

City of Springfield, Michigan

**Financial Report
with Supplemental Information
June 30, 2008**

City of Springfield, Michigan

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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 (the "City") as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and 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 required parts 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

December 3, 2008

City of Springfield, Michigan

Management's Discussion and Analysis

Our discussion and analysis of the City of Springfield, Michigan's (the "City") financial performance provides a narrative explanation of the City's financial statements that enables residents, business owners, public officials, and other interested parties to see the City through the eyes of its chief executive. The goal of this document is to improve the City's overall financial disclosure by providing information about the quality, consistency, and diversity of the City's revenue sources, and the expectations and returns anticipated from City expenses and investments. Please read this document in conjunction with the City's basic financial statements.

Using this Annual Report

This annual report consists of a series of financial statements, described as follows:

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 to measure the cost of providing services during the current year, and to determine whether the taxpayers have funded the full cost of providing government services within that year.

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.

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, 2008:

The General Fund's main source of revenue is generated through property taxes on real and personal property. For fiscal year 2007-2008, the City of Springfield, Michigan boasted a taxable value equal to \$86,872,452; this was an increase of 2.0 percent from fiscal year 2006-2007. After Tax Increment Finance Authority (TIFA) and Brownfield Redevelopment Authority (BRA) tax captures were accounted for, and deductions were made for existing Industrial Facilities Tax Abatements (IFT) and enacted 425 agreements, the City collected \$1,145,743 in tax revenues from the 14.0 mill general operating millage and the 1.0 mill public safety retirement millage; the TIFAs captured \$188,103 from the City's general property tax income in fiscal year 2007-2008.

City of Springfield, Michigan

Management's Discussion and Analysis (Continued)

State-shared revenue was formerly the City's second largest revenue source; however, it is now our third largest revenue source. The amount received this year was the same amount received last year, totaling \$767,184. This revenue line item has fallen from over \$1 million annually in 2001, to its current level (-24.6 percent), costing the City nearly \$1.3 million in lost revenue since 2001. Act 51 Revenue Sharing, which funds the Local and Major Streets Funds equaled \$388,591 in fiscal year 2007-2008. The City continues with a conservative and diligent spending objective to preserve a healthy financial position in spite of state revenue-sharing cuts.

Income taxes were the City's second largest revenue source this fiscal year, exceeding \$788,500, an increase of \$67,600 or 9.4 percent over prior year collections. The growth in revenue is primarily attributed to enhanced compliance and tax collection efforts. Also, an adjustment was made to recognize revenue received within 60 days of year end belonging to this year. Income tax provided \$541,500 in funding for eight full-time positions - four public safety officers plus four public works employees. The income tax will only fund seven full-time positions in fiscal year 2008-2009 and six in fiscal year 2009-2010.

Investments fared well this year considering the uncertain market. Invested funds yielded over \$149,000 in interest, dividends, and capital gains net of value appreciation. Pooled money market and mutual funds had an average yield ranging from 3.4 percent to 4.9 percent. The Retiree Health Care Fund yielded an overall investment return of 2.1 percent. No losses were realized and invested principal was preserved in all funds.

The City as a Whole

The following table shows, in a condensed format, the net assets as of June 30, 2008 and compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Capital assets	\$ 9,989,444	\$ 8,668,487	\$ 2,802,479	\$ 2,949,646	\$ 12,791,923	\$ 11,618,133
Other assets	<u>2,549,586</u>	<u>2,501,890</u>	<u>1,046,763</u>	<u>922,337</u>	<u>3,596,349</u>	<u>3,424,227</u>
Total assets	12,539,030	11,170,377	3,849,242	3,871,983	16,388,272	15,042,360
Liabilities						
Current liabilities	439,309	473,701	131,162	113,538	570,471	587,239
Long-term liabilities	<u>967,349</u>	<u>1,079,712</u>	<u>217,358</u>	<u>226,076</u>	<u>1,184,707</u>	<u>1,305,788</u>
Total liabilities	<u>1,406,658</u>	<u>1,553,413</u>	<u>348,520</u>	<u>339,614</u>	<u>1,755,178</u>	<u>1,893,027</u>
Net Assets						
Invested in capital assets -						
Net of related debt	8,885,733	7,448,496	2,576,556	2,715,005	11,462,289	10,163,501
Restricted	1,148,348	1,372,929	-	-	1,148,348	1,372,929
Unrestricted	<u>1,098,291</u>	<u>795,539</u>	<u>924,166</u>	<u>817,364</u>	<u>2,022,457</u>	<u>1,612,903</u>
Total net assets	<u>\$ 11,132,372</u>	<u>\$ 9,616,964</u>	<u>\$ 3,500,722</u>	<u>\$ 3,532,369</u>	<u>\$ 14,633,094</u>	<u>\$ 13,149,333</u>

City of Springfield, Michigan

Management's Discussion and Analysis (Continued)

Net assets of the City's governmental and business-type activities total over \$14.6 million. This includes cash, investments, receivables, and capital assets versus short-term and long-term liabilities. The value of the City's capital assets increased \$1,173,800. This change reflects new purchases, net of disposals and annual depreciation. Capital assets include land, buildings, tools, equipment, computer systems, office furniture, vehicles, streets, and utility infrastructure. Overall, the City realized an increase in cash, investments, receivables, and capital assets of \$1.3 million. Total liabilities decreased \$137,800, primarily due to debt retirement. Gross assets of \$16.3 million are rich in comparison to long-term liabilities of \$1.2 million.

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	
	2008	2007	2008	2007	2008	2007
Revenue						
Program revenue:						
Charges for services	\$ 195,424	\$ 210,168	\$ 1,227,833	\$ 1,094,385	\$ 1,423,257	\$ 1,304,553
Operating grants and contributions	410,518	418,092	-	-	410,518	418,092
Capital grants and contributions	1,710,709	449,742	-	-	1,710,709	449,742
General revenue:						
Property taxes	1,180,730	1,101,318	-	-	1,180,730	1,101,318
Income taxes	793,888	736,289	-	-	793,888	736,289
State-shared revenue	783,739	747,578	-	-	783,739	747,578
Unrestricted investment earnings	80,701	103,002	29,976	33,588	110,677	136,590
Miscellaneous	280,271	181,000	35,238	10,439	315,509	191,439
Total revenue	5,435,980	3,947,189	1,293,047	1,138,412	6,729,027	5,085,601
Program Expenses						
General government	788,330	833,471	-	-	788,330	833,471
Public safety	1,872,718	1,913,171	-	-	1,872,718	1,913,171
Public works	876,149	784,708	-	-	876,149	784,708
Cemetery and parks	78,228	89,779	-	-	78,228	89,779
Buildings and grounds	118,713	148,396	-	-	118,713	148,396
Economic development and culture	22,561	25,237	-	-	22,561	25,237
Other	106,401	118,128	-	-	106,401	118,128
Debt service payments	68,472	82,127	-	-	68,472	82,127
Water and sewer	-	-	1,148,912	1,031,930	1,148,912	1,031,930
Refuse	-	-	164,782	160,627	164,782	160,627
Total program expenses	3,931,572	3,995,017	1,313,694	1,192,557	5,245,266	5,187,574
Excess of Revenue Over (Under)						
Expenses - Before transfers	1,504,408	(47,828)	(20,647)	(54,145)	1,483,761	(101,973)
Transfers	11,000	18,972	(11,000)	(18,972)	-	-
Change in Net Assets	1,515,408	(28,856)	(31,647)	(73,117)	1,483,761	(101,973)
Net Assets - Beginning of year	9,616,964	9,645,820	3,532,369	3,605,486	13,149,333	13,251,306
Net Assets - End of year	\$ 11,132,372	\$ 9,616,964	\$ 3,500,722	\$ 3,532,369	\$ 14,633,094	\$ 13,149,333

City of Springfield, Michigan

Management's Discussion and Analysis (Continued)

Governmental Activities

Public Safety Expansion - The public safety building underwent an \$800,000 renovation and expansion. The project was funded through a combination of TIFA fund balance and TIFA bonds. This expansion will help our public safety officers operate more efficiently, and to provide our community with one of the best police, fire, and medical first response services in Calhoun County.

