

# **City of Springfield, Michigan**

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**Financial Report  
with Additional Information  
June 30, 2003**

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# 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 general purpose financial statements of the City of Springfield, Michigan as of June 30, 2003 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Springfield, Michigan management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. *Governmental Auditing Standards* also require us to issue a report on our consideration of the City of Springfield's internal control structure and a report on its compliance with laws and regulations; those reports have been issued separately.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Springfield, Michigan as of June 30, 2003 and the results of its operations and cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Plante & Moran, PLLC*

November 4, 2003



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# City of Springfield, Michigan

|  | Governmental Fund Types |                     |                                     |
|--|-------------------------|---------------------|-------------------------------------|
|  | General                 | Special Revenue     | Debt Service - Bond Redemption Fund |
| <b>Assets</b>  |                         |                     |                                     |
| Cash and cash equivalents (Note 2)                             | \$ 322,223              | \$ 1,005,533        | \$ 140                              |
| Investments (Note 2)   | 101,287                 | 775,390             | -                                   |
| Receivables:   |                         |                     |                                     |
| Customers  | -                       | -                   | -                                   |
| Special assessment   | -                       | 515,478             | -                                   |
| Delinquent taxes   | 18,262                  | -                   | -                                   |
| Other  | 39,089                  | 94,780              | -                                   |
| Notes receivable   |                         | 41,000              |                                     |
| Due from other governmental units                              | 182,123                 | 67,096              | -                                   |
| Due from other funds (Note 5)                                  | 4,460                   | 5,097               | -                                   |
| Due from component units                                       | 13,549                  | -                   | -                                   |
| Capital assets (Note 3)  | -                       | -                   | -                                   |
| Prepaid assets   | 6,195                   | -                   | -                                   |
| Amount available in Debt Service Funds                         | -                       | -                   | -                                   |
| Amount to be provided for retirement of general long-term debt | -                       | -                   | -                                   |
|  | -                       | -                   | -                                   |
| Total assets   | <b>\$ 687,188</b>       | <b>\$ 2,504,374</b> | <b>\$ 140</b>                       |
| <b>Liabilities and Fund Equity</b>                             |                         |                     |                                     |
| <b>Liabilities</b>   |                         |                     |                                     |
| Accounts payable   | \$ 39,638               | \$ 57,960           | \$ -                                |
| Accrued liabilities  | 9,104                   | 21,916              | -                                   |
| Due to other funds (Note 5)                                    | 3,404                   | 26,840              | -                                   |
| Due to primary government                                      | -                       | -                   | -                                   |
| Due to other governmental units                                | -                       | -                   | -                                   |
| Deferred revenue (Note 6)                                      | 13,693                  | 536,918             | -                                   |
| Long-term debt (Note 4)  | -                       | -                   | -                                   |
|  | 65,839                  | 643,634             | -                                   |
| Total liabilities  | 65,839                  | 643,634             | -                                   |
| <b>Fund Equity</b>   |                         |                     |                                     |
| Investment in general fixed assets                             | -                       | -                   | -                                   |
| Contributed capital (Note 7)                                   | -                       | -                   | -                                   |
| Retained earnings  | -                       | -                   | -                                   |
| Fund balances:   |                         |                     |                                     |
| Reserved for non-current receivable                            | -                       | 41,000              | -                                   |
| Reserved for retirement fund (Note 12)                         | -                       | -                   | -                                   |
| Reserved for retiree healthcare                                | -                       | -                   | -                                   |
| Reserved for cemetery  | 4,890                   | -                   | -                                   |
| Unreserved:  |                         |                     |                                     |
| Designated (Note 8)  | 57,500                  | 505,200             | -                                   |
| Undesignated   | 558,959                 | 1,314,540           | 140                                 |
|  | 621,349                 | 1,860,740           | 140                                 |
| Total fund equity  | 621,349                 | 1,860,740           | 140                                 |
| Total liabilities and fund equity                              | <b>\$ 687,188</b>       | <b>\$ 2,504,374</b> | <b>\$ 140</b>                       |

See Notes to Financial Statements.

**Combined Balance Sheet**  
**All Fund Types, Account Groups and Component Units**  
**June 30, 2003**

| Proprietary Fund Types |                                 | Fiduciary Fund Type  | Account Groups         |                      |                      | Total Primary Government (Memorandum Only) | Component Units |
|------------------------|---------------------------------|----------------------|------------------------|----------------------|----------------------|--|-----------------|
| Enterprise             | Internal Service - Vehicle Fund | Trust & Agency Funds | General Long-term Debt | General Fixed Assets |                      |  |                 |
| \$ 535,389             | \$ 61,545                       | \$ 128,524           | \$ -                   | \$ -                 | \$ 2,053,354         | \$ 949,245                                 |                 |
| -                      | -                               | 57,164               | -                      | -                    | 933,841              | 202,574                                    |                 |
| 151,933                | -                               | -                    | -                      | -                    | 151,933              | -  |                 |
| 13,892                 | -                               | -                    | -                      | -                    | 529,370              | 194,284                                    |                 |
| -                      | -                               | -                    | -                      | -                    | 18,262               | -  |                 |
| -                      | 376                             | -                    | -                      | -                    | 134,245              | -  |                 |
| -                      | -                               | -                    | -                      | -                    | 41,000               | -  |                 |
| 74,465                 | -                               | -                    | -                      | -                    | 323,684              | -  |                 |
| 20,687                 | -                               | -                    | -                      | -                    | 30,244               | -  |                 |
| -                      | -                               | -                    | -                      | -                    | 13,549               | -  |                 |
| 2,974,692              | 164,484                         | -                    | -                      | 3,156,746            | 6,295,922            | -  |                 |
| -                      | -                               | -                    | -                      | -                    | 6,195                | -  |                 |
| -                      | -                               | -                    | 140                    | -                    | 140                  | -  |                 |
| -                      | -                               | -                    | 927,075                | -                    | 927,075              | 1,915,000                                  |                 |
| <b>\$ 3,771,058</b>    | <b>\$ 226,405</b>               | <b>\$ 185,688</b>    | <b>\$ 927,215</b>      | <b>\$ 3,156,746</b>  | <b>\$ 11,458,814</b> | <b>\$ 3,261,103</b>                        |                 |
| \$ 24,082              | \$ 2,188                        | \$ 41,321            | \$ -                   | \$ -                 | \$ 165,189           | \$ -                                       |                 |
| -                      | -                               | -                    | -                      | -                    | 31,020               | -  |                 |
| -                      | -                               | -                    | -                      | -                    | 30,244               | -  |                 |
| -                      | -                               | -                    | -                      | -                    | -                    | 13,549                                     |                 |
| -                      | -                               | 87,203               | -                      | -                    | 87,203               | -  |                 |
| -                      | -                               | -                    | -                      | -                    | 550,611              | 194,284                                    |                 |
| -                      | 116,296                         | -                    | 927,215                | -                    | 1,043,511            | 1,915,000                                  |                 |
| 24,082                 | 118,484                         | 128,524              | 927,215                | -                    | 1,907,778            | 2,122,833                                  |                 |
| -                      | -                               | -                    | -                      | 3,156,746            | 3,156,746            | -  |                 |
| 1,356,770              | 42,435                          | -                    | -                      | -                    | 1,399,205            | -  |                 |
| 2,390,206              | 65,486                          | -                    | -                      | -                    | 2,455,692            | -  |                 |
| -                      | -                               | -                    | -                      | -                    | 41,000               | -  |                 |
| -                      | -                               | -                    | -                      | -                    | -                    | -  |                 |
| -                      | -                               | 57,164               | -                      | -                    | 57,164               | -  |                 |
| -                      | -                               | -                    | -                      | -                    | 4,890                | -  |                 |
| -                      | -                               | -                    | -                      | -                    | 562,700              | -  |                 |
| -                      | -                               | -                    | -                      | -                    | 1,873,639            | 1,138,270                                  |                 |
| 3,746,976              | 107,921                         | 57,164               | -                      | 3,156,746            | 9,551,036            | 1,138,270                                  |                 |
| <b>\$ 3,771,058</b>    | <b>\$ 226,405</b>               | <b>\$ 185,688</b>    | <b>\$ 927,215</b>      | <b>\$ 3,156,746</b>  | <b>\$ 11,458,814</b> | <b>\$ 3,261,103</b>                        |                 |

