental Funds:	
Combining Balance Sheet	45
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	46

## Independent Auditor's Report

To the Members of the City Council  
City of Springfield, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Springfield, Michigan as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Springfield, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Springfield, Michigan as of June 30, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the Members of the City Council  
City of Springfield, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Springfield, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental 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.

*Plante & Moran, PLLC*

September 23, 2005

# City of Springfield, Michigan

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## Management's Discussion and Analysis

Our discussion and analysis of the City of Springfield, Michigan's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2005. Please read it in conjunction with the City's financial statements.

### Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2005:

- Total net assets related to the City's governmental activities decreased by approximately \$412,000. However, the unrestricted portion of net assets increased by approximately \$283,000.

### Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets (deficit) and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

# City of Springfield, Michigan

## Management's Discussion and Analysis (Continued)

### The City as a Whole

The following table shows, in a condensed format, the net assets as of the current date and compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Assets</b>						
Current assets	\$ 2,081,975	\$ 2,088,200	\$ 731,879	\$ 739,854	\$ 2,813,854	\$ 2,828,054
Noncurrent assets	<u>8,892,042</u>	<u>9,436,885</u>	<u>2,935,759</u>	<u>2,973,679</u>	<u>11,827,801</u>	<u>13,005,482</u>
Total assets	10,974,017	11,525,085	3,667,638	3,713,533	14,641,655	15,833,536
<b>Liabilities</b>						
Current liabilities	496,817	260,053	96,108	52,307	592,925	312,360
Long-term liabilities	<u>328,985</u>	<u>704,868</u>	-	-	<u>328,985</u>	<u>704,868</u>
Total liabilities	<u>825,802</u>	<u>964,921</u>	<u>96,108</u>	<u>52,307</u>	<u>921,910</u>	<u>1,017,228</u>
<b>Net Assets</b>						
Invested in capital assets -						
Net of related debt	7,900,209	8,205,396	2,935,759	2,973,679	10,835,968	11,773,993
Restricted	712,660	535,975	-	-	712,660	535,975
Unrestricted	<u>1,535,346</u>	<u>1,818,793</u>	<u>635,771</u>	<u>687,547</u>	<u>2,171,117</u>	<u>2,506,340</u>
Total net assets	<u>\$ 10,148,215</u>	<u>\$ 10,560,164</u>	<u>\$ 3,571,530</u>	<u>\$ 3,661,226</u>	<u>\$ 13,719,745</u>	<u>\$ 14,816,308</u>

The City of Springfield's governmental and business-type assets, which include land, building, vehicles, equipment, machinery, computer systems, office furniture, and street and utility infrastructure, are rich in comparison to long-term liabilities, which primarily represent bonding debt for street projects.



# City of Springfield, Michigan

## Management's Discussion and Analysis (Continued)

The following table shows the changes of the net assets during the current year and as compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 185,668	\$ 217,264	\$ 1,073,618	\$ 1,008,016	\$ 1,259,286	\$ 1,225,280
Operating grants and contributions	421,458	40,125	-	-	421,458	40,125
Capital grants and contributions	40,299	260,210	-	-	40,299	260,210
General revenue:						
Property taxes	1,029,391	997,244	-	-	1,029,391	997,244
Income taxes	621,910	681,516	-	-	621,910	681,516
State-shared revenue	781,079	1,226,868	-	-	781,079	1,226,868
Unrestricted investment earnings	55,247	17,634	12,751	4,325	67,998	21,959
Miscellaneous	179,623	121,908	37,284	43,732	216,907	165,640
Total revenue	3,314,675	3,562,769	1,123,653	1,056,073	4,438,328	4,618,842
<b>Program Expenses</b>						
General government	724,551	543,673	-	-	724,551	543,673
Public safety	1,892,972	1,804,692	-	-	1,892,972	1,804,692
Public works	765,273	714,363	-	-	765,273	714,363
Cemetery and parks	99,975	94,109	-	-	99,975	94,109
Buildings and grounds	123,873	52,494	-	-	123,873	52,494
Economic development and culture	7,982	10,135	-	-	7,982	10,135
Other	111,183	346,688	-	-	111,183	346,688
Debt service payments	815	6,286	-	-	815	6,286
Water and sewer	-	-	1,064,320	996,890	1,064,320	996,890
Refuse	-	-	149,028	144,932	149,028	144,932
Total program expenses	3,726,624	3,572,440	1,213,348	1,141,822	4,939,972	4,714,262
<b>Change in Net Assets</b>	<b>\$ (411,949)</b>	<b>\$ (9,671)</b>	<b>\$ (89,695)</b>	<b>\$ (85,749)</b>	<b>\$ (501,644)</b>	<b>\$ (95,420)</b>

### Governmental Activities

- **Street Projects** - There were no new street projects completed this fiscal year. However, the City did spend \$69,400 for preservation of existing streets. New street construction for a residential housing project and reconstruction of four streets are planned for the ensuing year.
- **Parks** - Over the past four years, the City has made significant improvements to Begg Park. A "Farmers Market" was constructed, and new playground equipment, paths, benches, tables, and grills have been added. This year, a total of \$90,500 component unit dollars were spent on park improvements, including 400 feet of non-motorized linear path and Disc Golf. The park and Farmers Market continue to embrace increased activity and favorable response from area vendors and residents, improving the quality of life in the City of Springfield. Activities and events at the Farmer's Market generated over \$14,000 in revenue this year.

# City of Springfield, Michigan

## Management's Discussion and Analysis (Continued)

- **Economic Development** - A short-term loan for \$100,000 was made from the City's Economic Development Fund to assist an established Springfield business. This loan is scheduled to be paid off in January 2006; interest from the loan will yield approximately \$6,000 in revenue to the EDC Fund. The loan allowed the local business to stabilize and promoted business growth. New business activity continues to thrive in the City, with 10 new businesses locating in Springfield this year.
- **City Grants** - Over \$7,000 in grants from the City's EDC Fix & Repair Program assisted low-income property owners with housing repairs and improvements, ensuring code compliance.
- **Brownfield Grant/Loan** - The City was awarded a grant this year from the Michigan Department of Environmental Quality (MDEQ) through its Brownfield Redevelopment Grant Program in the amount of \$700,000, plus a loan in the amount of \$300,000 to undertake environmental response activities at the former Baker Oil property. Site cleanup has allowed the reuse of this property for economic development. This Brownfield property has been acquired by a developer with an investment estimate of over \$800,000. New tax capture from the Brownfield will repay the MDEQ loan.

### Business-type Activities

- **Sewer, Water, and Refuse Service** - Financial assistance in the amount of \$30,000 helped property owners to facilitate a mandatory city-wide connection to the sewer system. Financed sewer connection costs will be repaid through special assessments spread over a period of five years, earning 6 percent interest. A total of \$47,000 was spent this year to complete installation of "radio read meters" city-wide. The radio read system will greatly improve the efficiency of reading utility meters and result in a substantial labor cost savings to the City for years to come. Watermain value replacements at a cost of \$24,000 were completed this year. A flat sewer "city service fee" was implemented this year to offset the rising cost of providing sewer service to residents.