Orchard Hills Project - The City has partnered with Century 21 Realty and New Frontier Homes to develop a new 41-unit single-family home subdivision off Betterly Road (near 20th Street). The Orchard Hills Subdivision was initiated by the City, as we constructed streets, curbs, storm sewers, water lines, and sanitary sewers in 2006. Because of the City's \$700,000-plus investment, the homes are being offered at very reasonable prices. These high-quality homes range from \$130,000 to \$200,000. The City expects to realize benefit from the sale of the individual lots (priced from \$10,000 to \$18,000) and also from the increased property tax and income tax revenue that the development will bring. Fiscal year 2007-2008 realized the construction and sale of four homes in the subdivision.

Street Projects - The City completed a mill and overlay of two heavily-traveled streets: 20th Street and Avenue A. The project was funded mostly by Federal and State programs. The total cost of the project was approximately \$680,000; and the City's portion was approximately \$6,000. In fiscal year 2008-2009, the City will reconstruct Harmony Lane, Starlight Street, and Sundown Street at a cost of approximately \$225,000; the project will also include the installation of curb and gutter.

Recreation Projects - The City completed an extension to the Battle Creek Linear Park Path that connects the City of Springfield, Michigan to the path at the Kalamazoo River as well as south of Dickman Rd. The project was funded mostly by federal and state programs. The total cost of the project is approximately \$406,000; the City's portion of the cost is approximately \$59,700.

Economic Development - Fiscal year 2007-2008 experienced great investments by Motorzone Suzuki, the Springfield Do-it Center, Henkel Automotive Group, Summit Building Services, and Byrd's Landing. Ongoing and planned economic development projects include the redevelopment of the former Bedford RV site (2020 W Dickman Rd.), an expansion at Team Alliance Plastics (128 Bishop Rd.), the development of a four-unit office/retail center on Dickman Rd, the anticipated commercial development of City-owned land located at the SW corner of Avenue A and Helmer Rd., and planned projects at the vacant 84 Lumber location and the former Clark equipment facility.

City of Springfield, Michigan

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

The General Fund primarily pays for City administration, services provided by public safety and the public works departments, maintenance of cemeteries and parks, and a recreation program. The City originally budgeted expenditures at \$2,859,200, projecting a transfer to fund balance in the amount of \$6,700. However, the City ended the year favorably, with actual revenues of \$2,873,345 and expenditures of \$2,689,424. Actual transfer to fund balance was increased to \$183,921.

The City's management concentrated on cost reductions throughout fiscal year 2007-2008. A joint venture with Pennfield Township helped the City move to a contracted assessor position, saving \$32,000 in fiscal year 2007-2008 and an estimated \$150,000 over the subsequent five fiscal years. In addition, policy changes in the public safety department allowed for the elimination of more than \$90,000 in overtime expenses, and the elimination of one public works employee provided a General Fund savings of approximately \$62,000 in fiscal year 2007-2008 and an estimated \$325,000 over the subsequent five fiscal years. The City also implemented a health insurance buyout program that will save the General Fund nearly \$45,000 in annual health insurance costs. Each of the administrative changes implemented over the past year are expected to have a positive effect on immediate budget years and provide long-term savings to the City's General Fund.

Debt Retirement

The City's long-term debt consists of bonding for street projects and utility infrastructure, a Brownfield loan, and the installment purchase of a fire truck (a second truck will be paid off in fiscal year 2008-2009). This year, general government and the utility funds retired \$115,000 in bonded debt, plus \$39,067 in principal owed on the fire trucks. TIFA debt consists of bonding for capital projects including the Helmer Farms Industrial Park, East Airport Project, Farmers Market/Begg Park Project, and the Public Safety Building Expansion/Renovation. The TIFAs retired \$155,000 in bonded debt during fiscal year 2007-2008.

Economic Factors and Next Year's Budget

Over the past 10 years, the General Fund has steadily become more reliant on transfers from other funds. However, beginning in fiscal year 2008-2009, the City has decided to make the changes necessary to reduce the General Fund's reliance on those funds and allow the General Fund to operate in a more self-sustaining manner. This will require alterations to spending practices to account for the reduced transfers.

City of Springfield, Michigan

Management's Discussion and Analysis (Continued)

For fiscal year 2008-2009, the City of Springfield, Michigan boasts a taxable value equal to \$91,906,488; this is an increase of 3.77 percent from fiscal year 2007-2008. After Tax Increment Finance Authority (TIFA) and Brownfield Redevelopment Authority (BRA) tax captures are accounted for, and deductions are made for existing Industrial Facilities Tax Abatements (IFT) and enacted 425 Agreements, the City expects to collect approximately \$1,186,000 in tax revenues from the 14.0 mill general operating millage and the 1.0 mill public safety retirement millage; the TIFAs will capture \$185,600 from the City's general property tax income in fiscal year 2008-2009. The TIFA and BRA revenues, which total approximately \$350,000, will be addressed at a later point in this document, as they are accounted for in another fund. IFTs and 425 Agreements are accounted for in the General Fund, so the income generated from them is accounted for in here; the IFT is expected to generate \$1,474 in revenue, and the 425 Agreements are expected to generate \$6,600. The administrative fees levied by the City of Springfield, Michigan for collecting and disbursing tax revenues to other governmental entities will equal \$24,000 in fiscal year 2008-2009.

State of Michigan revenue sharing will account for approximately \$783,000 in fiscal year 2008-2009; this line item is anticipated to grow nearly 1.0 percent from fiscal year 2007-2008. In coming budget years, the City may be required to rely less on this revenue source to fund general operating activities.

Cash transfers from the Income Tax Fund, which finance four public safety officers and three public works laborers, represent the General Fund's third largest revenue source. The \$485,400 that is anticipated to be transferred into the General Fund for these purposes in fiscal year 2008-2009 reflects a reduction of \$56,100 from fiscal year 2007-2008, when four public safety officers and four public works laborers were financed in this manner at a total value of \$541,500. Over the next three years, the City anticipates removing three additional positions from this funding equation.

Other noteworthy revenue sources anticipated in the City's General Fund for fiscal year 2008-2009 include cable television franchise fees (\$36,000), a firefighting grant (\$39,000), court fines (\$50,000), investment income (\$28,000), employee/retiree medical insurance reimbursements (\$90,000), leases (\$9,600), dividend returns from insurance investments (\$16,000), and the sale of city property (\$75,000). Total General Fund revenue for fiscal year 2008-2009 is expected to equal \$2,868,400. This reflects a decrease of approximately \$4,900 (0.17 percent) from the previous fiscal year's actual revenues.

City of Springfield, Michigan

Management's Discussion and Analysis (Continued)

The General Fund's main expenditures are broken into three broad categories: public safety, community maintenance, and general government. Total General Fund expenditures for fiscal year 2008-2009 are anticipated to equal \$2,868,400. This reflects an increase of approximately \$179,000 (6.7 percent) from the previous fiscal year's actual expenditures. It is noteworthy to point out that fiscal year 2007-2008 expenditures were significantly under budget. At the time of the development of the fiscal year 2008-2009 budget, the final fiscal year 2007-2008 expenditure figures were not available; public safety accounts for more than \$2 million (70.0 percent) of this, while community maintenance (17.0 percent) and general government (13.0 percent) account for the remainder. It has been especially important for management to keep expenditures in line with revenues over the past five years, and the outlook for the next five years indicates that management will have to continue to work hard to address this.