# City of Springfield, Michigan

## Combined Statement of Revenue, Expenditures and Changes in Fund Balances All Governmental Fund Types and Component Units Year Ended June 30, 2003

|  | General           | Special<br>Revenue  | Debt<br>Service - Bond<br>Redemption Fund | Total Primary<br>Government<br>(Memorandum<br>Only) | Component<br>Units  |
|--|-------------------|---------------------|---|---|---------------------|
| <b>Revenue</b>   |                   |                     |   |   |                     |
| Taxes  | \$ 1,020,711      | \$ 602,668          | \$ -                                      | \$ 1,623,379  | \$ 440,035          |
| Special assessments  | -                 | 183,401             | -   | 183,401   | 32,960              |
| Licenses and permits   | 46,224            | 60,682              | -   | 106,906   | -                   |
| State sources  | 884,280           | 393,682             | -   | 1,277,962   | -                   |
| Federal sources  | 31,482            | 27,547              | -   | 59,029  | -                   |
| Charges for services   | 1,071             | -                   | -   | 1,071   | -                   |
| Fines and forfeitures  | 48,169            | 12,231              | -   | 60,400  | -                   |
| Interest earned  | 12,939            | 98,920              | 8   | 111,867   | 24,748              |
| Other  | 141,817           | 2,750               | -   | 144,567   | -                   |
| Total revenue  | 2,186,693         | 1,381,881           | 8   | 3,568,582   | 497,743             |
| <b>Expenditures</b>  |                   |                     |   |   |                     |
| General government   | 473,524           | -                   | -   | 473,524   | -                   |
| Public safety  | 1,529,641         | 188,500             | -   | 1,718,141   | -                   |
| Public works   | 47,787            | -                   | -   | 47,787  | -                   |
| Highways and streets   | 74,450            | 797,285             | -   | 871,735   | -                   |
| Cemetery   | 74,210            | -                   | -   | 74,210  | -                   |
| Buildings and grounds  | 65,753            | -                   | -   | 65,753  | -                   |
| Debt principal payments  | -                 | -                   | 135,000                                   | 135,000   | 115,000             |
| Interest and fiscal charges  | -                 | -                   | 53,849                                    | 53,849  | 78,123              |
| Contractual services   | -                 | -                   | -   | -   | 718,436             |
| Other  | -                 | 353,275             | 2,324                                     | 355,599   | 78,175              |
| Recreation   | 8,590             | -                   | -   | 8,590   | -                   |
| Total expenditures   | 2,273,955         | 1,339,060           | 191,173                                   | 3,804,188   | 989,734             |
| <b>Excess (Deficiency) of Revenue<br/>Over Expenditures</b>  | (87,262)          | 42,821              | (191,165)                                 | (235,606)   | (491,991)           |
| <b>Other Financing Sources (Uses)</b>  |                   |                     |   |   |                     |
| Bond proceeds  | -                 | -                   | -   | -   | 600,000             |
| Operating transfers in   | -                 | 451,711             | 171,650                                   | 623,361   | 193,648             |
| Operating transfers out  | (8,012)           | (615,349)           | -   | (623,361)   | (193,648)           |
| Transfers from component units<br>to primary government  | -                 | 228,200             | 19,523                                    | 247,723   | (247,723)           |
| Total other financing<br>sources (uses)  | (8,012)           | 64,562              | 191,173                                   | 247,723   | 352,277             |
| <b>Excess (Deficiency) of Revenue and<br/>Other Financing Sources Over<br/>Expenditures and Other Uses</b> | (95,274)          | 107,383             | 8   | 12,117  | (139,714)           |
| <b>Fund Balances - July 1, 2002</b>  | 716,623           | 1,753,357           | 132                                       | 2,470,112   | 1,277,984           |
| <b>Fund Balances - June 30, 2003</b>   | <u>\$ 621,349</u> | <u>\$ 1,860,740</u> | <u>\$ 140</u>                             | <u>\$ 2,482,229</u>                                 | <u>\$ 1,138,270</u> |

# City of Springfield, Michigan

|  | General Fund      |                   |  |
|--|-------------------|-------------------|--|
|  | Budget            | Actual            | Variance<br>Favorable<br>(Unfavorable) |
| <b>Revenue</b>   |                   |                   |  |
| Taxes  | \$ 1,017,100      | \$ 1,020,711      | \$ 3,611                               |
| Special assessments  | -                 | -                 | -                                      |
| Licenses and permits   | 46,000            | 46,224            | 224                                    |
| Federal sources  | 31,400            | 31,482            | 82                                     |
| State sources  | 884,900           | 884,280           | (620)                                  |
| Charges for services   | 100               | 1,071             | 971                                    |
| Fines and forfeitures  | 50,500            | 48,169            | (2,331)                                |
| Interest earned  | 7,000             | 12,939            | 5,939                                  |
| Other  | 137,700           | 141,817           | 4,117                                  |
| Total revenue  | 2,174,700         | 2,186,693         | 11,993                                 |
| <b>Expenditures</b>  |                   |                   |  |
| General government   | 523,700           | 473,524           | 50,176                                 |
| Public safety  | 1,508,300         | 1,529,641         | (21,341)                               |
| Public works   | 101,900           | 47,787            | 54,113                                 |
| Highways and streets   | 76,000            | 74,450            | 1,550                                  |
| Cemetery   | 72,100            | 74,210            | (2,110)                                |
| Building and grounds   | 70,500            | 65,753            | 4,747                                  |
| Other  | -                 | -                 | -                                      |
| Recreation   | 9,000             | 8,590             | 410                                    |
| Total expenditures   | 2,361,500         | 2,273,955         | 87,545                                 |
| <b>Excess (Deficiency) of Revenue Over Expenditures</b>                                  | (186,800)         | (87,262)          | 99,538                                 |
| <b>Other Financing Sources (Uses)</b>  |                   |                   |  |
| Operating transfers in   | -                 | -                 | -                                      |
| Operating transfers out  | (5,900)           | (8,012)           | (2,112)                                |
| Transfers from component units to primary government                                     | -                 | -                 | -                                      |
| Total other financing sources (uses)   | (5,900)           | (8,012)           | (2,112)                                |
| <b>Excess (Deficiency) of Revenue and Other Sources Over Expenditures and Other Uses</b> | (192,700)         | (95,274)          | 97,426                                 |
| <b>Fund Balances - July 1, 2002</b>  | 716,623           | 716,623           | -                                      |
| <b>Fund Balances - June 30, 2003</b>   | <u>\$ 523,923</u> | <u>\$ 621,349</u> | <u>\$ 97,426</u>                       |

See Notes to Financial Statements.