### General Fund Budgetary Highlights

The General Fund pays for most of the City's governmental services. The primary services include public safety, services provided by the Public Works Department, administration, parks, and recreation. The City originally budgeted revenues at \$2,590,100 and operational expenditures at \$2,636,100, projecting a use of fund balance in the amount of \$46,000. However, the City ended the year favorably, with \$2,635,300 in revenues collected versus operating expenses of \$2,590,500. This resulted in an increase to fund balance of \$44,800. The sale of city property and conservative spending by all departments were the primary reasons the budget fared so well this year.

# City of Springfield, Michigan

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## Management's Discussion and Analysis (Continued)

### Debt Retirement

All current debt represents bonding for street projects, utility infrastructure, and the purchase of a fire truck. This year, general government retired \$160,000 in bonded debt; the component units, or TIFAs, retired \$205,000, and an installment payment for the fire truck retired over \$18,236. This year ended with a principal balance of \$2,115,925 for general government and the component units. Annual debt payments totaling \$183,500 for 1991 bond issues paid by income tax, local street, and TIFA D funds will be paid off in May 2006.

### Economic Factors and Next Year's Budget

- **General Fund** - The City's General Fund budget for the next fiscal year is conservative, expecting additional state-shared revenue cuts and increased cost for health care and property/liability insurance. Income tax funding will provide funding for eight full-time positions. One full-time public safety position will remain vacant in an effort to constrain costs. The approved budget projects a \$58,000 deficit or use of fund balance.
- **Capital Projects** - A housing project and four streets projects are planned for next year. Funding for these projects will come from bond proceeds, use of Major and Local Street Act 51 monies, TIFA, and Sewer and Water Funds. When completed, the housing project is expected to add over \$2.8 million in taxable value, generating \$43,000 in new annual property tax revenue. Also, increased income tax revenue is projected in the amount of \$24,000 per year.

### Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the city manager's office.

# City of Springfield, Michigan

## Statement of Net Assets (Deficit) June 30, 2005

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 1,107,968	\$ 348,423	\$ 1,456,391	\$ 770,434
Investments	494,907	108,097	603,004	626,590
Receivables:				
Customers	-	188,665	188,665	-
Special assessment	390,908	36,435	427,343	143,303
Delinquent	25,573	-	25,573	-
Other	109,293	-	109,293	-
Notes receivable	103,041	-	103,041	-
Internal balances	8,000	(8,000)	-	-
Due from other governmental units	221,923	58,259	280,182	-
Capital assets - Net:				
Assets not being depreciated	720,622	-	720,622	-
Depreciated assets	7,780,512	2,935,759	10,716,271	-
Prepaid costs and other assets	11,270	-	11,270	-
<b>Total assets</b>	<b>10,974,017</b>	<b>3,667,638</b>	<b>14,641,655</b>	<b>1,540,327</b>
<b>Liabilities</b>				
Accounts payable	40,737	37,445	78,182	68,892
Accrued and other liabilities	61,018	-	61,018	-
Due to other governmental unit	-	22,228	22,228	-
Deferred revenue (Note 5)	-	36,435	36,435	-
Noncurrent liabilities (Note 5):				
Due within one year	395,062	-	395,062	210,000
Due in more than one year	205,863	-	205,863	1,305,000
Employee absences	123,122	-	123,122	-
<b>Total liabilities</b>	<b>825,802</b>	<b>96,108</b>	<b>921,910</b>	<b>1,583,892</b>
<b>Net Assets (Deficit)</b>				
Invested in capital assets - Net of related debt	7,900,209	2,935,759	10,835,968	-
Restricted - Highways and streets	712,660	-	712,660	-
Unrestricted	1,535,346	635,771	2,171,117	(43,565)
<b>Total net assets (deficit)</b>	<b>\$ 10,148,215</b>	<b>\$ 3,571,530</b>	<b>\$ 13,719,745</b>	<b>\$ (43,565)</b>

# City of Springfield, Michigan

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 724,551	\$ 93,255	\$ -	\$ 35,299
Public safety	1,892,972	-	17,587	-
Public works	765,273	-	403,871	5,000
Cemetery and parks	99,975	9,295	-	-
Buildings and grounds	123,873	-	-	-
Economic development and culture	7,982	3,230	-	-
Other	111,183	79,888	-	-
Debt service payments	815	-	-	-
<b>Total governmental activities</b>	<b>3,726,624</b>	<b>185,668</b>	<b>421,458</b>	<b>40,299</b>
Business-type activities:				
Sewer fund	619,383	490,536	-	-
Water fund	444,937	431,469	-	-
Refuse fund	149,028	151,613	-	-
<b>Total primary government</b>	<b>\$ 4,939,972</b>	<b>\$ 1,259,286</b>	<b>\$ 421,458</b>	<b>\$ 40,299</b>
<b>Component units:</b>				
Tax Increment Finance Authority	\$ 288,745	\$ -	\$ 9,494	\$ -
Brownfield Authority	62,980	-	-	300,000
<b>Total component units</b>	<b>\$ 351,725</b>	<b>\$ -</b>	<b>\$ 9,494</b>	<b>\$ 300,000</b>
<b>General revenues:</b>				
Property taxes				
Income taxes				
State-shared revenues				
Unrestricted investment earnings				
Miscellaneous				
<b>Total general revenues</b>				
<b>Change in Net Assets</b>				
<b>Net Assets (Deficit) - Beginning of year</b>				
<b>Net Assets (Deficit) - End of year</b>				

**Statement of Activities**  
**June 30, 2005**

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (595,997)	\$ -	\$ (595,997)	\$ -
(1,875,385)	-	(1,875,385)	-
(356,402)	-	(356,402)	-
(90,680)	-	(90,680)	-
(123,873)	-	(123,873)	-
(4,752)	-	(4,752)	-
(31,295)	-	(31,295)	-
(815)	-	(815)	-
(3,079,199)	-	(3,079,199)	-
-	(128,847)	(128,847)	-
-	(13,468)	(13,468)	-
-	2,585	2,585	-
(3,079,199)	(139,730)	(3,218,929)	-
-	-	-	(279,251)
-	-	-	237,020
-	-	-	(42,231)
1,029,391	-	1,029,391	488,777
621,910	-	621,910	-
781,079	-	781,079	-
55,247	12,751	67,998	28,846
179,623	37,284	216,907	-
2,667,250	50,035	2,717,285	517,623
(411,949)	(89,695)	(501,644)	475,392
10,560,164	3,661,225	14,221,389	(518,957)
<b>\$ 10,148,215</b>	<b>\$ 3,571,530</b>	<b>\$ 13,719,745</b>	<b>\$ (43,565)</b>