Because of the overall depressed economic conditions in much of Michigan, expenditures are generally increasing at a greater rate than revenues across the State. If left unchecked, expenditures have the possibility of growing at more than double the rate of inflation. Beginning in the middle of fiscal year 2007-2008, the City began making administrative changes to help control rising expenses. Recent changes include the elimination (through attrition) of two department head positions, the creation of a financial incentive program for eligible employees to defer participation in the City's health insurance program, a retiree health insurance buyout program, and substantial decrease in approved public safety overtime; these changes are expected to save the City more than \$1.0 million over a five-year period.

The Major Streets Fund is expected to receive \$349,000 in fiscal year 2008-2009. A total of \$79,000 in construction projects are anticipated, \$65,000 in debt payments will be made, and \$125,000 will be transferred to the Local Streets Fund to finance a large street reconstruction project. Overall, the \$439,500 in planned expenses will lower the Fund's cash balance by \$90,500.

The Local Streets Fund is expected to receive \$278,000 in revenues (including the \$125,000 transfer from the Major Streets Fund). A total of \$307,000 in construction is planned, with \$240,000 of it being spent in the Harmony Neighborhood for street, curb/gutter, and storm sewer upgrades. Approximately \$89,000 in debt payments will also be made in fiscal year 2008-2009. Overall, the \$534,500 in planned expenses will lower the Fund's cash balance by \$256,500.

The Income Tax Fund will realize total revenue for fiscal year 2008-2009 of \$695,100. While operating expenses will increase by 4.41 percent to \$201,000, appropriations to other funds were decreased by more than 10.0 percent to \$485,400. Overall, the \$686,400 in planned expenses will raise the Fund's cash balance by \$8,700; this represents the second straight increase in the Income Tax Fund's cash balance after having no increases since fiscal year 2001-2002.

City of Springfield, Michigan

Management's Discussion and Analysis (Continued)

The TIFA B Fund will realize \$188,700 in revenue; nearly \$163,000 of this is captured tax dollars from the City and the other area taxing units. The Fund will expend nearly \$80,000 in debt retirement during fiscal year 2008-2009, and the only significant project planned for the year relates to beautification along Dickman Road (\$25,000). Overall, the \$164,100 in planned expenses will raise the Fund's cash balance by \$24,600. Major improvements in TIFA B, like the Motorzone Suzuki Project, Henkel Chrysler-Jeep's renovation and expansion, and the planned expansion of Sunshine Toyota have greatly impacted the Fund's ability to capture tax revenue for the next 20 plus years.

The TIFA D Fund will realize \$165,700 in revenue; \$152,000 of this is captured tax dollars from the City and the other area taxing units. The fund will expend more than \$100,000 in debt retirement during fiscal year 2008-2009; this is down from fiscal year 2007-2008, as the TIFA has retired the 1993 Helmer Farms Bond Debt (original principal \$525,000). The only significant project planned for the year is the construction of a new sign at the Begg Park Farmers' Market (\$25,000). Overall, the \$202,500 in planned expenses will lower the Fund's cash balance by \$36,800.

The Economic Development Fund supports the Springfield Farmers' Market. The Fund will collect more than \$27,000 in revenue, but is anticipated to expend \$54,200. Not accounted for in the Fund's revenue projections are nearly \$40,000 in debt payments being made to the City by a local business; only the loan interest is accounted as "revenue," while the principle is only added to the fund's cash balance. Overall, the \$54,200 in planned expenses will lower the Fund's cash balance by \$26,600, but the loan repayment will add \$36,700 to the cash balance (the net increase to the cash balance is approximately \$10,000).

The Drug Law Enforcement Fund will collect \$25,200 in revenue; expending approximately \$21,000. The net appropriation will result in an addition of \$4,200 in the Fund's cash balance.

The Building Code Enforcement Fund will collect \$44,900 in revenue; expending \$44,900. The fund will break even without any General Fund appropriations.

The Sewer Fund will collect nearly \$680,000 in revenue during fiscal year 2008-2009. Operating expenses will reach approximately \$624,000 and bond payments will equal \$10,000. After adjusting for \$98,700 in noncash depreciation, the Fund will add nearly \$49,000 to its cash balance. Most of the changes in the Sewer Fund from the previous fiscal year are related to contractual rate increases enacted by the City of Battle Creek and passed through to the City's utility accounts.

The Water Fund will collect \$420,000 in revenue during fiscal year 2008-2009. Operating expenses will reach approximately \$470,000, and bond payments will equal \$9,500. After adjusting for \$54,000 in noncash depreciation, the Fund will reduce its cash balance by \$54,600 by the end of the fiscal year. Most of the changes in the Sewer Fund from the previous fiscal year are related to contractual rate increases enacted by the City of Battle Creek and passed through to the City's utility accounts.

City of Springfield, Michigan

Management's Discussion and Analysis (Continued)

The Refuse Fund is a pass-through fund. It will collect and expend \$170,700 during fiscal year 2008-2009. This is up 1.9 percent from fiscal year 2007-2008 due to a contractual increase enacted by waste management. The City's contract with waste management is set to expire in March 2009.

The City's Vehicle Fund owns all City vehicles and related equipment. The fund charges "rental" rates to the other City funds for the ability to utilize its vehicles. This year, the Vehicle Fund will receive \$248,100 in revenue; expenses will equal \$282,600. After adjusting for noncash depreciation, the Fund will realize an increase in its cash balance of \$17,600 at the end of fiscal year 2008-2009.

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, 2008

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 2)	\$ 1,516,257	\$ 718,165	\$ 2,234,422	\$ 669,969
Investments (Note 2)	205,353	120,221	325,574	360,684
Receivables:				
Customers	-	194,796	194,796	-
Special assessment	228,689	13,581	242,270	90,549
Delinquent taxes	27,402	-	27,402	-
Other	246,568	-	246,568	14,118
Intergovernmental	266,062	-	266,062	-
Notes receivable	46,258	-	46,258	-
Capital assets - Net:				
Assets not being depreciated (Note 3)	818,389	-	818,389	49,349
Depreciated assets (Note 3)	9,171,055	2,802,479	11,973,534	-
Prepaid costs and other assets	12,997	-	12,997	-
Total assets	12,539,030	3,849,242	16,388,272	1,184,669
Liabilities				
Accounts payable	77,396	77,528	154,924	219,846
Accrued and other liabilities	106,175	24,941	131,116	-
Deferred revenue	-	20,128	20,128	-
Noncurrent liabilities (Note 5):				
Due within one year	159,463	8,565	168,028	110,000
Due in more than one year	944,248	217,358	1,161,606	1,750,000
Employee absences:				
Due within one year	96,275	-	96,275	-
Due in more than one year	23,101	-	23,101	-
Total liabilities	1,406,658	348,520	1,755,178	2,079,846
Net Assets (Deficit)				
Invested in capital assets - Net of related debt	8,885,733	2,576,556	11,462,289	49,349
Restricted - Highways and streets	1,148,348	-	1,148,348	-
Unrestricted	1,098,291	924,166	2,022,457	(944,526)
Total net assets (deficit)	\$ 11,132,372	\$ 3,500,722	\$ 14,633,094	\$ (895,177)