**Combined Statement of Revenue, Expenditures and  
Changes in Fund Balances - Budget and Actual  
General and Special Revenue Fund Types  
Year Ended June 30, 2003**

| Special Revenue Funds      |                            |  |
|----------------------------|----------------------------|--|
| Budget                     | Actual                     | Variance<br>Favorable<br>(Unfavorable) |
| \$ 732,200                 | \$ 602,668                 | \$ (129,532)                           |
| 114,900                    | 183,401                    | 68,501                                 |
| 52,200                     | 60,682                     | 8,482                                  |
| 30,000                     | 27,547                     | (2,453)                                |
| 386,900                    | 393,682                    | 6,782                                  |
| -                          | -                          | -                                      |
| 10,000                     | 12,231                     | 2,231                                  |
| 38,600                     | 98,920                     | 60,320                                 |
| 4,000                      | 2,750                      | (1,250)                                |
| <u>1,368,800</u>           | <u>1,381,881</u>           | <u>13,081</u>                          |
| -                          | -                          | -                                      |
| 188,500                    | 188,500                    | -                                      |
| -                          | -                          | -                                      |
| 1,029,400                  | 797,285                    | 232,115                                |
| -                          | -                          | -                                      |
| -                          | -                          | -                                      |
| 480,400                    | 353,275                    | 127,125                                |
| -                          | -                          | -                                      |
| <u>1,698,300</u>           | <u>1,339,060</u>           | <u>359,240</u>                         |
| (329,500)                  | 42,821                     | 372,321                                |
| 483,900                    | 451,711                    | (32,189)                               |
| (615,000)                  | (615,349)                  | (349)                                  |
| <u>228,200</u>             | <u>228,200</u>             | <u>-</u>                               |
| <u>97,100</u>              | <u>64,562</u>              | <u>(32,538)</u>                        |
| (232,400)                  | 107,383                    | 339,783                                |
| <u>1,753,357</u>           | <u>1,753,357</u>           | <u>-</u>                               |
| <b><u>\$ 1,520,957</u></b> | <b><u>\$ 1,860,740</u></b> | <b><u>\$ 339,783</u></b>               |

# City of Springfield, Michigan

## Combined Statement of Revenue, Expenses and Changes in Retained Earnings All Proprietary Fund Types Year Ended June 30, 2003

|   | Proprietary Fund Types |                                       |
|---|------------------------|---------------------------------------|
|   | Enterprise<br>Funds    | Internal<br>Service -<br>Vehicle Fund |
| <b>Operating Revenue</b>  |                        |                                       |
| Charges for services  | \$ 986,144             | \$ 146,196                            |
| Miscellaneous   | 32,470                 | 10,199                                |
| Total operating revenue   | 1,018,614              | 156,395                               |
| <b>Operating Expenses</b>   |                        |                                       |
| Operating expenses  | 933,921                | 148,737                               |
| Depreciation  | 135,810                | 61,066                                |
| Total operating expenses  | 1,069,731              | 209,803                               |
| <b>Operating Loss</b>   | (51,117)               | (53,408)                              |
| <b>Nonoperating Revenue (Expenses)</b>  |                        |                                       |
| Interest income   | 6,363                  | 543                                   |
| Interest expense  | -                      | (7,067)                               |
| Gain on sale  | -                      | 3,048                                 |
| Transfer to defray cost of debt   | -                      | 23,319                                |
| Total nonoperating revenue  | 6,363                  | 19,843                                |
| <b>Contributions</b>  | 38,846                 | -                                     |
| <b>Net Loss</b> - Before depreciation on fixed assets acquired by<br>contribution from outside sources that reduces contributed capital | (5,908)                | (33,565)                              |
| <b>Depreciation on Fixed Assets Acquired by Contribution from Outside<br/>Sources that Reduces Contributed Capital</b>                  | 65,508                 | -                                     |
| <b>Increase (Decrease) in Retained Earnings</b>   | 59,600                 | (33,565)                              |
| <b>Retained Earnings</b> - July 1, 2002   | 2,330,606              | 99,051                                |
| <b>Retained Earnings</b> - June 30, 2003  | <b>\$ 2,390,206</b>    | <b>\$ 65,486</b>                      |

# City of Springfield, Michigan

## Combined Statement of Cash Flows All Proprietary Fund Types Year Ended June 30, 2003

|   | Enterprise        | Internal<br>Service - Vehicle<br>Fund |
|---|-------------------|---------------------------------------|
| <b>Cash Flows from Operating Activities</b>                                       |                   |                                       |
| Operating loss  | \$ (51,117)       | \$ (53,408)                           |
| Adjustments to reconcile operating loss to net cash<br>from operating activities: |                   |                                       |
| Depreciation  | 135,810           | 61,066                                |
| Changes in assets and liabilities:  |                   |                                       |
| Receivables   | (26,565)          | (376)                                 |
| Due from other governmental units   | 11,309            | -                                     |
| Due from other funds  | (20,687)          | -                                     |
| Prepays   | 56,896            | -                                     |
| Accounts payable  | 11,898            | (387)                                 |
| Net cash provided by operating activities   | 117,544           | 6,895                                 |
| <b>Cash Flows from Capital and Related Financing Activities</b>                   |                   |                                       |
| Principal and interest paid on long-term debt                                     | -                 | (23,319)                              |
| Purchase of capital assets  | (21,240)          | (40,352)                              |
| Proceeds on sale of capital assets  |                   | 13,806                                |
| Transfer to defray cost of debt   | -                 | 23,319                                |
| Net cash used in capital and related financing activities                         | (21,240)          | (26,546)                              |
| <b>Cash Flows from Investing Activities</b>                                       |                   |                                       |
| Interest received on investments  | 6,363             | 543                                   |
| <b>Increase (Decrease) in Cash and Cash Equivalents</b>                           | 102,667           | (19,108)                              |
| <b>Cash and Cash Equivalents - July 1, 2002</b>                                   | 432,722           | 80,653                                |
| <b>Cash and Cash Equivalents - June 30, 2003</b>                                  | <u>\$ 535,389</u> | <u>\$ 61,545</u>                      |

### Noncash Operating, Financing and Investing Activities

During the year ended June 30, 2003, there were no noncash transactions.