# City of Springfield, Michigan

## Governmental Funds Balance Sheet June 30, 2005

	General Fund	Major Streets Fund	Local Streets Fund	Income Tax Fund	Bond Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 253,162	\$ 403,735	\$ 251,618	\$ 108,282	\$ 148	\$ 61,868	\$ 1,078,813
Investments	208,863	-	-	286,044	-	-	494,907
Special assessment receivable	-	221,657	152,717	-	-	16,534	390,908
Delinquent taxes receivable	25,573	-	-	-	-	-	25,573
Accounts receivable	9,660	-	-	89,562	-	10,071	109,293
Notes receivable	-	-	-	-	-	103,041	103,041
Due from other governmental units	156,595	48,261	17,068	-	-	-	221,924
Due from other funds	655	8,000	-	-	-	-	8,655
Prepaid costs and other assets	11,270	-	-	-	-	-	11,270
<b>Total assets</b>	<b>\$ 665,778</b>	<b>\$ 681,653</b>	<b>\$ 421,403</b>	<b>\$ 483,888</b>	<b>\$ 148</b>	<b>\$ 191,514</b>	<b>\$ 2,444,384</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 17,700	\$ 10,100	\$ 5,922	\$ 97	\$ -	\$ 1,076	\$ 34,895
Due to other funds	-	-	-	275	-	380	655
Accrued and other liabilities	59,299	-	-	1,137	-	582	61,018
Deferred revenue	12,667	221,657	152,717	42,714	-	25,191	454,946
<b>Total liabilities</b>	<b>89,666</b>	<b>231,757</b>	<b>158,639</b>	<b>44,223</b>	<b>-</b>	<b>27,229</b>	<b>551,514</b>
<b>Fund Balances</b>							
Reserved for:							
Noncurrent receivable	-	-	-	-	-	103,041	103,041
Cemetery	10,416	-	-	-	-	-	10,416
Unreserved - Designated	-	-	-	-	-	16,916	16,916
Unreserved and undesignated, reported in:							
General Fund	565,696	-	-	-	-	-	565,696
Special Revenue Funds	-	449,896	262,764	439,665	-	44,328	1,196,653
Debt Service Funds	-	-	-	-	148	-	148
<b>Total fund balances</b>	<b>576,112</b>	<b>449,896</b>	<b>262,764</b>	<b>439,665</b>	<b>148</b>	<b>164,285</b>	<b>1,892,870</b>
<b>Total liabilities and and fund balances</b>	<b>\$ 665,778</b>	<b>\$ 681,653</b>	<b>\$ 421,403</b>	<b>\$ 483,888</b>	<b>\$ 148</b>	<b>\$ 191,514</b>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	8,375,226
Special assessment receivables are expected to be collected over several years, and are not available to pay for current year expenditures	454,946
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(643,122)
Internal Service Funds are included as part of governmental activities	68,295

Net assets of governmental activities **\$ 10,148,215**

# City of Springfield, Michigan

## Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2005

	General Fund	Major Streets Fund	Local Streets Fund	Income Tax Fund	Bond Redemption Fund	Other Non- major Governmental Funds	Total Governmental Funds
<b>Revenue</b>							
Taxes	\$ 1,029,391	\$ -	\$ -	\$ 621,910	\$ -	\$ -	\$ 1,651,301
Special assessments	-	46,662	41,502	-	-	16,451	104,615
Licenses and permits	46,387	-	-	-	-	53,734	100,121
Federal sources	4,706	5,000	-	-	-	12,881	22,587
State sources	780,023	299,427	105,500	-	-	-	1,184,950
Charges for services	12,525	-	-	-	-	14,003	26,528
Fines and forfeitures	46,868	-	-	-	-	12,151	59,019
Interest and rentals	13,615	6,036	3,598	26,640	5	4,890	54,784
Other	170,870	1,293	-	960	-	6,500	179,623
Total revenue	2,104,385	358,418	150,600	649,510	5	120,610	3,383,528
<b>Expenditures - Current</b>							
General government	506,313	-	-	-	-	-	506,313
Public safety	1,795,733	-	-	-	-	-	1,795,733
Public works	45,166	-	-	-	-	-	45,166
Highways and streets	75,840	126,608	136,179	-	-	-	338,627
Cemetery	80,881	-	-	-	-	-	80,881
Buildings and grounds	58,401	-	-	-	-	-	58,401
Debt service	-	-	-	-	183,190	-	183,190
Other	-	29,800	10,050	145,840	-	175,056	360,746
Economic development and culture	7,982	-	-	-	-	-	7,982
Total expenditures	2,570,316	156,408	146,229	145,840	183,190	175,056	3,377,039
<b>Excess of Revenue Over (Under) Expenditures</b>							
	(465,931)	202,010	4,371	503,670	(183,185)	(54,446)	6,489
<b>Other Financing Sources (Uses)</b>							
Transfers in	520,801	-	95,000	-	183,190	10,000	808,991
Transfers out	(10,000)	(75,000)	(49,696)	(674,295)	-	-	(808,991)
Total other financing sources (uses)	510,801	(75,000)	45,304	(674,295)	183,190	10,000	-
<b>Net Change in Fund Balances</b>	44,870	127,010	49,675	(170,625)	5	(44,446)	6,489
<b>Fund Balances - Beginning of year</b>	531,242	322,886	213,089	610,290	143	208,731	1,886,381
<b>Fund Balances - End of year</b>	<u>\$ 576,112</u>	<u>\$ 449,896</u>	<u>\$ 262,764</u>	<u>\$ 439,665</u>	<u>\$ 148</u>	<u>\$ 164,285</u>	<u>\$ 1,892,870</u>



# City of Springfield, Michigan

## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2005

**Net Change in Fund Balances - Total Governmental Funds** \$ 6,489

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Asset purchases	88,618
Depreciation	(557,078)

Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year end	(69,316)
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Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	160,000
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Increases in accumulated employee sick and vacation pay, as well as estimated general liability claims, are recorded when earned in the statement of activities	(5,388)
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Internal Service Fund activity reported in the governmental activities	(35,274)
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**Change in Net Assets of Governmental Activities** \$ (411,949)

# City of Springfield, Michigan

## Proprietary Funds Statement of Net Assets June 30, 2005

	Enterprise Funds			Total	Internal Service Fund
	Water	Sewer	Refuse		
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 286,466	\$ 138,326	\$ 31,728	\$ 456,520	\$ 29,154
Receivables:					
Customer	64,308	90,834	33,523	188,665	-
Special assessment	-	36,435	-	36,435	-
Due from other governmental units	58,259	-	-	58,259	-
Total current assets	409,033	265,595	65,251	739,879	29,154
Noncurrent assets - Capital assets	1,360,771	1,574,988	-	2,935,759	125,908
Total assets	1,769,804	1,840,583	65,251	3,675,638	155,062
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	12,465	13,182	11,798	37,445	5,842
Due to other funds	4,000	4,000	-	8,000	-
Due to other governmental units	-	22,228	-	22,228	-
Deferred revenue	-	36,435	-	36,435	-
Current portion of long-term debt	-	-	-	-	18,908
Total current liabilities	16,465	75,845	11,798	104,108	24,750
Long-term debt	-	-	-	-	62,017
Total liabilities	16,465	75,845	11,798	104,108	86,767
<b>Net Assets</b>					
Investment in capital assets - Net of related debt	1,360,771	1,574,988	-	2,935,759	63,891
Unrestricted	392,568	189,750	53,453	635,771	4,404
Total net assets	<u>\$ 1,753,339</u>	<u>\$ 1,764,738</u>	<u>\$ 53,453</u>	<u>\$ 3,571,530</u>	<u>\$ 68,295</u>