City of Springfield, Michigan

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 788,330	\$ 102,004	\$ -	\$ 155,419
Public safety	1,872,718	-	3,612	600,039
Public works	876,149	-	406,906	955,251
Cemetery and parks	78,228	12,439	-	-
Buildings and grounds	118,713	-	-	-
Economic development and culture	22,561	515	-	-
Other	106,401	80,466	-	-
Debt service payments	68,472	-	-	-
Total governmental activities	3,931,572	195,424	410,518	1,710,709
Business-type activities:				
Sewer Fund	666,077	638,467	-	-
Water Fund	482,835	423,309	-	-
Refuse Fund	164,782	166,057	-	-
Total business-type activities	1,313,694	1,227,833	-	-
Total primary government	<u>\$ 5,245,266</u>	<u>\$ 1,423,257</u>	<u>\$ 410,518</u>	<u>\$ 1,710,709</u>
Component units:				
Tax Increment Finance Authority	<u>\$ 1,067,283</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

- Property taxes
- Income taxes
- State-shared revenues
- Unrestricted investment earnings
- Miscellaneous
- Transfers

Total general revenues

Change in Net Assets

Net Assets (Deficit) - Beginning of year

Net Assets (Deficit) - End of year

Statement of Activities
June 30, 2008

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (530,907)	\$ -	\$ (530,907)	\$ -
(1,269,067)	-	(1,269,067)	-
486,008	-	486,008	-
(65,789)	-	(65,789)	-
(118,713)	-	(118,713)	-
(22,046)	-	(22,046)	-
(25,935)	-	(25,935)	-
(68,472)	-	(68,472)	-
(1,614,921)	-	(1,614,921)	-
-	(27,610)	(27,610)	-
-	(59,526)	(59,526)	-
-	1,275	1,275	-
-	(85,861)	(85,861)	-
(1,614,921)	(85,861)	(1,700,782)	-
-	-	-	(1,067,283)
1,180,730	-	1,180,730	351,088
793,888	-	793,888	-
783,739	-	783,739	-
80,701	29,976	110,677	59,180
280,271	35,238	315,509	14,118
11,000	(11,000)	-	-
3,130,329	54,214	3,184,543	424,386
1,515,408	(31,647)	1,483,761	(642,897)
9,616,964	3,532,369	13,149,333	(252,280)
\$ 11,132,372	\$ 3,500,722	\$ 14,633,094	\$ (895,177)

City of Springfield, Michigan

Governmental Funds Balance Sheet June 30, 2008

	General Fund	Major Streets Fund	Local Streets Fund	Income Tax Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 414,463	\$ 542,639	\$ 350,893	\$ 125,755	\$ 18,414	\$ 1,452,164
Investments	120,221	-	-	85,132	-	205,353
Special assessment receivable	-	144,557	84,132	-	-	228,689
Delinquent taxes receivable	27,402	-	-	-	-	27,402
Accounts receivable	33,490	-	-	145,970	67,108	246,568
Notes receivable	-	-	-	-	46,258	46,258
Due from other governmental units	162,924	86,551	16,587	-	-	266,062
Due from other funds	933	-	-	-	-	933
Prepaid costs and other assets	10,917	-	-	-	2,080	12,997
Total assets	\$ 770,350	\$ 773,747	\$ 451,612	\$ 356,857	\$ 133,860	\$ 2,486,426
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 40,206	\$ 15,495	\$ 1,456	\$ 7,582	\$ 2,101	\$ 66,840
Due to other funds	-	-	-	476	457	933
Due to other governmental units	200	60,060	-	-	-	60,260
Accrued and other liabilities	43,904	-	-	2,011	-	45,915
Deferred revenue	18,292	144,557	84,132	65,431	16,537	328,949
Total liabilities	102,602	220,112	85,588	75,500	19,095	502,897
Fund Balances						
Reserved for:						
Noncurrent receivable	-	-	-	-	46,258	46,258
Cemetery	14,766	-	-	-	-	14,766
Unreserved - Designated	-	-	-	-	35,410	35,410
Unreserved and undesignated, reported in:						
General Fund	652,982	-	-	-	-	652,982
Special Revenue Funds	-	553,635	366,024	281,357	32,920	1,233,936
Debt Service Funds	-	-	-	-	177	177
Total fund balances	667,748	553,635	366,024	281,357	114,765	1,983,529
Total liabilities and and fund balances	\$ 770,350	\$ 773,747	\$ 451,612	\$ 356,857	\$ 133,860	

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	9,693,184
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	328,949
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(993,454)
Internal Service Funds are included as part of governmental activities	120,164

Net assets of governmental activities **\$ 11,132,372**

City of Springfield, Michigan

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2008

	General Fund	Major Streets Fund	Local Streets Fund	Income Tax Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue						
Taxes	\$ 1,174,090	\$ -	\$ -	\$ 788,573	\$ -	\$ 1,962,663
Special assessments	-	39,475	35,127	-	16,534	91,136
Licenses and permits	47,065	-	-	-	55,631	102,696
State sources	770,796	311,079	112,382	-	-	1,194,257
Charges for services	12,954	-	-	-	14,685	27,639
Fines and forfeitures	54,139	-	-	-	27,298	81,437
Interest and rentals	24,474	26,082	14,460	7,899	7,014	79,929
Other	248,327	2,199	-	2,612	12,937	266,075
Total revenue	2,331,845	378,835	161,969	799,084	134,099	3,805,832
Expenditures - Current						
General government	519,977	-	-	-	-	519,977
Public safety	1,874,758	-	-	-	29,090	1,903,848
Public works	54,923	-	-	-	-	54,923
Highways and streets	87,113	335,212	130,244	-	-	552,569
Cemetery	78,228	-	-	-	-	78,228
Buildings and grounds	70,370	-	-	-	50,504	120,874
Debt service	-	-	-	-	155,165	155,165
Administration and other	-	27,200	9,200	190,421	89,729	316,550
Economic development and culture	4,055	-	-	-	-	4,055
Total expenditures	2,689,424	362,412	139,444	190,421	324,488	3,706,189
Excess of Revenue Over (Under) Expenditures	(357,579)	16,423	22,525	608,663	(190,389)	99,643
Other Financing Sources (Uses)						
Transfers in	541,500	-	75,000	-	155,166	771,666
Transfers out	-	(138,063)	(92,103)	(541,500)	(1,500)	(773,166)
Total other financing sources (uses)	541,500	(138,063)	(17,103)	(541,500)	153,666	(1,500)
Net Change in Fund Balances	183,921	(121,640)	5,422	67,163	(36,723)	98,143
Fund Balances - Beginning of year	483,827	675,275	360,602	214,194	151,488	1,885,386
Fund Balances - End of year	\$ 667,748	\$ 553,635	\$ 366,024	\$ 281,357	\$ 114,765	\$ 1,983,529

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, 2008

Net Change in Fund Balances - Total Governmental Funds \$ 98,143

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	1,948,565
Depreciation	(620,926)

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 (73,525)

Revenues in the statement of activities that do not provide current finance resources are not reported as revenues in the funds, net effect of change in deferred revenue (7,051)

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 106,282

Decreases in accumulated employee sick and vacation pay, as well as estimated general liability claims, are recorded when earned in the statement of activities 16,182