# City of Springfield, Michigan

## Statement of Changes in Plan Net Assets Pension Trust Plans Year Ended June 30, 2003

|  | Public Safety<br>Retirement System | Retiree<br>Health Care |
|--|------------------------------------|------------------------|
| <b>Additions:</b>                                    |                                    |                        |
| Investment income:                                   |                                    |                        |
| Interest and dividends                               | \$ 97,381                          | \$ 582                 |
| Net appreciation in fair value of investments        | <u>19,115</u>                      | <u>1,371</u>           |
| Net investment gain                                  | 116,496                            | 1,953                  |
| <b>Contributions:</b>                                |                                    |                        |
| Employee   | 86,686                             | -                      |
| Employer   | <u>112,339</u>                     | <u>10,000</u>          |
| Total contributions                                  | <u>199,025</u>                     | <u>10,000</u>          |
| Total additions                                      | 315,521                            | 11,953                 |
| <b>Deductions:</b>                                   |                                    |                        |
| Transfer of plan assets                              | 3,637,351                          | -                      |
| Benefit payments                                     | 283,756                            | -                      |
| Administrative expenses                              | 44,181                             | -                      |
| Refunds and other                                    | <u>36,008</u>                      | <u>-</u>               |
| Total deductions                                     | <u>4,001,296</u>                   | <u>-</u>               |
| <b>Net Increase (Decrease) in Plan Net Assets</b>    | (3,685,775)                        | 11,953                 |
| <b>Net Assets Held in Trust for Pension Benefits</b> |                                    |                        |
| Beginning of year                                    | <u>3,685,775</u>                   | <u>45,211</u>          |
| End of year  | <u>\$ -</u>                        | <u>\$ 57,164</u>       |

# City of Springfield, Michigan

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|   | Tax<br>Increment<br>Finance<br>Authority<br>Project A | Tax<br>Increment<br>Finance<br>Authority<br>Project B | Tax<br>Increment<br>Finance<br>Authority<br>Project C |
|---|---|---|---|
| <b>Assets</b>   |   |   |   |
| Cash and cash equivalents   | \$ 52,423   | \$ 248,837  | \$ 93,916   |
| Investments   | -   | 101,287   | -   |
| Special assessment receivable                                     | -   | 171,041   | -   |
| Amount to be provided for retirement of<br>general long-term debt | -   | -   | -   |
| Total assets  | <u><u>\$ 52,423</u></u>                               | <u><u>\$ 521,165</u></u>                              | <u><u>\$ 93,916</u></u>                               |
| <b>Liabilities and Fund Equity</b>                                |   |   |   |
| <b>Liabilities</b>  |   |   |   |
| Due to other governmental units                                   | \$ -  | \$ -  | \$ -  |
| Deferred revenue  | -   | 171,041   | -   |
| Long-term debt  | -   | -   | -   |
| Total liabilities   | -   | 171,041   | -   |
| <b>Fund Equity</b>  |   |   |   |
| Fund balance - unreserved   | 52,423  | 350,124   | 93,916  |
| Total liabilities and fund equity                                 | <u><u>\$ 52,423</u></u>                               | <u><u>\$ 521,165</u></u>                              | <u><u>\$ 93,916</u></u>                               |

**Combining Balance Sheet - Component Units  
June 30, 2003**

| Tax<br>Increment<br>Finance<br>Authority<br>Project D | General<br>Long-term<br>Debt<br>Account<br>Group | Total                      |
|---|--|----------------------------|
| \$ 554,069  | \$ -   | \$ 949,245                 |
| 101,287   | -  | 202,574                    |
| 23,243  | -  | 194,284                    |
| <u>-</u>  | <u>1,915,000</u>                                 | <u>1,915,000</u>           |
| <b><u>\$ 678,599</u></b>                              | <b><u>\$ 1,915,000</u></b>                       | <b><u>\$ 3,261,103</u></b> |
|   |  |                            |
| \$ 13,549   | \$ -   | \$ 13,549                  |
| 23,243  | -  | 194,284                    |
| <u>-</u>  | <u>1,915,000</u>                                 | <u>1,915,000</u>           |
| 36,792  | 1,915,000  | 2,122,833                  |
| <u>641,807</u>  | <u>-</u>   | <u>1,138,270</u>           |
| <b><u>\$ 678,599</u></b>                              | <b><u>\$ 1,915,000</u></b>                       | <b><u>\$ 3,261,103</u></b> |

# City of Springfield, Michigan

|  | Tax<br>Increment<br>Finance<br>Authority<br>Project A | Tax<br>Increment<br>Finance<br>Authority<br>Project B | Tax<br>Increment<br>Finance<br>Authority<br>Project C |
|--|---|---|---|
| <b>Revenue</b>   |   |   |   |
| Property taxes   | \$ 37,310   | \$ 113,656  | \$ 102,274  |
| Special assessments  | -   | 29,512  | -   |
| Interest   | 391   | 13,379  | 389   |
| Total revenue  | 37,701  | 156,547   | 102,663   |
| <b>Expenditures</b>  |   |   |   |
| Contractual services   | -   | 29,730  | 903   |
| Debt principal payments  | -   | -   | -   |
| Interest and fiscal charges  | -   | -   | -   |
| Other  | 3,125   | 31,494  | 19,285  |
| Total expenditures   | 3,125   | 61,224  | 20,188  |
| <b>Excess (Deficiency) of Revenue Over Expenditures</b>  | 34,576  | 95,323  | 82,475  |
| <b>Other Financing Sources (Uses)</b>  |   |   |   |
| Bond proceeds  | -   | -   | -   |
| Operating transfer in  | -   | -   | -   |
| Operating transfer out   | -   | (67,780)  | (53,785)  |
| Transfer to primary government from component units  | -   | (228,200)   | -   |
| Total other financing sources (uses)   | -   | (295,980)   | (53,785)  |
| <b>Excess (Deficiency) of Revenue and Other Financing Sources over Expenditures and Other Uses</b> | 34,576  | (200,657)   | 28,690  |
| <b>Fund Balances - July 1, 2002</b>  | 17,847  | 550,781   | 65,226  |
| <b>Fund Balances - June 30, 2003</b>   | <u>\$ 52,423</u>                                      | <u>\$ 350,124</u>                                     | <u>\$ 93,916</u>                                      |

**Combining Statement of Revenue, Expenditures and  
Changes in Fund Balances - Component Units  
Year Ended June 30, 2003**

| Tax<br>Increment<br>Finance<br>Authority<br>Project D | Bond<br>Retirement<br>Fund | Total                      |
|---|----------------------------|----------------------------|
| \$ 186,795  | \$ -                       | \$ 440,035                 |
| 3,448   | -                          | 32,960                     |
| <u>10,589</u>   | <u>-</u>                   | <u>24,748</u>              |
| 200,832   | -                          | 497,743                    |
| 687,803   | -                          | 718,436                    |
| -   | 115,000                    | 115,000                    |
| -   | 78,123                     | 78,123                     |
| <u>23,746</u>   | <u>525</u>                 | <u>78,175</u>              |
| <u>711,549</u>  | <u>193,648</u>             | <u>989,734</u>             |
| (510,717)   | (193,648)                  | (491,991)                  |
| 600,000   | -                          | 600,000                    |
| -   | 193,648                    | 193,648                    |
| (72,083)  | -                          | (193,648)                  |
| <u>(19,523)</u>                                       | <u>-</u>                   | <u>(247,723)</u>           |
| <u>508,394</u>  | <u>193,648</u>             | <u>352,277</u>             |
| (2,323)   | -                          | (139,714)                  |
| <u>644,130</u>  | <u>-</u>                   | <u>1,277,984</u>           |
| <u><b>\$ 641,807</b></u>                              | <u><b>\$ -</b></u>         | <u><b>\$ 1,138,270</b></u> |

## Note 1 - Summary of Significant Accounting Policies

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

**Reporting Entity** - The City is governed by an elected seven-member Council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Springfield and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

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 Corporation'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. The TIFA funds 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.

### Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The various funds are grouped, in the general purpose financial statements in this report, into generic fund types in three broad fund categories as follows:

#### **Governmental Funds**

**General Fund** - The General Fund contains the records of the ordinary activities of the City that are not accounted for in other funds. General Fund activities are financed by revenue from general property taxes, state-shared revenue and other sources.

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of earmarked revenue or financing activities requiring separate accounting because of legal or regulatory provisions.