# City of Springfield, Michigan

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2005

	Enterprise Funds			Total	Internal Service Fund
	Water	Sewer	Refuse		
<b>Operating Revenue</b>					
Charges for services	\$ 431,469	490,536	151,612	\$ 1,073,617	151,049
Miscellaneous	16,391	20,893	-	37,284	(1,835)
Total operating revenue	447,860	511,429	151,612	1,110,901	149,214
<b>Operating Expenses</b>					
Operating expenses	396,229	525,294	149,028	1,070,551	133,440
Depreciation	48,708	94,089	-	142,797	47,372
Total operating expenses	444,937	619,383	149,028	1,213,348	180,812
<b>Operating Income (Loss)</b>	2,923	(107,954)	2,584	(102,447)	(31,598)
<b>Nonoperating Revenue (Expense)</b>					
Interest income	9,035	3,335	381	12,751	463
Interest expense	-	-	-	-	(4,139)
Total nonoperating revenue (expense)	9,035	3,335	381	12,751	(3,676)
<b>Change in Net Assets</b>	11,958	(104,619)	2,965	(89,696)	(35,274)
<b>Net Assets - Beginning of year</b>	1,741,381	1,869,357	50,488	3,661,226	103,569
<b>Net Assets - End of year</b>	<u>\$ 1,753,339</u>	<u>\$ 1,764,738</u>	<u>\$ 53,453</u>	<u>\$ 3,571,530</u>	<u>\$ 68,295</u>

# City of Springfield, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2005

	Enterprise Funds				Internal Service Fund
	Water	Sewer	Refuse	Total	
<b>Cash Flows from Operating Activities</b>					
Receipts from customers	\$ 441,764	\$ 478,736	\$ 151,692	\$ 1,072,192	\$ 151,261
Payments to suppliers	(283,216)	(405,553)	(136,604)	(825,373)	(118,789)
Payments to employees	(98,808)	(82,660)	(11,909)	(193,377)	(11,490)
Other receipts	16,391	20,893	-	37,284	(1,835)
Net cash provided by operating activities	76,131	11,416	3,179	90,726	19,147
<b>Cash Flows from Capital and Related Financing Activities</b>					
Collection of customer assessments (principal and interest)	-	(4,141)	-	(4,141)	-
Principal and interest payments	-	-	-	-	(22,375)
Purchase of capital assets	(66,640)	(38,237)	-	(104,877)	(32,409)
Net cash used in capital and related financing activities	(66,640)	(42,378)	-	(109,018)	(54,784)
<b>Cash Flows from Investing Activities -</b>					
Interest received on investments	9,035	3,335	381	12,751	463
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	18,526	(27,627)	3,560	(5,541)	(35,174)
<b>Cash and Cash Equivalents - Beginning of year</b>	267,940	165,953	28,168	462,061	64,328
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 286,466</u>	<u>\$ 138,326</u>	<u>\$ 31,728</u>	<u>\$ 456,520</u>	<u>\$ 29,154</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents - Cash and investments</b>					
	<u>\$ 286,466</u>	<u>\$ 138,326</u>	<u>\$ 31,728</u>	<u>\$ 456,520</u>	<u>\$ 29,154</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>					
Operating income (loss)	\$ 2,923	\$ (107,954)	\$ 2,584	\$ (102,447)	\$ (31,598)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	48,708	94,089	-	142,797	47,372
Changes in assets and liabilities:					
Receivables	10,295	(11,800)	80	(1,425)	212
Other assets	-	-	-	-	-
Accounts payable	10,205	12,694	515	23,414	3,161
Accrued and other liabilities	4,000	24,387	-	28,387	-
Net cash provided by operating activities	<u>\$ 76,131</u>	<u>\$ 11,416</u>	<u>\$ 3,179</u>	<u>\$ 90,726</u>	<u>\$ 19,147</u>

**Noncash Investing, Capital, and Financing Activities** - During the year ended June 30, 2005, there were no noncash activities.

# City of Springfield, Michigan

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## Fiduciary Funds Statement of Net Assets June 30, 2005

	<u>Retirement Benefit Funds</u>
<b>Assets - Investments</b>	<b>\$ <u>87,493</u></b>
<b>Net Assets - Held in trust for pension and other employee benefits</b>	<b>\$ <u>87,493</u></b>

# City of Springfield, Michigan

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## Fiduciary Funds Statement of Changes in Net Assets Year Ended June 30, 2005

	Retiree Benefits Fund
	<hr/>
<b>Net Increase in Net Assets Held in Trust - Interest and dividends</b>	\$ 12,020
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>	
Beginning of year	<hr/> 75,473
End of year	<hr/> <b>\$ 87,493</b> <hr/>

# City of Springfield, Michigan

## Component Units Statement of Net Assets (Deficit) June 30, 2005

	Tax Increment Finance Authority	Brownfield Authority	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>			
Cash and cash equivalents	\$ 470,434	\$ 300,000	\$ 770,434
Investments	626,590	-	626,590
Special assessment receivable	143,303	-	143,303
	<u>1,240,327</u>	<u>300,000</u>	<u>1,540,327</u>
Total assets			
<b>Liabilities</b>			
Accounts payable	5,912	62,980	68,892
Notes payable, due within one year	210,000	-	210,000
Notes payable, due in more than one year	1,305,000	-	1,305,000
	<u>1,520,912</u>	<u>62,980</u>	<u>1,583,892</u>
Total liabilities			
<b>Net Assets - Unrestricted</b>	<u><b>\$ (280,585)</b></u>	<u><b>\$ 237,020</b></u>	<u><b>\$ (43,565)</b></u>

# City of Springfield, Michigan

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	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants/ Contributions</u>
		<u>Charges for Services</u>	<u>Operating Grants/ Contributions</u>	
Tax Increment Finance Authority	\$ 288,745	\$ -	\$ 9,494	\$ -
Brownfield Authority	<u>62,980</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Total governmental activities	<u>\$ 351,725</u>	<u>\$ -</u>	<u>\$ 9,494</u>	<u>\$ 300,000</u>

**General Revenues**

Property taxes  
Interest income  
Miscellaneous  
Contributions

Total general revenues

**Change in Net Assets**

**Net Assets (Deficit) - Beginning of year**

**Net Assets (Deficit) - End of year**



**Component Units  
Statement of Activities  
Year Ended June 30, 2005**

Net (Expense) Revenue and Changes in Net Assets		
Tax Increment		
Finance Authority	Brownfield Authority	Total
\$ (279,251)	\$ -	\$ (279,251)
-	237,020	237,020
(279,251)	237,020	(42,231)
488,777	-	488,777
28,846	-	28,846
-	-	-
-	-	-
517,623	-	517,623
238,372	237,020	475,392
(518,957)	-	(518,957)
<b>\$ (280,585)</b>	<b>\$ 237,020</b>	<b>\$ (43,565)</b>

## **Note I - Summary of Significant Accounting Policies**

The accounting policies of the City of Springfield (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Springfield:

### **Reporting Entity**

The City of Springfield is governed by an elected seven-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description).