Internal Service Fund activity is reported in the governmental activities 47,738

Change in Net Assets of Governmental Activities **\$ 1,515,408**

City of Springfield, Michigan

Proprietary Funds Statement of Net Assets June 30, 2008

	Enterprise Funds			Total	Internal
	Water	Sewer	Refuse		Service Fund
Assets					
Current assets:					
Cash and cash equivalents	\$ 404,663	\$ 395,765	\$ 37,958	\$ 838,386	\$ 64,093
Receivables:					
Customer	65,652	96,277	32,867	194,796	-
Special assessment	-	13,581	-	13,581	-
Total current assets	470,315	505,623	70,825	1,046,763	64,093
Noncurrent assets - Capital assets	1,375,168	1,427,311	-	2,802,479	296,260
Total assets	1,845,483	1,932,934	70,825	3,849,242	360,353
Liabilities					
Current liabilities:					
Accounts payable	24,761	40,058	12,709	77,528	10,556
Due to other governmental units	10,926	14,015	-	24,941	-
Deferred revenue	-	20,128	-	20,128	-
Current portion of long-term debt	4,116	4,449	-	8,565	25,804
Total current liabilities	39,803	78,650	12,709	131,162	36,360
Long-term debt	104,420	112,938	-	217,358	203,829
Total liabilities	144,223	191,588	12,709	348,520	240,189
Net Assets					
Investment in capital assets - Net of related debt	1,266,632	1,309,924	-	2,576,556	66,627
Unrestricted	434,628	431,422	58,116	924,166	53,537
Total net assets	<u>\$ 1,701,260</u>	<u>\$ 1,741,346</u>	<u>\$ 58,116</u>	<u>\$ 3,500,722</u>	<u>\$ 120,164</u>

City of Springfield, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2008

	Enterprise Funds			Total	Internal Service Fund
	Water	Sewer	Refuse		
Operating Revenue					
Charges for services	\$ 423,309	\$ 638,467	\$ 166,057	\$ 1,227,833	\$ 220,006
Miscellaneous	<u>14,694</u>	<u>20,544</u>	<u>-</u>	<u>35,238</u>	<u>12,238</u>
Total operating revenue	438,003	659,011	166,057	1,263,071	232,244
Operating Expenses					
Operating expenses	423,083	561,620	164,782	1,149,485	131,280
Depreciation	<u>54,515</u>	<u>98,852</u>	<u>-</u>	<u>153,367</u>	<u>55,981</u>
Total operating expenses	<u>477,598</u>	<u>660,472</u>	<u>164,782</u>	<u>1,302,852</u>	<u>187,261</u>
Operating Income (Loss)	(39,595)	(1,461)	1,275	(39,781)	44,983
Nonoperating Revenue (Expense)					
Interest income	15,509	12,966	1,501	29,976	464
Interest expense	<u>(5,237)</u>	<u>(5,605)</u>	<u>-</u>	<u>(10,842)</u>	<u>(10,209)</u>
Total nonoperating revenue (expense)	10,272	7,361	1,501	19,134	(9,745)
Transfers from (to) Other Funds	<u>(5,500)</u>	<u>(5,500)</u>	<u>-</u>	<u>(11,000)</u>	<u>12,500</u>
Change in Net Assets	(34,823)	400	2,776	(31,647)	47,738
Net Assets - Beginning of year	<u>1,736,083</u>	<u>1,740,946</u>	<u>55,340</u>	<u>3,532,369</u>	<u>72,426</u>
Net Assets - End of year	<u>\$ 1,701,260</u>	<u>\$ 1,741,346</u>	<u>\$ 58,116</u>	<u>\$ 3,500,722</u>	<u>\$ 120,164</u>

City of Springfield, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2008

	Enterprise Funds				Internal Service Fund
	Water	Sewer	Refuse	Total	
Cash Flows from Operating Activities					
Receipts from customers	\$ 436,930	\$ 650,647	\$ 168,193	\$ 1,255,770	\$ 220,006
Payments to suppliers	(316,949)	(485,480)	(153,568)	(955,997)	(113,171)
Payments to employees	(93,676)	(70,988)	(11,200)	(175,864)	(12,159)
Other receipts	14,694	20,544	-	35,238	12,238
	<u>40,999</u>	<u>114,723</u>	<u>3,425</u>	<u>159,147</u>	<u>106,914</u>
Net cash provided by operating activities					
Cash Flows from Capital and Related Financing Activities					
Collection of customer assessments	-	9,110	-	9,110	-
Principal and interest payments	(9,440)	(10,120)	-	(19,560)	(49,277)
Proceeds from debt	-	-	-	-	29,069
Purchase of capital assets	(8,600)	(8,600)	-	(17,200)	(38,044)
	<u>(18,040)</u>	<u>(9,610)</u>	<u>-</u>	<u>(27,650)</u>	<u>(58,252)</u>
Net cash used in capital and related financing activities					
Cash Flows from Investing Activities -					
Interest received on investments	15,509	12,966	1,501	29,976	464
	<u>38,468</u>	<u>118,079</u>	<u>4,926</u>	<u>161,473</u>	<u>49,126</u>
Net Increase in Cash and Cash Equivalents					
Cash and Cash Equivalents - Beginning of year	366,195	277,686	33,032	676,913	14,967
Cash and Cash Equivalents - End of year	<u>\$ 404,663</u>	<u>\$ 395,765</u>	<u>\$ 37,958</u>	<u>\$ 838,386</u>	<u>\$ 64,093</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities					
Operating income (loss)	\$ (39,595)	\$ (1,461)	\$ 1,275	\$ (39,781)	\$ 44,983
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	54,515	98,852	-	153,367	55,981
Loss on disposal of capital assets	-	-	-	-	1,245
Changes in assets and liabilities:					
Receivables	13,621	12,180	2,136	27,937	-
Accounts payable	12,458	5,441	14	17,913	4,705
Accrued and other liabilities	-	(289)	-	(289)	-
	<u>40,999</u>	<u>114,723</u>	<u>3,425</u>	<u>159,147</u>	<u>106,914</u>
Net cash provided by operating activities					

City of Springfield, Michigan

Fiduciary Funds Statement of Net Assets June 30, 2008

	<u>Retiree Health Care Fund</u>
Assets - Mutual fund investments	<u>\$ 126,159</u>
Net Assets - Postemployment benefits	<u>\$ 126,159</u>

City of Springfield, Michigan

Fiduciary Funds Statement of Changes in Net Assets Year Ended June 30, 2008

	<u>Retiree Health Care Fund</u>
Net Increase in Net Assets - Interest and dividends	\$ 2,546
Net Assets - Postemployment benefits - Beginning of year	<u>123,613</u>
Net Assets - Postemployment benefits - End of year	<u><u>\$ 126,159</u></u>

City of Springfield, Michigan

Component Units Statement of Net Assets (Deficit) June 30, 2008

	Tax Increment Finance Authority	Brownfield Authority	Total
Assets			
Cash and cash equivalents	\$ 661,668	\$ 8,301	\$ 669,969
Investments	360,684	-	360,684
Special assessment receivable	90,549	-	90,549
Other receivables	14,118	-	14,118
Capital assets - Assets not being depreciated - Land	49,349	-	49,349
Total assets	1,176,368	8,301	1,184,669
Liabilities			
Accounts payable	219,846	-	219,846
Notes payable - Due within one year	110,000	-	110,000
Notes payable - Due in more than one year	1,450,000	300,000	1,750,000
Total liabilities	1,779,846	300,000	2,079,846
Net Assets - Unrestricted	\$ (603,478)	\$ (291,699)	\$ (895,177)

City of Springfield, Michigan

Component Units Statement of Activities Year Ended June 30, 2008

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Operating Grants/ Contributions	Tax Increment		
			Finance Authority	Brownfield Authority	Total
Tax Increment Finance Authority	<u>\$ 1,067,283</u>	<u>\$ -</u>	\$ (1,067,283)	\$ -	\$ (1,067,283)
General Revenues					
Property taxes			350,455	633	351,088
Interest income			57,989	1,191	59,180
Miscellaneous revenues			14,118	-	14,118
Total general revenues			<u>422,562</u>	<u>1,824</u>	<u>424,386</u>
Change in Net Assets			(644,721)	1,824	(642,897)
Net Assets (Deficit) -					
Beginning of year			<u>41,243</u>	<u>(293,523)</u>	<u>(252,280)</u>
Net Assets (Deficit) -					
End of year			<u>\$ (603,478)</u>	<u>\$ (291,699)</u>	<u>\$ (895,177)</u>

Note I - Summary of Significant Accounting Policies

The accounting policies of the City of Springfield, Michigan (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:

Reporting Entity

The City of Springfield, Michigan 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 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 will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

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

Note I - Summary of Significant Accounting Policies (Continued)

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is first to apply restricted resources.