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

**Debt Service Fund** - The Debt Service Fund is used to account for the annual payment of principal, interest and expenses in connection with certain long-term debt other than debt payable from other funds.

### Proprietary Funds

**Enterprise Funds** - Enterprise Funds are used to account for the results of operations that provide a service to citizens that are financed primarily by a user charge for the provision of that service.

**Internal Service Fund** - The Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

### Fiduciary Funds

**Trust and Agency Funds** - Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, organizations, other governments or other funds. These include the Public Safety Retirement System, Retiree Health Care Fund, and the Agency Funds. The Public Safety Retirement System and the Retiree Health Care Fund are accounted for in the same manner as a proprietary fund. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

### Basis of Accounting

The accrual basis of accounting is used by the proprietary funds and the Public Safety Retirement System. All governmental funds, agency funds and component units utilize the modified-accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

- a. Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned. Other revenue is recorded when received.

Properties are assessed as of December 31 and the related property taxes are billed on July 1 and become a lien on December 1 of the following year.

- b. Noncurrent receivables, such as special assessments, are recorded at full value and deferred revenue is recorded for the portion not available for use to finance operations as of year-end.

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

- c. Interest income on special assessments receivable is not accrued until its due date.
- d. Interest on bonded indebtedness and other long-term debt are not recorded as an expenditure until due.
- e. Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase.
- f. Normally, expenditures are not divided between years by the recording of prepaid expenses. Prepaid expenses recorded in the General Fund represent advance payment for future year expenditures.
- g. The noncurrent portion of accumulated sick and vacation pay liabilities is reflected in the General Long-term Debt Account Group.

**Fixed Assets and Long-term Liabilities** - Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds. Such assets, which are recorded as expenditures at the time of purchase, do not include certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and lighting systems. No depreciation has been provided on general fixed assets.

All fixed assets are recorded at cost, or if donated, at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-term Debt Account Group, not in the governmental funds.

The General Fixed Assets Account Group and the General Long-term Debt Account Group are not funds and do not involve the measurement of results of operations.

Fixed assets and long-term liabilities relating to the Proprietary Funds are accounted for in those Funds. Depreciation on such fixed assets is charged as an expense against the operations of the Proprietary Funds on a straight-line basis.

**Cash Equivalents** - For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Investments** - Investments are reported at fair value, based on quoted market prices.

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

**Memorandum-only Totals** - The total data presented is the aggregate of the fund types and account groups and is presented for the purpose of analysis only. No consolidating or other eliminations were made in arriving at the totals; therefore, they do not present consolidated information.

**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 disclosures 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.

Other accounting policies are disclosed in other notes to financial statements.

## Note 2 - Deposits and Investments

The City's deposits and investments are included on the balance sheet under the following classifications:

|                           |    |           |
|---------------------------|----|-----------|
| Cash and cash equivalents | \$ | 2,053,354 |
| Investments               |    | 933,841   |
| Total                     | \$ | 2,987,195 |

The above amounts are classified by Governmental Accounting Standards Board Statement Number 3 in the following categories:

|   |    |           |
|---|----|-----------|
| Bank deposits (checking accounts and savings accounts)                | \$ | 216,334   |
| Investments in securities, bank investment pools and similar vehicles |    | 2,770,161 |
| Petty cash or cash on hand  |    | 700       |
| Total   | \$ | 2,987,195 |

**Deposits** - The above deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$330,468, of which \$200,000 was covered by federal depository insurance.

**Investments** - The City is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies (of nonpension funds) in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers acceptances and mutual funds and investment pools that are composed of authorized investment vehicles.

## Note 2 - Deposits and Investments (Continued)

The pension trust fund is also authorized by Michigan Public Act 485 of 1996 to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations and certain other specified investment vehicles. As stated in Note 12, the assets of the pension trust fund were transferred to MMERS in June of 2003.

During the year, the City's pension trust fund carried balances in categorized investments, however, as discussed above, all assets have been transferred to MMERS. Accordingly, there are no categorized investments held by the City at June 30, 2003.

The mutual funds and the bank investment pools are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in the funds comply with the investment authority noted above.

The mutual funds registered with the SEC and the bank investment pools are regulated by the Michigan Banking Act, and the fair value of the position in the pool is the same as the value of the pool shares.

**Component Units** - The cash and cash equivalents of the City's component units consist of bank deposits of \$302,954 and bank investment pools of \$646,291. The deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$302,945, of which \$100,000 was covered by federal depository insurance. The investments of the City's component units consist of mutual funds of \$202,574.

### Note 3 - Capital Assets

A summary of changes in general fixed assets follows:

|                        | Balance<br>July 1, 2002 | Additions         | Deletions        | Balance<br>June 30, 2003 |
|------------------------|-------------------------|-------------------|------------------|--------------------------|
| Land                   | \$ 2,442,676            | \$ 51,266         | \$ -             | \$ 2,493,942             |
| Furniture and fixtures | <u>593,078</u>          | <u>81,884</u>     | <u>12,158</u>    | <u>662,804</u>           |
| Total                  | <u>\$ 3,035,754</u>     | <u>\$ 133,150</u> | <u>\$ 12,158</u> | <u>\$ 3,156,746</u>      |

A summary of proprietary fund fixed assets at June 30, 2003 follows:

|                               | Enterprise<br>Funds | Internal<br>Service - Vehicle<br>Fund | Total               | Depreciable<br>Life - Years |
|-------------------------------|---------------------|---------------------------------------|---------------------|-----------------------------|
| Utility system                | \$ 5,858,438        | \$ -                                  | \$ 5,858,438        | 30-40                       |
| Machinery and equipment       | <u>55,168</u>       | <u>1,043,972</u>                      | <u>1,099,140</u>    | 5-8                         |
| Total                         | 5,913,606           | 1,043,972                             | 6,957,578           |                             |
| Less accumulated depreciation | <u>(2,938,914)</u>  | <u>(879,488)</u>                      | <u>(3,818,402)</u>  |                             |
| Net                           | <u>\$ 2,974,692</u> | <u>\$ 164,484</u>                     | <u>\$ 3,139,176</u> |                             |

# City of Springfield, Michigan

## Notes to Financial Statements June 30, 2003

### Note 4 - Long-term Debt

#### Outstanding debt

Long-term debt is comprised of the following at June 30, 2003:

General long-term debt account group - Primary government:

|   |                |
|---|----------------|
| 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 \$40,000 to \$45,000, plus interest at 6.7% through 2006                               | 130,000        |
| 1991 General Obligation Limited Tax Bonds, payable in annual installments of \$25,000 to \$50,000, plus interest at 6.7% through 2006                   | 125,000        |
| 1995 Public Improvement City Share Bonds, payable in annual installments of \$15,000 to \$25,000, plus interest at rates from 5.4% to 5.9% through 2010 | 135,000        |
| 1995 Michigan Transportation Fund Bonds, payable in annual installments of \$35,000 to \$50,000, plus interest at rates from 5.3% to 5.9% through 2010  | 310,000        |
| 1995 Public Improvement Special Assessment Bonds, payable in annual installments of \$15,000, plus interest at rates from 5.3% to 5.9% through 2010     | 105,000        |
| Accrued vacation and longevity payable  | <u>107,215</u> |
| Total general long-term debt account group  | 927,215        |