**Discretely Presented Component Units** - The Economic Development Corporation (EDC) was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in locating and expanding within the City so as to provide needed services and facilities of such enterprises to the residents of the City. The EDC's governing body, which consists of nine individuals, is selected by the mayor of the City of Springfield with advice and consent of the city council. The EDC board governs the Tax Increment Finance Authority Development Areas A, B, C, and D and the Brownfield Authority. The TIFA funds and the Brownfield Authority are reported within the component units column of the financial statements in order to emphasize that they are legally separate from the City. The EDC holds no assets and records no activity.

### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets (deficit) and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

## **Note I - Summary of Significant Accounting Policies (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

## **Note I - Summary of Significant Accounting Policies (Continued)**

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The City reports the following major governmental funds:

**General Fund** - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Major Streets Fund** - The Major Streets Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on major streets.

**Local Streets Fund** - The Local Streets Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on local streets.

**Income Tax Fund** - The Income Tax Fund accounts for income tax revenues received by the City during the year.

**Bond Redemption Fund** - The Bond Redemption Fund accounts for the retirement of the City's outstanding debt.

The City reports the following major proprietary funds:

**Water Fund** - The Water Fund is a municipal utility formed by City Charter to pump and distribute the City water supply.

**Sewer Fund** - The Sewer Fund is a municipal utility formed by City Charter to operate and maintain the wastewater collections and treatment.

**Refuse Fund** - The Refuse Fund is formed by City Charter to operate and maintain the refuse collection for the City.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

## **Note I - Summary of Significant Accounting Policies (Continued)**

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

### **Property Tax Revenue**

Property taxes are levied on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on December 1 of the following year, at which time penalties and interest are assessed.

### **Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis.

## **Note I - Summary of Significant Accounting Policies (Continued)**

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Roads and sidewalks	20 to 40 years
Buildings and building improvements	7 to 50 years
Water and sewer distribution systems	20 to 40 years
Land improvements	20 to 40 years
Vehicles	5 to 20 years
Furniture and fixtures	5 to 7 years
Other tools and equipment	3 to 7 years

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

## **Note 2 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The City has designated two banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs. The City's deposits and investment policies are in accordance with statutory authority.

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the City had \$1,653,000 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

# City of Springfield, Michigan

## Notes to Financial Statements June 30, 2005

### Note 2 - Deposits and Investments (Continued)

**Credit Rate Risk** - The City does not specifically identify credit risk in the investment policy adopted by the City. The City holds mutual funds that are either not rated or rated with a credit risk rating of at least AA.

**Interest Rate Risk** - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

Investment	Less than One Year	1-5 Years	6-10 Years	More than 10 Years
Mutual funds	\$ 59,897	\$ 418,743	\$ -	\$ 211,856

### Note 3 - Capital Assets

Capital asset activity of the City's governmental and business-type activities was as follows:

Governmental Activities	Balance June 30, 2004	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2005
Capital assets not being depreciated -					
Land	\$ 675,176	\$ -	\$ 45,446	\$ -	\$ 720,622
Capital assets being depreciated:					
Roads and sidewalks	19,765,152	-	-	-	19,765,152
Buildings and improvements	2,064,269	-	-	-	2,064,269
Land improvements	22,762	-	26,000	-	48,762
Vehicles	1,028,572	-	48,092	65,453	1,011,211
Furniture and fixtures	84,235	-	-	190	84,045
Other tools and equipment	489,335	-	17,172	1,052	505,455
Subtotal	23,454,325	-	91,264	66,695	23,478,894
Accumulated depreciation:					
Roads and sidewalks	13,126,671	-	418,325	-	13,544,996
Buildings and improvements	730,810	-	50,915	-	781,725
Land improvements	22,335	-	4,252	-	26,587
Vehicles	887,701	-	47,372	49,770	885,303
Furniture and fixtures	70,970	-	9,696	190	80,476
Other tools and equipment	306,457	-	73,890	1,052	379,295
Subtotal	15,144,944	-	604,450	51,012	15,698,382
Net capital assets being depreciated	8,309,381	-	(513,186)	15,683	7,780,512
Net capital assets	\$ 8,984,557	\$ -	\$ (467,740)	\$ 15,683	\$ 8,501,134



# City of Springfield, Michigan

## Notes to Financial Statements June 30, 2005

### Note 3 - Capital Assets (Continued)

<b>Business-type Activities</b>	Balance June 30, 2004	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2005
Capital assets being depreciated:					
Water and sewer distribution systems	\$ 5,838,132	\$ -	\$ 92,379	\$ -	\$ 5,930,511
Other tools and equipment	<u>212,478</u>	<u>-</u>	<u>12,498</u>	<u>-</u>	<u>224,976</u>
Subtotal	6,050,610	-	104,877	-	6,155,487
Accumulated depreciation:					
Water and sewer distribution systems	3,058,204	-	139,746	-	3,197,950
Other tools and equipment	<u>18,727</u>	<u>-</u>	<u>3,051</u>	<u>-</u>	<u>21,778</u>
Subtotal	<u>3,076,931</u>	<u>-</u>	<u>142,797</u>	<u>-</u>	<u>3,219,728</u>
Net capital assets being depreciated	<u>2,973,679</u>	<u>-</u>	<u>(37,920)</u>	<u>-</u>	<u>2,935,759</u>
Net capital assets	<u>\$ 2,973,679</u>	<u>\$ -</u>	<u>\$ (37,920)</u>	<u>\$ -</u>	<u>\$ 2,935,759</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 62,616
Public safety	42,725
Public works	432,643
Economic development	19,094
Internal Service Fund	<u>47,372</u>
Total governmental activities	<u>\$ 604,450</u>
Business-type activities:	
Water	\$ 48,708
Sewer	<u>94,089</u>
Total business-type activities	<u>\$ 142,797</u>

# City of Springfield, Michigan

## Notes to Financial Statements June 30, 2005

### Note 4 - Interfund Transfers

Interfund transfers reported in the fund financial statements are comprised of the following:

Fund Providing Resources	Fund Receiving Resources	Amount
Income Tax Fund	General Fund	\$ 520,801
Major Street Fund	Local Street Fund	75,000
Income Tax Fund	Local Street Fund	20,000
Local Street Fund	Debt Service Fund	49,695
Income Tax Fund	Debt Service Fund	133,495
General Fund	Building Fund	10,000
Total		<u>\$ 808,991</u>

The transfers from the Income Tax Fund to the General Fund, Local Streets Fund, and Debt Service Fund represent the funding of projects and debt service payments. The transfer from the Major Streets Fund to the Local Streets Fund represents the sharing of gas and weight tax revenues, in accordance with Act 51. All other transfers relate to the funding of debt service payments.