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.

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.

Additionally, the City reports the following fiduciary activities:

Retiree Health Care Fund - This fund accounts for monies set aside by the City to use for future retirement healthcare benefits.

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 August 31, at which time a late penalty of one percent is assessed for each month delinquent, up to a maximum of four percent.

The 2007 taxable valuation of the City totaled \$88.6 million (a portion of which is captured by the TIFA), on which taxes levied consisted of 14.0000 mills for operating purposes and 1.0000 mills for pension. This resulted in approximately \$1,065,000 for general operating and \$76,000 for pension and are recognized in the General Fund as tax revenue.

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 market value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due 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.

Note I - Summary of Significant Accounting Policies (Continued)

Prepaid Costs and Other Items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

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 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 City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had approximately \$2,256,000 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.

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 not rated by Standards & Poors, although are rated with at least BBB by Morningstar.

City of Springfield, Michigan

Notes to Financial Statements June 30, 2008

Note 2 - Deposits and Investments (Continued)

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	1-5 Years	6-10 Years	More than 10 Years
Mutual funds	\$ 46,559	\$ 175,203	\$ 222,342

Note 3 - Capital Assets

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

Governmental Activities	Balance June 30, 2007	Additions	Disposals	Balance June 30, 2008
Capital assets not being depreciated:				
Land	\$ 642,201	\$ -	\$ -	\$ 642,201
Construction in progress	529,559	176,188	529,559	176,188
Subtotal	1,171,760	176,188	529,559	818,389
Capital assets being depreciated:				
Roads and sidewalks	20,354,810	1,420,048	-	21,774,858
Buildings and improvements	1,955,410	799,951	-	2,755,361
Land improvements	87,565	16,434	-	103,999
Vehicles	1,129,937	50,544	13,426	1,167,055
Furniture and fixtures	83,915	27,986	9,300	102,601
Other tools and equipment	526,826	37,517	13,781	550,562
Subtotal	24,138,463	2,352,480	36,507	26,454,436
Accumulated depreciation:				
Roads and sidewalks	14,413,964	507,499	-	14,921,463
Buildings and improvements	836,201	62,195	-	898,396
Land improvements	36,092	5,137	-	41,229
Vehicles	826,995	55,981	12,181	875,157
Furniture and fixtures	82,386	3,819	9,300	95,505
Other tools and equipment	446,098	42,276	13,781	475,155
Subtotal	16,641,736	676,907	35,262	17,283,381
Net capital assets being depreciated	7,496,727	1,675,573	1,245	9,171,055
Net capital assets	\$ 8,668,487	\$ 1,851,761	\$ 530,804	\$ 9,989,444

City of Springfield, Michigan

Notes to Financial Statements June 30, 2008

Note 3 - Capital Assets (Continued)

Business-type Activities	Balance	Additions	Disposals	Balance
	June 30, 2007			June 30, 2008
Capital assets being depreciated:				
Water and sewer distribution systems	\$ 6,086,085	\$ -	\$ -	\$ 6,086,085
Other tools and equipment	385,392	6,200	7,964	383,628
Subtotal	6,471,477	6,200	7,964	6,469,713
Accumulated depreciation:				
Water and sewer distribution systems	3,403,350	137,330	-	3,540,680
Other tools and equipment	118,481	16,037	7,964	126,554
Subtotal	3,521,831	153,367	7,964	3,667,234
Net capital assets being depreciated	2,949,646	(147,167)	-	2,802,479
Net capital assets	<u>\$ 2,949,646</u>	<u>\$ (147,167)</u>	<u>\$ -</u>	<u>\$ 2,802,479</u>
Component Units	Balance	Additions	Disposals	Balance
	June 30, 2007			June 30, 2008
Capital assets not being depreciated - Land	\$ 35,349	\$ 14,000	\$ -	\$ 49,349

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

Governmental activities:		
General government		\$ 38,849
Public safety		45,873
Public works		517,698
Economic development		18,506
Internal Service Fund		55,981
	Total governmental activities	<u>\$ 676,907</u>
Business-type activities:		
Water		\$ 54,515
Sewer		98,852
	Total business-type activities	<u>\$ 153,367</u>

City of Springfield, Michigan

Notes to Financial Statements June 30, 2008

Note 4 - Interfund Due To/From and Transfers

Interfund due to and due from reported in the fund financial statements are comprised of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Income Tax Fund	\$ 476
General Fund	Building Fund	445
General Fund	Economic Development Fund	12
Total		<u>\$ 933</u>

Monies due to the General Fund are for workers' compensation insurance.

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	\$ 541,500
Local Streets Fund	Bond Redemption Fund	92,103
Major Streets Fund	Local Streets Fund	75,000
Major Streets Fund	Bond Redemption Fund	63,063
Drug Law Enforcement Fund	Internal Service Fund	1,500
Sewer Fund	Internal Service Fund	5,500
Water Fund	Internal Service Fund	5,500
Total		<u>\$ 784,166</u>

The transfers from the Income Tax Fund to the General Fund represent funding for eight full-time positions. Transfers from the Major and Local Streets Funds to the Bond Redemption Fund provide funding for debt service payments. The transfer from the Major Street Fund to the Local Street Fund is the revenue sharing between street funds of the state gas and weight tax as permitted by Act 51. The transfers to the Internal Service Fund are for the purchase of two new vehicles and floodlights.

City of Springfield, Michigan

Notes to Financial Statements June 30, 2008

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, 2008:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
1995 Public Improvement City					
Share Bonds	\$ 65,000	\$ -	\$ 20,000	\$ 45,000	\$ 20,000
1995 Michigan Transportation Bonds	145,000	-	45,000	100,000	50,000
1995 Public Improvement Special					
Assessment Bonds	45,000	-	15,000	30,000	15,000
2006 Capital Improvements Bond	725,359	-	26,282	699,077	26,435
1993 Installment loan	42,142	-	20,619	21,523	21,523
2006 Installment loan	197,490	-	18,448	179,042	19,238
2007 Installment loan	-	29,069	-	29,069	7,267
Compensated absences	135,558	-	16,182	119,376	96,275
Total governmental activities	<u>\$ 1,355,549</u>	<u>\$ 29,069</u>	<u>\$ 161,531</u>	<u>\$ 1,223,087</u>	<u>\$ 255,738</u>
Business-type Activities					
2006 Capital Improvements Bond	\$ 234,641	\$ -	\$ 8,718	\$ 225,923	\$ 8,565
Component Units					
1993 Tax Increment Bonds	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ -
1999 Tax Increment Bonds	730,000	-	40,000	690,000	45,000
2003 Tax Increment Bonds	385,000	-	60,000	325,000	60,000
2007 Tax Increment Bonds	-	550,000	5,000	545,000	5,000
Brownfield Loan	300,000	-	-	300,000	-
Total component units	<u>\$ 1,465,000</u>	<u>\$ 550,000</u>	<u>\$ 155,000</u>	<u>\$ 1,860,000</u>	<u>\$ 110,000</u>

The accrued vacation and longevity payable represents the estimated liability to be paid to 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.