Internal Service Fund:

|   |                     |
|---|---------------------|
| Installment Loan payable to National City in fifteen equal annual installments of \$23,319, including interest at 5.25% through July 14, 2003. Effective July 15, 2003 and thereafter, the interest rate shall be adjusted to a rate per annum equal to the five-year U.S. Treasury Bill Index on July 14, 2003 plus 150 basis points. Effective July 15, 2003, the annual payment of principal and interest shall be adjusted so as to fully amortize the outstanding principal by July 15, 2008 | <u>116,296</u>      |
| Total long-term debt  | <u>\$ 1,043,511</u> |

## Note 4 - Long-term Debt (Continued)

Component Units:

|   |                |
|---|----------------|
| 1991 Tax Increment Bonds (General Obligation Limited Tax), payable in annual installments of \$75,000, plus interest at rates from 6.6% to 6.75% through 2006             | \$ 225,000     |
| 1993 Tax Increment Bonds (General Obligation Limited Tax), payable in annual installments of \$40,000 to \$50,000, plus interest at rates from 4.95% to 5.3% through 2008 | 230,000        |
| 1999 Tax Increment Bonds (General Obligation Limited Tax), payable in annual installments of \$30,000 to \$85,000, plus interest at rates from 4.10% to 5.2% through 2019 | 860,000        |
| 2003 Tax Increment Bonds (General Obligation Limited Tax), payable in annual installments of \$50,000 to \$70,000, plus interest at rates from 2.0% to 4.1% through 2013  | <u>600,000</u> |
| Total component units   | \$ 1,915,000   |

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

# City of Springfield, Michigan

## Notes to Financial Statements June 30, 2003

### Note 4 - Long-term Debt (Continued)

#### Debt Service Requirement

The annual requirement to service all debt outstanding as of June 30, 2003, including both principal and interest, is as follows:

|              | Capital<br>Appreciation<br>Bond | 1991<br>Special<br>Assessment<br>Bonds | 1991<br>General<br>Obligation<br>Bonds | 1995<br>City Share<br>Bonds | 1995<br>Michigan<br>Transportation<br>Bonds |
|--------------|---------------------------------|--|--|-----------------------------|---|
| 2004         | \$ -                            | \$ 52,203                              | \$ 32,538                              | \$ 22,660                   | \$ 57,415                                   |
| 2005         | -                               | 44,355                                 | 55,025                                 | 21,850                      | 55,295                                      |
| 2006         | 15,000                          | 46,508                                 | 51,675                                 | 26,025                      | 53,135                                      |
| 2007         | -                               | -                                      | -                                      | 24,905                      | 55,935                                      |
| 2008         | -                               | -                                      | -                                      | 23,775                      | 53,415                                      |
| 2009 & after | -                               | -                                      | -                                      | 49,110                      | 108,800                                     |
| Total        | <u>\$ 15,000</u>                | <u>\$ 143,066</u>                      | <u>\$ 139,238</u>                      | <u>\$ 168,325</u>           | <u>\$ 383,995</u>                           |

|              | 1995<br>Special<br>Assessment<br>Bonds | Total<br>General<br>Long-term<br>Debt Account<br>Group | Internal<br>Service Fund<br>Installment<br>Loan<br>Payable | Total<br>Component<br>Units General<br>Long-term<br>Debt |
|--------------|--|--|--|--|
| 2004         | \$ 20,933                              | \$ 185,749   | \$ 23,319  | \$ 280,770   |
| 2005         | 20,123                                 | 196,648  | 23,319   | 281,573  |
| 2006         | 19,298                                 | 211,641  | 23,319   | 276,760  |
| 2007         | 18,458                                 | 99,298   | 23,319   | 199,030  |
| 2008         | 17,610                                 | 94,800   | 45,497   | 203,215  |
| 2009 & after | <u>32,640</u>                          | <u>190,550</u>   | <u>-</u>   | <u>1,287,256</u>   |
| Total        | <u>\$ 129,062</u>                      | <u>\$ 978,686</u>                                      | <u>\$ 138,773</u>  | <u>\$ 2,528,604</u>                                      |

# City of Springfield, Michigan

## Notes to Financial Statements June 30, 2003

### Note 4 - Long-term Debt (Continued)

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.

#### Changes in Long-term Debt

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2003:

|   | Balance<br>June 30, 2002 | Additions             | Deletions             | Balance<br>June 30, 2003 |
|---|--------------------------|-----------------------|-----------------------|--------------------------|
| Capital Appreciation Bonds                          | \$ 15,000                | \$ -                  | \$ -                  | \$ 15,000                |
| Special Assessment Bonds                            | 175,000                  | -                     | 45,000                | 130,000                  |
| General Obligation Bonds                            | 150,000                  | -                     | 25,000                | 125,000                  |
| 1995 Public Improvement<br>City Share Bonds         | 150,000                  | -                     | 15,000                | 135,000                  |
| 1995 Michigan Transportation<br>Bonds               | 345,000                  | -                     | 35,000                | 310,000                  |
| 1995 Public Improvement<br>Special Assessment Bonds | 120,000                  | -                     | 15,000                | 105,000                  |
| Street sweeper lease                                | 8,140                    | -                     | 8,140                 | -                        |
| Copier leases                                       | 9,966                    | -                     | 9,966                 | -                        |
| Computer hardware lease                             | 579                      | -                     | 579                   | -                        |
| Accrued vacation payable<br>and longevity           | 105,792                  | 1,423                 | -                     | 107,215                  |
| Installment loan                                    | 132,548                  | -                     | 16,252                | 116,296                  |
| <br>Total primary government                        | <br><u>\$ 1,212,025</u>  | <br><u>\$ 1,423</u>   | <br><u>\$ 169,937</u> | <br><u>\$ 1,043,511</u>  |
| <br>1991 Tax Increment Bonds                        | <br>\$ 275,000           | <br>\$ -              | <br>\$ 50,000         | <br>\$ 225,000           |
| 1993 Tax Increment Bonds                            | 270,000                  | -                     | 35,000                | 235,000                  |
| 1999 Tax Increment Bonds                            | 885,000                  | -                     | 25,000                | 860,000                  |
| 2003 Tax Increment Bonds                            | -                        | 600,000               | -                     | 600,000                  |
| <br>Total component units                           | <br><u>\$ 1,430,000</u>  | <br><u>\$ 600,000</u> | <br><u>\$ 110,000</u> | <br><u>\$ 1,920,000</u>  |

#### Interest Incurred

Interest expense for the year ended June 30, 2003 amounted to approximately \$54,000 in the Debt Service Funds, \$7,100 in the Internal Service Fund and \$78,100 in the Component Units.

# City of Springfield, Michigan

## Notes to Financial Statements June 30, 2003

### Note 5 - Interfund Receivables

The following are the interfund receivables at June 30, 2003:

| Fund Due To      | Fund Due From               | Amount           |
|------------------|-----------------------------|------------------|
| General Fund     | Special Revenue:            |                  |
|                  | Economic Development Fund   | \$ 4,460         |
|                  | Total General Fund          | 4,460            |
| Special Revenue  | Special Revenue             |                  |
| Major Street     | Local Street                | 1,693            |
| Special Revenue  |                             |                  |
| Local Steet      | General Fund                | <u>3,404</u>     |
|                  | Total Special Revenue Funds | 5,097            |
| Enterprise Fund: | Special Revenue             |                  |
| Sewer Fund       | Major Street                | <u>20,687</u>    |
|                  | Total Enterprise Funds      | <u>20,687</u>    |
|                  | Total interfund receivables | <u>\$ 30,244</u> |

### Note 6 - Deferred Revenue

In the Major Street, Local Street and Economic Development Funds of the combined Special Revenue Funds and in the TIFA Projects B and D Funds of the combined component units, deferred revenue represents unearned special assessments. In the Income Tax Fund, Major Street Fund, Local Law Enforcement Block Grant Fund and Building Fund, deferred revenue represents delinquent income taxes receivable and other receivables considered unavailable.