### Note 5 - Long-term Debt

#### Changes in Long-term Debt

The following are summaries of long-term debt transactions of the City for the year ended June 30, 2005:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 100,000	\$ -	\$ 50,000	\$ 50,000	\$ 50,000
Special assessment bonds	85,000	-	40,000	45,000	45,000
Capital appreciation bonds	15,000	-	-	15,000	15,000
1995 Public Improvement City Share Bonds	120,000	-	15,000	105,000	20,000
1995 Michigan transportation bonds	270,000	-	40,000	230,000	40,000
1995 Public Improvement Special Assessment Bonds	90,000	-	15,000	75,000	15,000
Installment loan	99,161	-	18,236	80,925	18,908
Other liabilities - Compensated absences	117,734	5,388	-	123,122	95,577
Total governmental activities	<u>\$ 896,895</u>	<u>\$ 5,388</u>	<u>\$ 178,236</u>	<u>\$ 724,047</u>	<u>\$ 299,485</u>

# City of Springfield, Michigan

## Notes to Financial Statements June 30, 2005

### Note 5 - Long-term Debt (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Component Units</b>					
1991 Tax Increment Bonds	\$ 150,000	\$ -	\$ 75,000	\$ 75,000	\$ 75,000
1993 Tax Increment Bonds	190,000	-	45,000	145,000	45,000
1999 Tax Increment Bonds	830,000	-	30,000	800,000	35,000
2003 Tax Increment Bonds	550,000	-	55,000	495,000	55,000
Total component units	<u>\$ 1,720,000</u>	<u>\$ -</u>	<u>\$ 205,000</u>	<u>\$ 1,515,000</u>	<u>\$ 210,000</u>

The accrued vacation and longevity payable represents the estimated liability to be paid governmental fund-type employees under the City's vacation and longevity policy. Under the City's policy, employees earn vacation time and longevity based on time of service with the City.

#### Debt Service Requirements

The annual requirements to service all debt outstanding as of June 30, 2005 (excluding employee benefits), including both principal and interest, are as follows:

	Governmental Activities		
	Principal	Interest	Total
2006	\$ 203,908	\$ 34,319	\$ 238,227
2007	99,925	22,692	122,617
2008	122,092	17,122	139,214
2009	85,000	10,241	95,241
2010	90,000	5,310	95,310
Total	<u>\$ 600,925</u>	<u>\$ 89,684</u>	<u>\$ 690,609</u>

# City of Springfield, Michigan

## Notes to Financial Statements June 30, 2005

### Note 5 - Long-term Debt (Continued)

#### Outstanding Debt

The following is a summary of the debt outstanding of the City as of June 30, 2005:

#### Governmental Activities:

1991 Capital Appreciation Bonds, payable in one installment of \$15,000, including interest at 7.5%, due November 1, 2005	\$ 15,000
1991 Special Assessment Bonds, payable in annual installments of \$45,000, plus interest at 6.7% through 2006	45,000
1991 General Obligation Limited Tax Bonds, payable in annual installments of \$50,000, plus interest at 6.7% through 2006	50,000
1995 Public Improvement City Share Bonds, payable in annual installments of \$20,000 to \$25,000, plus interest at rates from 5.6% to 5.9% through 2010	105,000
1995 Michigan Transportation Fund Bonds, payable in annual installments of \$40,000 to \$50,000, plus interest at rates from 5.5% to 5.9% through 2010	230,000
1995 Public Improvement Special Assessment Bonds, payable in annual installments of \$15,000, plus interest at rates from 5.6% to 5.9% through 2010	75,000
Installment note, payable in 15 equal annual installments of \$23,319, including interest at the five-year U.S. Treasury Bill Index as of July 15, 2003 plus 150 basis points	80,925
Accrued vacation and longevity payable	<u>123,122</u>
Total governmental activity debt	<u>\$ 724,047</u>

# City of Springfield, Michigan

## Notes to Financial Statements June 30, 2005

### Note 5 - Long-term Debt (Continued)

#### Component Units

1991 Tax Increment Bonds (General Obligation Limited Tax), payable in annual installments of \$75,000, plus interest at 6.75% through 2006	\$ 75,000
1993 Tax Increment Bonds (General Obligation Limited Tax), payable in annual installments of \$45,000 to \$50,000, plus interest at rates from 5.15% to 5.3% through 2008	145,000
1999 Tax Increment Bonds (General Obligation Limited Tax), payable in annual installments of \$35,000 to \$85,000, plus interest at rates from 4.40% to 5.2% through 2019	800,000
2003 Tax Increment Bonds (General Obligation Limited Tax), payable in annual installments of \$55,000 to \$70,000, plus interest at rates from 2.5% to 4.1% through 2013	<u>495,000</u>
Total component units	<u>\$ 1,515,000</u>

Note: The component units have agreed to pay for 35 percent of the 1991 Special Assessment Bonds out of proceeds from special assessments.

**Interest Incurred** - Interest expense for the year ended June 30, 2005 amounted to approximately \$37,000 in the Debt Service Funds, \$4,100 in the Internal Service Fund, and \$77,000 in the component units.

### Note 6 - Budget Information

The annual budget is prepared by the city management and adopted by the city council; subsequent amendments are approved by the City Council. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2005 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget has been adopted on a departmental basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the General Fund budget, as adopted by the City Council, is included in the additional information. A comparison of the actual results of operations to the Special Revenue and Debt Service Fund budgets, as adopted by the City Council, is available at the treasurer's office for inspection.

There were no significant budget overruns during the year ended June 30, 2005.