City of Springfield, Michigan

Notes to Financial Statements June 30, 2008

Note 5 - Long-term Debt (Continued)

Debt Service Requirements

The annual requirements to service all debt outstanding as of June 30, 2008 (excluding employee benefits), including principal and interest, are as follows:

	Governmental Activities			Business-type Activities			Component Units		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 159,463	\$ 51,119	\$ 210,582	\$ 8,565	\$ 10,288	\$ 18,853	\$ 110,000	\$ 71,240	\$ 181,240
2010	147,540	43,873	191,413	9,788	9,924	19,712	142,743	66,855	209,598
2011	58,399	36,056	94,455	9,788	9,508	19,296	152,398	67,740	220,138
2012	59,295	33,513	92,808	9,788	9,092	18,880	167,946	61,892	229,838
2013	52,961	30,916	83,877	9,788	8,671	18,459	173,505	55,193	228,698
2014-2018	251,753	118,577	370,330	57,505	36,328	93,833	606,308	194,238	800,546
2019-2023	219,037	68,112	287,149	70,963	22,067	93,030	297,100	79,772	376,872
2024-2028	155,263	14,889	170,152	49,738	4,824	54,562	210,000	25,300	235,300
Total	<u>\$ 1,103,711</u>	<u>\$ 397,055</u>	<u>\$ 1,500,766</u>	<u>\$ 225,923</u>	<u>\$ 110,702</u>	<u>\$ 336,625</u>	<u>\$ 1,860,000</u>	<u>\$ 622,230</u>	<u>\$ 2,482,230</u>

City of Springfield, Michigan

Notes to Financial Statements June 30, 2008

Note 5 - Long-term Debt (Continued)

Outstanding Debt

The following is a summary of the debt outstanding of the City as of June 30, 2008:

Governmental Activities

1995 Public Improvement City Share Bonds, payable in annual installments of \$20,000 to \$25,000, plus interest at rates from 5.8 percent to 5.9 percent through 2010	\$ 45,000
1995 Michigan Transportation Fund Bonds, payable in annual installments of \$50,000, plus interest at rates from 5.8 percent to 5.9 percent through 2010	100,000
1995 Public Improvement Special Assessment Bonds, payable in annual installments of \$15,000, plus interest at rates from 5.8 percent to 5.9 percent through 2010	30,000
2006 Capital Improvements Bond, payable in annual installments from \$26,435 to \$52,871, plus interest at rates from 4.25 percent to 4.75 percent through 2026	699,077
Installment note, payable in 15 equal annual installments of \$21,523, including interest at the five-year U.S. Treasury Bill Index as of July 15, 2003 plus 150 basis points	21,523
Installment note, payable in 10 equal annual installments of \$26,901, including interest at 4.28 percent through April 20, 2016	179,042
Installment note, payable in 4 equal annual installments of \$7,267, including interest at 4.94 percent through November 20, 2011	29,069
Compensated absences	<u>119,376</u>
Total governmental activities	<u>\$ 1,223,087</u>

City of Springfield, Michigan

Notes to Financial Statements June 30, 2008

Note 5 - Long-term Debt (Continued)

Business-type Activities

2006 Capital Improvements Bond, payable in annual installments from \$8,565 to \$17,129, plus interest at rates from 4.25 percent to 4.75 percent through 2026

	<u>\$ 225,923</u>
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Component Units

2007 Tax Increment Bonds (General Obligation Limited Tax), payable in annual installments of \$5,000 to \$60,000, plus interest at rates from 4.30 percent to 4.60 percent through 2027

	\$ 545,000
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1999 Tax Increment Bonds (General Obligation Limited Tax), payable in annual installments of \$45,000 to \$85,000, plus interest at rates from 4.60 percent to 5.20 percent through 2019

	690,000
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2003 Tax Increment Bonds (General Obligation Limited Tax), payable in annual installments of \$60,000 to \$70,000, plus interest at rates from 3.50 percent to 4.10 percent through 2013

	325,000
--	---------

2005 Michigan Department of Environmental Quality Brownfield Redevelopment Loan, payable in annual installments of \$32,743, including interest at 2.00 percent beginning March 2010 through 2019

	<u>300,000</u>
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Total component units

	<u>\$ 1,860,000</u>
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Development Agreement - In August 2007, the City entered into a development agreement with a developer who will be cleaning and redeveloping land within the City. Upon satisfactory completion of the project by the developer, the City will be obligated to pay a maximum of \$75,000 based on the TIFA capture on that property over the next five fiscal years beginning July 15, 2009.

Note 6 - Stewardship, Compliance, and Accountability

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, 2008 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.

Note 6 - Stewardship, Compliance, and Accountability (Continued)

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, 2008.

Deficit Net Assets - As of June 30, 2008, the Tax Increment Finance Authority and the Brownfield Authority component units show deficit net assets. Although the component units show net asset deficits on the full accrual method of accounting, on a fund-based modified accrual basis, the funds of the component units do not result in a deficit. The deficit in the Tax Increment Finance Authority is the result of debt issued by the component unit to construct an asset which is owned by the primary government. The deficit in the Brownfield Authority is the result of debt issued by the component unit to provide funding to local businesses. The debt will be paid by future tax captures. As a result, management does not feel that there is a deficit and therefore a deficit elimination plan is not required.

Note 7 - 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 9). 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.

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 8 - 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 MMERS 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, 2008, the City's annual pension cost of \$153,860 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, 2005, using the entry age normal cost method. Significant actuarial assumptions used include (a) an 08.0 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.

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, except for the public safety division, which requires a contribution from employees of 7 percent.

City of Springfield, Michigan

Notes to Financial Statements June 30, 2008

Note 8 - Defined Benefit Pension Plans (Continued)

Trend Information

Michigan Municipal Employees' Retirement System:

	June 30		
	2006	2007	2008
Annual pension costs (APC)	\$ 150,943	\$ 170,974	\$ 153,860
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -
	December 31		
	2005	2006	2007
Actuarial value of assets	\$ 7,080,268	\$ 7,390,738	\$ 7,703,898
Actuarial Accrued Liability (AAL)			
(entry age)	\$ 7,947,925	\$ 8,346,103	\$ 8,771,605
(Overfunded) Unfunded AAL	\$ 867,657	\$ 955,365	\$ 1,067,707
Funded ratio	89.1%	88.6%	87.8%
Covered payroll	\$ 1,622,839	\$ 1,748,438	\$ 1,602,483

Note 9 - Postemployment Benefits

The City of Springfield, Michigan provides health and life insurance benefits to all full-time employees upon retirement, in accordance with labor contracts. Currently, 13 retirees are eligible. Expenditures for postemployment benefits are recognized as insurance premiums become due. During the year, these expenditures amounted to \$42,924.

Upcoming Report 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.

Note 10 - Subsequent Events

The City entered into an agreement with a developer to pay certain expenses incurred to develop land. The original agreement was for the City to pay annual payments of \$14,235 (including principal and interest) beginning July 1, 2008 through July 1, 2017. The City manager and the developer verbally agreed upon an up front payment of \$100,000 and no interest payments. The City paid this in September 2008 in one lump sum out of the TIFA B fund.