### Note 7 - Contributed Capital

Contributed capital in the Enterprise Funds represents assets of the utility system constructed from federal sources, assets donated to the City and improvements made to that land by the Capital Projects Fund. Contributed capital in the amount of \$42,435 in the Internal Service Fund represents equipment donated to the fund from the General Fund and other local sources. Donations recorded as contributed capital were before the adoption of GASB 33.

The following is an analysis of contributed capital by source in the Enterprise Funds:

|                                | Balance<br>June 30,<br>2002 | Current<br>Year<br>Additions | Current<br>Year<br>Amortization | Balance<br>June 30,<br>2003 |
|--------------------------------|-----------------------------|------------------------------|---------------------------------|-----------------------------|
| Federal grants                 | \$ 1,138,920                | \$ -                         | \$ 54,168                       | \$ 1,084,752                |
| Capital projects and donations | <u>283,358</u>              | <u>-</u>                     | <u>11,340</u>                   | <u>272,018</u>              |
| Total                          | <u>\$ 1,422,278</u>         | <u>\$ -</u>                  | <u>\$ 65,508</u>                | <u>\$ 1,356,770</u>         |

### Note 8 - Designated Fund Equity

Fund balances have been designated for the following purposes:

Subsequent year's budgeted expenditures in excess  
of budgeted revenue:

|                               |                   |
|-------------------------------|-------------------|
| General Fund                  | \$ 57,500         |
| Special Revenue Funds         | <u>505,200</u>    |
| Total designated fund balance | <u>\$ 562,700</u> |

## Note 9 - 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, 2003 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.

Expenditure budget overruns were as follows:

|               | <u>Budget</u> | <u>Actual</u> |
|---------------|---------------|---------------|
| General Fund: |               |               |
| Cemetery      | \$ 72,100     | \$ 74,210     |
| Public safety | 1,508,300     | 1,529,641     |

### Note 10 - 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, 2003. Following are comparisons of budgets as amended to actual results of operations for the year ended June 30, 2003:

|   | Budget              | Actual             | Variance<br>Favorable<br>(Unfavorable) |
|---|---------------------|--------------------|--|
| <b><u>Sewer Fund (Enterprise Fund)</u></b>          |                     |                    |  |
| Revenue   | \$ 440,100          | \$ 469,018         | \$ 28,918                              |
| Expenses  | <u>565,000</u>      | <u>544,870</u>     | <u>20,130</u>                          |
| Net loss  | <u>\$ (124,900)</u> | <u>\$ (75,852)</u> | <u>\$ 49,048</u>                       |
| <b><u>Water Fund (Enterprise Fund)</u></b>          |                     |                    |  |
| Revenue   | \$ 429,300          | \$ 451,480         | \$ 22,180                              |
| Expenses  | <u>391,500</u>      | <u>383,073</u>     | <u>8,427</u>                           |
| Net income  | <u>\$ 37,800</u>    | <u>\$ 68,407</u>   | <u>\$ 30,607</u>                       |
| <b><u>Refuse Service Fund (Enterprise Fund)</u></b> |                     |                    |  |
| Revenue   | \$ 141,900          | \$ 143,325         | \$ 1,425                               |
| Expenses  | <u>141,300</u>      | <u>141,788</u>     | <u>(488)</u>                           |
| Net income  | <u>\$ 600</u>       | <u>\$ 1,537</u>    | <u>\$ 937</u>                          |
| <b><u>Vehicle Fund (Internal Service Fund)</u></b>  |                     |                    |  |
| Revenue   | \$ 183,400          | \$ 183,305         | \$ (95)                                |
| Expenses  | <u>256,500</u>      | <u>216,870</u>     | <u>39,630</u>                          |
| Net loss  | <u>\$ (73,100)</u>  | <u>\$ (33,565)</u> | <u>\$ 39,535</u>                       |

# City of Springfield, Michigan

## Notes to Financial Statements June 30, 2003

### Note 11 - 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, 2003 was as follows:

|                                   | Sewer<br>Fund | Water<br>Fund | Refuse<br>Fund | Total        |
|-----------------------------------|---------------|---------------|----------------|--------------|
| Operating revenue                 | \$ 458,329    | \$ 417,206    | \$ 143,079     | \$ 1,018,614 |
| Operating income (loss)           | (86,541)      | 34,133        | 1,291          | (51,117)     |
| Nonoperating revenue              |               |               |                |              |
| Interest                          | 2,803         | 3,314         | 246            | 6,363        |
| Contributed capital               | 7,886         | 30,960        | -              | 38,846       |
| Net income (loss)                 | (75,852)      | 68,407        | 1,537          | (5,908)      |
| Land, buildings and<br>equipment: |               |               |                |              |
| Additions                         | 12,053        | 9,187         | -              | 21,240       |
| Depreciation expense              | 91,907        | 43,903        | -              | 135,810      |
| Net working capital               | 311,549       | 412,554       | 48,181         | 772,284      |
| Total assets                      | 1,996,837     | 1,704,396     | 69,825         | 3,771,058    |
| Total equity                      | 1,996,837     | 1,701,958     | 48,181         | 3,746,976    |

## Note 12 - 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 System. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, MI 48917.

The City formerly administered a Public Safety Officers' Retirement Fund. During the year ended June 30, 2003, the City transferred the Public Safety defined benefit pension plan funds to MMERS. Total assets of \$3,637,351 were transferred to MMERS in June of 2003, with a beginning plan date of July 1, 2003.

### Annual Pension Cost

**Michigan Municipal Employees' Retirement System** - For year ended June 30, 2003, the City's annual pension cost of \$18,227 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, 2000, using the entry age normal cost method. Significant actuarial assumptions used include (a) an 8.0 investment rate of return, and (b) projected salary increases of 5.0 percent per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0 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, 2003, the City's annual pension cost was determined by an initial actuarial valuation as of August 1, 2002 and was \$105,702. The actual employer contribution was \$112,339, which included a tax levy. The actuarial valuation at August 1, 2002 used the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8.0 investment rate of return, and (b) projected salary increases of 4.5 percent per year compounded annually, attributable to inflation, (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.