# City of Springfield, Michigan

## Notes to Financial Statements June 30, 2005

### Note 7 - Proprietary Fund Budgets

The City included budgets for its Sewer Fund, Water Fund, Refuse Fund, and Vehicle Fund in the Appropriations Act for the year ended June 30, 2005. Following are comparisons of budgets as amended to actual results of operations for the year ended June 30, 2005:

	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Sewer Fund (Enterprise Fund)</u></b>			
Revenue	\$ 453,800	\$ 511,429	\$ 57,629
Expenses	<u>643,300</u>	<u>619,383</u>	<u>23,917</u>
Net loss	<u>\$ (189,500)</u>	<u>\$ (107,954)</u>	<u>\$ 81,546</u>
<b><u>Water Fund (Enterprise Fund)</u></b>			
Revenue	\$ 429,000	\$ 447,860	\$ 18,860
Expenses	<u>505,300</u>	<u>444,937</u>	<u>60,363</u>
Net income (loss)	<u>\$ (76,300)</u>	<u>\$ 2,923</u>	<u>\$ 79,223</u>
<b><u>Refuse Fund (Enterprise Fund)</u></b>			
Revenue	\$ 146,900	\$ 151,612	\$ 4,712
Expenses	<u>149,400</u>	<u>149,028</u>	<u>372</u>
Net income (loss)	<u>\$ (2,500)</u>	<u>\$ 2,584</u>	<u>\$ 5,084</u>
<b><u>Vehicle Fund (Internal Service Fund)</u></b>			
Revenue	\$ 145,100	\$ 149,214	\$ 4,114
Expenses	<u>232,961</u>	<u>180,812</u>	<u>52,149</u>
Net loss	<u>\$ (87,861)</u>	<u>\$ (31,598)</u>	<u>\$ 56,263</u>

# City of Springfield, Michigan

## Notes to Financial Statements June 30, 2005

### Note 8 - Segment Information for Enterprise Funds

The City maintains three Enterprise Funds that provide water, sewer, and refuse services. Segment information for the year ended June 30, 2005 was as follows:

	Water Fund	Sewer Fund	Refuse Fund	Total
Operating revenue	\$ 447,860	\$ 511,429	\$ 151,612	\$ 1,110,901
Operating income (loss)	2,923	(107,954)	2,584	(102,447)
Nonoperating revenue - Interest	9,035	3,335	381	12,751
Net income (loss)	11,958	(104,619)	2,965	(89,696)
Land, buildings, and equipment:				
Additions	66,640	38,237	-	104,877
Depreciation expense	48,708	94,089	-	142,797
Net working capital	392,568	189,750	53,453	635,771
Total assets	1,769,804	1,840,583	65,251	3,675,638
Total equity	1,753,339	1,764,738	53,453	3,571,530

### Note 9 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for employee health and life and retiree health and life claims (see Note 10). The City participates in the Michigan Municipal Risk Management Authority for claims relating to auto, liability, and property damage and the Michigan Municipal Workers' Compensation Fund for workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority's State Pool program operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Authority itself.

## **Note 9 - Risk Management (Continued)**

The Michigan Municipal Workers' Compensation Fund operates as a common risk-sharing program for Michigan municipalities. Member premiums are used to purchase excess insurance coverage and to pay member claims and expenses.

## **Note 10 - Defined Benefit Pension Plans**

### **Plan Description**

**Michigan Municipal Employees' Retirement System** - The City participates in the Michigan Municipal Employees' Retirement System (MMERS), which is an agent multiple-employer defined benefit pension plan that covers all full-time employees of the City. The Michigan Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the MMERS. That report may be obtained by writing to the MMERS at 1134 Municipal Way, Lansing, MI 48917.

### **Annual Pension Cost**

**Michigan Municipal Employees' Retirement System** - For the year ended June 30, 2005, the City's annual pension cost of \$55,009 for the plan was equal to the City's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2002, using the entry age normal cost method. Significant actuarial assumptions used include (a) an 8.0 percent investment rate of return, (b) projected salary increases of 4.5 percent per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0 percent to 4.5 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5 percent per year after retirement for certain benefit provisions. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 30 years.

**Michigan Municipal Employees' Retirement System - Public Safety Division** - For the year ended June 30, 2005, the City's annual pension of \$117,895 for the plan was equal to the City's required and actual contribution. The actuarial valuation at August 1, 2002 used the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8.0 percent investment rate of return, (b) projected salary increases of 4.5 percent per year compounded annually, attributable to inflation, and (c) additional projected salary increases depending on age, attributable to seniority/merit. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 30 years.



# City of Springfield, Michigan

## Notes to Financial Statements June 30, 2005

### Note 10 - Defined Benefit Pension Plans (Continued)

#### Contributions

**Michigan Municipal Employees' Retirement System** - The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's competitive bargaining units and requires no contribution from the employees.

**Public Safety Division** - The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's competitive bargaining units and requires a contribution from the employees of 7 percent to 10 percent.

#### Trend Information

Michigan Municipal Employees' Retirement System:

	Fiscal Year Ended June 30		
	2003	2004	2005
Annual pension costs (APC)	\$ 18,227	\$ 38,148	\$ 44,748
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -
	Actuarial Valuation as of December 31		
	2002	2003	2004
Actuarial value of assets	\$ 2,007,703	\$ 6,611,003	\$ 6,845,357
Actuarial Accrued Liability (AAL)			
(entry age)	\$ 2,098,078	\$ 7,222,416	\$ 7,584,567
(Overfunded) Unfunded AAL	\$ 90,375	\$ 611,413	\$ 739,210
Funded ratio	95.7%	91.5%	90.3%
Covered payroll	\$ 509,520	\$ 1,612,135	\$ 1,601,486

The actuarial valuation as of December 31, 2003 includes all the divisions of the City, including the Public Safety division.

# City of Springfield, Michigan

## Notes to Financial Statements June 30, 2005

### Note 10 - Defined Benefit Pension Plans (Continued)

Public Safety Division:

	Fiscal Year Ended June 30		
	MMERS Initial		
	Valuation		
	2003	2004	2005
Annual pension costs (APC)	\$ 105,702	\$ 113,483	\$ 119,739
Percentage of APC contributed	100.0%	100.0%	0.0%
Net pension obligation	-	-	-

### Note 11 - Postemployment Benefits

The City of Springfield provides health and life insurance benefits to all full-time employees upon retirement, in accordance with labor contracts. Currently, 11 retirees are eligible. Expenditures for post-employment benefits are recognized as insurance premiums become due. During the year, these expenditures amounted to \$26,416.

### Note 12 - Upcoming Reporting Change

The Governmental Accounting Standards Board has recently released Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2010.

## **Required Supplemental Information**

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# City of Springfield, Michigan

## Required Supplemental Information General Fund Schedule of Revenue - Budget and Actual Year Ended June 30, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Taxes:				
Operating	\$ 962,000	\$ 938,000	\$ 940,970	\$ 2,970
Pension	66,000	66,000	67,214	1,214
Tax collection fees	14,800	14,800	14,678	(122)
Penalties and interest	7,500	7,500	6,529	(971)
Total taxes	1,050,300	1,026,300	1,029,391	3,091
Licenses and permits:				
Trailer fees	1,500	1,500	1,374	(126)
Business licenses	3,000	3,000	2,375	(625)
Liquor licenses	4,500	4,500	4,640	140
Cable franchise fees	33,000	37,000	37,998	998
Total licenses and permits	42,000	46,000	46,387	387
State sources:				
Police training grant	4,500	4,500	4,706	206
Statutory sales tax	427,000	430,000	429,701	(299)
Constitutional sales tax	362,000	349,000	350,322	1,322
Total state sources	793,500	783,500	784,729	1,229
Fines and forfeitures	45,000	45,000	46,868	1,868
Interest earned	9,200	9,200	13,615	4,415
Other:				
Parks and recreational fees	2,500	2,500	3,230	730
Cemetery lot sales and openings	7,000	7,000	9,295	2,295
Sale of City property	20,000	60,000	60,598	598
Other refunds	8,700	6,700	6,953	253
Miscellaneous	80,100	90,100	103,319	13,219
Total other	118,300	166,300	183,395	17,095
Total revenue	<u>\$ 2,058,300</u>	<u>\$ 2,076,300</u>	<u>\$ 2,104,385</u>	<u>\$ 28,085</u>