Required Supplemental Information

City of Springfield, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes:				
Operating	\$ 1,066,400	\$ 1,066,400	\$ 1,065,080	\$ (1,320)
Pension	75,400	75,400	76,070	670
Tax collection fees	23,100	23,100	24,808	1,708
Penalties and interest	6,000	6,000	8,132	2,132
Total taxes	1,170,900	1,170,900	1,174,090	3,190
Licenses and permits:				
Trailer fees	1,300	1,300	1,340	40
Business licenses	2,300	2,300	3,865	1,565
Liquor licenses	4,600	4,600	5,282	682
Cable franchise fees	34,400	34,400	36,578	2,178
Total licenses and permits	42,600	42,600	47,065	4,465
State sources:				
Police training grant	3,500	3,500	3,612	112
Statutory sales tax	417,200	409,000	406,651	(2,349)
Constitutional sales tax	359,000	357,000	360,533	3,533
Total state sources	779,700	769,500	770,796	1,296
Federal grant	1,500	1,500	-	(1,500)
Fines and forfeitures	48,000	48,000	54,139	6,139
Interest earned	32,000	22,000	24,474	2,474
Other:				
Parks and recreational fees	3,000	3,000	515	(2,485)
Cemetery lot sales and openings	6,000	6,000	12,439	6,439
Sale of City property	108,000	108,000	104,225	(3,775)
Other refunds	8,000	8,000	7,983	(17)
Transfers	546,500	546,500	541,500	(5,000)
Miscellaneous	119,700	119,700	136,119	16,419
Total other	791,200	791,200	802,781	11,581
Total revenue	<u>\$ 2,865,900</u>	<u>\$ 2,845,700</u>	<u>\$ 2,873,345</u>	<u>\$ 27,645</u>

City of Springfield, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures				
General government:				
City Council	\$ 38,000	\$ 38,000	\$ 37,368	\$ 632
City manager	53,400	53,400	47,614	5,786
Elections	9,200	9,200	7,864	1,336
City assessor	103,300	79,700	68,101	11,599
City attorney	27,000	16,000	8,744	7,256
Treasurer	223,200	238,700	227,100	11,600
Clerk	123,600	125,300	123,186	2,114
Total general government	577,700	560,300	519,977	40,323
Public safety - Public safety office	1,916,100	1,938,100	1,874,758	63,342
Public works	123,500	93,000	54,923	38,077
Street lights	85,200	88,200	87,113	1,087
Cemetery	72,300	86,000	78,228	7,772
Building and grounds	62,100	72,100	70,370	1,730
Recreation	9,300	6,300	4,055	2,245
Transfers	13,000	-	-	-
Total expenditures	<u>\$ 2,859,200</u>	<u>\$ 2,844,000</u>	<u>\$ 2,689,424</u>	<u>\$ 154,576</u>

City of Springfield, Michigan

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds Year Ended June 30, 2008

	Major Streets Fund				Local Streets Fund			
	Original Budget	Amended Budget	Actual	Variance with Amended Budget	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue								
State sources	\$ 309,000	\$ 307,000	\$ 311,079	\$ 4,079	\$ 121,000	\$ 110,000	\$ 112,382	\$ 2,382
Special assessments	37,000	37,000	39,475	2,475	32,000	32,000	35,127	3,127
Transfers in	-	-	-	-	75,000	75,000	75,000	-
Other	25,000	25,000	28,281	3,281	15,000	15,000	14,460	(540)
Total revenue	<u>\$ 371,000</u>	<u>\$ 369,000</u>	<u>\$ 378,835</u>	<u>\$ 9,835</u>	<u>\$ 243,000</u>	<u>\$ 232,000</u>	<u>\$ 236,969</u>	<u>\$ 4,969</u>
Expenditures								
Highways and streets	\$ 273,200	\$ 295,700	\$ 335,212	\$ (39,512)	\$ 204,300	\$ 193,300	\$ 130,244	\$ 63,056
Transfers out	138,300	138,300	138,063	237	92,100	92,100	92,103	(3)
Other	30,100	30,100	27,200	2,900	10,600	10,600	9,200	1,400
Total expenditures	<u>\$ 441,600</u>	<u>\$ 464,100</u>	<u>\$ 500,475</u>	<u>\$ (36,375)</u>	<u>\$ 307,000</u>	<u>\$ 296,000</u>	<u>\$ 231,547</u>	<u>\$ 64,453</u>

City of Springfield, Michigan

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds (Continued) Year Ended June 30, 2008

	Income Tax Fund			
	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes - Income taxes	\$ 671,100	\$ 682,100	\$ 788,573	\$ 106,473
Interest	7,000	7,000	7,899	899
Other	2,300	2,300	2,612	312
Total revenue	\$ 680,400	\$ 691,400	\$ 799,084	\$ 107,684
Expenditures				
Transfers out	\$ 541,500	\$ 541,500	\$ 541,500	\$ -
Other	181,500	192,500	190,421	2,079
Total expenditures	\$ 723,000	\$ 734,000	\$ 731,921	\$ 2,079

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

Other Supplemental Information

City of Springfield, Michigan

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds June 30, 2008

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Drug Law Enforcement Fund	Economic Development Fund	Building Fund	Bond Redemption Fund	
Assets					
Cash and cash equivalents	\$ 3,734	\$ 6,844	\$ 7,659	\$ 177	\$ 18,414
Accounts receivable	-	50,000	17,108	-	67,108
Notes receivable	-	46,258	-	-	46,258
Prepaid expenses	-	2,080	-	-	2,080
Total assets	<u>\$ 3,734</u>	<u>\$ 105,182</u>	<u>\$ 24,767</u>	<u>\$ 177</u>	<u>\$ 133,860</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 903	\$ 787	\$ 411	\$ -	\$ 2,101
Due to other funds	-	12	445	-	457
Deferred revenue	-	-	16,537	-	16,537
Total liabilities	903	799	17,393	-	19,095
Fund Balances					
Reserved - Noncurrent receivable	-	46,258	-	-	46,258
Unreserved - Designated	-	35,410	-	-	35,410
Unreserved	2,831	22,715	7,374	177	33,097
Total fund balances	<u>2,831</u>	<u>104,383</u>	<u>7,374</u>	<u>177</u>	<u>114,765</u>
Total liabilities and fund balance	<u>\$ 3,734</u>	<u>\$ 105,182</u>	<u>\$ 24,767</u>	<u>\$ 177</u>	<u>\$ 133,860</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, 2008

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Drug Law Enforcement Fund	Economic Development Fund	Building Fund	Bond Redemption Fund	
Revenue					
Special assessments	\$ -	\$ 16,534	\$ -	\$ -	\$ 16,534
Licenses and permits	-	-	55,631	-	55,631
Charges for services	-	14,685	-	-	14,685
Fines and forfeitures	27,298	-	-	-	27,298
Interest	568	6,042	401	3	7,014
Other	1,005	11,932	-	-	12,937
Total revenue	28,871	49,193	56,032	3	134,099
Expenditures					
Public safety	29,090	-	-	-	29,090
Building and grounds	-	-	50,504	-	50,504
Debt service	-	-	-	155,165	155,165
Administration and other	-	89,729	-	-	89,729
Total expenditures	29,090	89,729	50,504	155,165	324,488
Excess of Revenue Over (Under) Expenditures	(219)	(40,536)	5,528	(155,162)	(190,389)
Other Financing Sources (Uses)					
Transfers in	-	-	-	155,166	155,166
Transfers out	(1,500)	-	-	-	(1,500)
Net Change in Fund Balances	(1,719)	(40,536)	5,528	4	(36,723)
Fund Balances - Beginning of year	4,550	144,919	1,846	173	151,488
Fund Balances - End of year	<u>\$ 2,831</u>	<u>\$ 104,383</u>	<u>\$ 7,374</u>	<u>\$ 177</u>	<u>\$ 114,765</u>