# City of Springfield, Michigan

## Required Supplemental Information General Fund Schedule of Expenditures - Budget and Actual (Continued) Year Ended June 30, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Expenditures</b>				
General government:				
City council	\$ 39,700	\$ 39,700	\$ 37,710	\$ 1,990
City manager	50,800	50,800	44,321	6,479
Elections	10,300	10,300	6,533	3,767
City assessor	96,500	99,900	86,875	13,025
City attorney	19,000	19,000	24,876	(5,876)
Treasurer	209,700	213,700	218,209	(4,509)
Clerk	94,600	94,600	87,789	6,811
Total general government	520,600	528,000	506,313	21,687
Public safety - Public safety office	1,801,800	1,823,800	1,795,733	28,067
Public works	118,300	61,300	45,166	16,134
Street lights	74,500	74,500	75,840	(1,340)
Cemetery	61,700	76,700	80,881	(4,181)
Building and grounds	50,100	59,100	58,401	699
Recreation	9,100	9,100	7,982	1,118
Total expenditures	<u>\$ 2,636,100</u>	<u>\$ 2,632,500</u>	<u>\$ 2,570,316</u>	<u>\$ 62,184</u>

# City of Springfield, Michigan

## Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds Year Ended June 30, 2005

	Major Streets Fund				Local Streets Fund			
	Original Budget	Amended Budget	Actual	Variance with Amended Budget	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>								
State sources	\$ 309,200	\$ 309,200	\$ 299,427	\$ (9,773)	\$ 108,500	\$ 108,500	\$ 105,500	\$ (3,000)
Special assessments	44,000	44,000	46,662	2,662	38,500	38,500	41,502	3,002
Interest earned	700	700	6,036	5,336	1,100	1,100	3,598	2,498
Other - Miscellaneous	-	-	1,293	1,293	-	-	-	-
<b>Total revenue</b>	<b>\$ 353,900</b>	<b>\$ 353,900</b>	<b>\$ 353,418</b>	<b>\$ (482)</b>	<b>\$ 148,100</b>	<b>\$ 148,100</b>	<b>\$ 150,600</b>	<b>\$ 2,500</b>
<b>Expenditures</b>								
Highways and streets	\$ 198,900	\$ 145,900	\$ 126,608	\$ 19,292	\$ 166,500	\$ 160,300	\$ 136,179	\$ 24,121
Other	38,100	38,100	29,800	8,300	10,200	10,200	10,050	150
<b>Total expenditures</b>	<b>\$ 237,000</b>	<b>\$ 184,000</b>	<b>\$ 156,408</b>	<b>\$ 27,592</b>	<b>\$ 176,700</b>	<b>\$ 170,500</b>	<b>\$ 146,229</b>	<b>\$ 24,271</b>

# City of Springfield, Michigan

**Required Supplemental Information  
Budgetary Comparison Schedule  
Major Special Revenue Funds (Continued)  
Year Ended June 30, 2005**

	Income Tax Fund			Variance with Amended Budget
	Original Budget	Amended Budget	Actual	
<b>Revenue</b>				
Taxes - Income taxes	\$ 748,000	\$ 610,000	\$ 621,910	\$ 11,910
Interest earned	46,000	39,500	26,640	(12,860)
Other - Miscellaneous	-	-	960	960
Total revenue	<u>\$ 794,000</u>	<u>\$ 649,500</u>	<u>\$ 649,510</u>	<u>\$ 10</u>
<b>Expenditures - Other</b>	<u>\$ 284,700</u>	<u>\$ 154,700</u>	<u>\$ 145,840</u>	<u>\$ 8,860</u>

Note: Budget to actual required for General and Major Special Revenue Funds

## **Other Supplemental Information**

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# City of Springfield, Michigan

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds June 30, 2005

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Drug Law Enforcement Fund	Economic Development Fund	Building Fund	Local Law Enforcement Grant Fund	
<b>Assets</b>					
Cash	\$ 4,641	\$ 54,376	\$ 2,851	\$ -	\$ 61,868
Special assessment receivable	-	16,534	-	-	16,534
Accounts receivable	-	-	10,071	-	10,071
Notes receivable	-	103,041	-	-	103,041
Total assets	<u>\$ 4,641</u>	<u>\$ 173,951</u>	<u>\$ 12,922</u>	<u>\$ -</u>	<u>\$ 191,514</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 463	\$ 613	\$ -	\$ -	\$ 1,076
Due to other funds	-	24	356	-	380
Accrued and other liabilities	-	582	-	-	582
Deferred revenue	-	16,534	8,657	-	25,191
Total liabilities	463	17,753	9,013	-	27,229
<b>Fund Balances</b>					
Reserved	-	103,041	-	-	103,041
Designated	-	16,916	-	-	16,916
Unreserved	4,178	36,241	3,909	-	44,328
Total fund balances	4,178	156,198	3,909	-	164,285
Total liabilities and fund balances	<u>\$ 4,641</u>	<u>\$ 173,951</u>	<u>\$ 12,922</u>	<u>\$ -</u>	<u>\$ 191,514</u>

# City of Springfield, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds Year Ended June 30, 2005

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Drug Law Enforcement Fund	Economic Development Fund	Building Fund	Local Law Enforcement Grant Fund	
<b>Revenue</b>					
Special assessments	\$ -	\$ 16,451	\$ -	\$ -	\$ 16,451
Licenses and permits	-	-	53,734	-	53,734
Charges for services	-	14,003	-	-	14,003
Federal sources	-	-	-	12,881	12,881
Fines and forfeitures	12,151	-	-	-	12,151
Interest income	302	4,418	76	94	4,890
Other	-	6,500	-	-	6,500
Total revenue	12,453	41,372	53,810	12,975	120,610
<b>Expenditures - Administration and other</b>	41,604	60,593	65,472	7,387	175,056
<b>Excess of Revenue Over (Under) Expenditures</b>	(29,151)	(19,221)	(11,662)	5,588	(54,446)
<b>Other Financing Sources - Transfers in</b>	-	-	10,000	-	10,000
<b>Net Change in Fund Balances</b>	(29,151)	(19,221)	(1,662)	5,588	(44,446)
<b>Fund Balances (Deficit) - Beginning of year</b>	33,329	175,419	5,571	(5,588)	208,731
<b>Fund Balances - End of year</b>	<u>\$ 4,178</u>	<u>\$ 156,198</u>	<u>\$ 3,909</u>	<u>\$ -</u>	<u>\$ 164,285</u>