### Note 12 - 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 8 to 10 percent.

#### Trend Information

Michigan Municipal Employees' Retirement System

|   | Fiscal Year Ended June 30             |              |              |
|---|---------------------------------------|--------------|--------------|
|   | 2001                                  | 2002         | 2003         |
| Annual pension cost (APC)                     | \$ 42,742                             | \$ 7,493     | \$ 18,227    |
| Percentage of APC contributed                 | 100.0%                                | 100.0%       | 100.0%       |
| Net pension obligation                        | \$ -                                  | \$ -         | \$ -         |
|   | Actuarial Valuation as of December 31 |              |              |
|   | 2000                                  | 2001         | 2002         |
| Actuarial value of assets                     | \$ 2,041,646                          | \$ 2,080,846 | \$ 2,007,703 |
| Actuarial Accrued Liability (AAL) (entry age) | 1,925,319                             | 2,055,786    | 2,098,078    |
| (Overfunded) Unfunded AAL                     | (116,327)                             | (25,061)     | 90,375       |
| Funded ratio                                  | 106.0%                                | 101.0%       | 95.7%        |
| Covered payroll                               | 498,377                               | 505,861      | 509,520      |

### Note 12 - Defined Benefit Pension Plans (Continued)

#### Public Safety Division

|   | Fiscal Year Ended June 30                  |           |            |
|---|--|-----------|------------|
|   | MMERS                                      |           |            |
|   | Initial Valuation                          |           |            |
|   | 2001                                       | 2002      | 2003       |
| Annual pension cost (APC)                     | \$ 68,623                                  | \$ 57,727 | \$ 105,702 |
| Percentage of APC contributed                 | 98%  | 106%      | 106%       |
| Net pension obligation                        | \$ -                                       | \$ -      | \$ -       |
|   | Initial Actuarial Valuation as of August 1 |           |            |
|   | 2002                                       |           |            |
| Actuarial value of assets                     | \$ 3,600,000                               |           |            |
| Actuarial Accrued Liability (AAL) (entry age) | 4,799,941                                  |           |            |
| Unfunded AAL                                  | 1,199,941                                  |           |            |
| Funded ratio                                  | 75.0%                                      |           |            |
| Covered payroll                               | 994,154                                    |           |            |
| UAAL as a percentage of covered payroll       | 120.70%                                    |           |            |

### Note 13 - 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, 13 retirees are eligible. Expenditures for post-employment benefits are recognized as insurance premiums become due. During the year, these expenditures amounted to approximately \$27,150.

## Note 14 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, 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 12). 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 15 - Upcoming Reporting Change

For the year beginning July 1, 2003, the City plans to adopt GASB Statement Number 34. This will dramatically revise the information being reported in these financial statements. Governmental activities will report information by individually significant fund, as well as in total on the full accrual basis of accounting. Enterprise funds will no longer report capital contributions as a direct increase to equity. Information is not available to present pro-forma data that would show the effect of this future change.

## Note 16 - Subsequent Events

Subsequent to June 30, 2003, the City had committed to a street improvement project for approximately \$880,000, a portion of which will be funded by a special assessment. The construction contract related to the project was approved for approximately \$784,000 subsequent to year end.

## **Additional Information**

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

We have audited the general purpose financial statements of the City of Springfield, Michigan, for the year ended June 30, 2003. Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The additional information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City of Springfield, Michigan. This information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Plante & Moran, PLLC*

November 4, 2003



A worldwide association of independent accounting firms

# City of Springfield, Michigan

## General Fund Schedule of Revenue - Budget and Actual Year Ended June 30, 2003

|                                 | Budget              | Actual              | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------------|---------------------|---------------------|--|
| <b>Revenue</b>                  |                     |                     |  |
| Taxes:                          |                     |                     |  |
| Operating                       | \$ 927,200          | \$ 929,006          | \$ 1,806                               |
| Pension                         | 67,400              | 66,359              | (1,041)                                |
| Tax collection fees             | 17,500              | 17,058              | (442)                                  |
| Penalties and interest          | 5,000               | 8,288               | 3,288                                  |
| Total taxes                     | 1,017,100           | 1,020,711           | 3,611                                  |
| Licenses and Permits:           |                     |                     |  |
| Trailer fees                    | 1,500               | 5,403               | 3,903                                  |
| Business licenses               | 2,200               | 3,220               | 1,020                                  |
| Liquor licenses                 | 4,300               | 4,561               | 261                                    |
| Cable franchise fees            | 38,000              | 33,040              | (4,960)                                |
| Total licenses and permits      | 46,000              | 46,224              | 224                                    |
| State Sources:                  |                     |                     |  |
| Police training grant           | 3,600               | 4,372               | 772                                    |
| Statutory sales tax             | 533,200             | 533,994             | 794                                    |
| Constitutional sales tax        | 348,100             | 345,914             | (2,186)                                |
| Total state sources             | 884,900             | 884,280             | (620)                                  |
| Federal Sources                 | 31,400              | 31,482              | 82                                     |
| Charges for services            | 100                 | 1,071               | 971                                    |
| Fines and forfeitures           | 50,500              | 48,169              | (2,331)                                |
| Interest earned                 | 7,000               | 12,939              | 5,939                                  |
| Other:                          |                     |                     |  |
| Parks and recreational fees     | 3,000               | 2,065               | (935)                                  |
| Cemetery lot sales and openings | 6,600               | 12,276              | 5,676                                  |
| Sale of City property           | 33,000              | 35,003              | 2,003                                  |
| Other refunds                   | 10,600              | 10,596              | (4)                                    |
| Miscellaneous                   | 84,500              | 81,877              | (2,623)                                |
| Total other                     | 137,700             | 141,817             | 4,117                                  |
| Total revenue                   | <b>\$ 2,174,700</b> | <b>\$ 2,186,693</b> | <b>\$ 11,993</b>                       |

# City of Springfield, Michigan

## General Fund Schedule of Expenditures - Budget and Actual Year Ended June 30, 2003

|                          | <u>Budget</u>              | <u>Actual</u>              | Variance<br>Favorable<br>(Unfavorable) |
|--------------------------|----------------------------|----------------------------|--|
| <b>Expenditures</b>      |                            |                            |  |
| General government:      |                            |                            |  |
| City council             | \$ 39,300                  | \$ 34,882                  | \$ 4,418                               |
| City manager             | 61,100                     | 58,207                     | 2,893                                  |
| Elections                | 5,700                      | 4,796                      | 904                                    |
| City assessor            | 86,800                     | 80,654                     | 6,146                                  |
| City attorney            | 28,600                     | 23,469                     | 5,131                                  |
| Treasurer                | 217,400                    | 190,556                    | 26,844                                 |
| Clerk                    | <u>84,800</u>              | <u>80,960</u>              | <u>3,840</u>                           |
| Total general government | 523,700                    | 473,524                    | 50,176                                 |
| Public Safety:           |                            |                            |  |
| Public safety office     | 1,508,300                  | 1,529,641                  | (21,341)                               |
| Public works             | 101,900                    | 47,787                     | 54,113                                 |
| Street lights            | 76,000                     | 74,450                     | 1,550                                  |
| Cemetery                 | 72,100                     | 74,210                     | (2,110)                                |
| Building and grounds     | 70,500                     | 65,753                     | 4,747                                  |
| Recreation               | <u>9,000</u>               | <u>8,590</u>               | <u>410</u>                             |
| Total expenditures       | <u><b>\$ 2,361,500</b></u> | <u><b>\$ 2,273,955</b></u> | <u><b>\$ 87,545</b></u>                |

# City of Springfield, Michigan

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|   | Major<br>Street<br>Fund  | Local<br>Street<br>Fund  | Income<br>Tax<br>Fund      |
|---|--------------------------|--------------------------|----------------------------|
|   | <u>          </u>        | <u>          </u>        | <u>          </u>          |
| <b>Assets</b>                                 |                          |                          |                            |
| Cash and cash equivalents                     | \$ 240,888               | \$ 240,903               | \$ 362,179                 |
| Investments                                   | -                        | -                        | 674,103                    |
| Special assessments receivable                | 286,393                  | 212,634                  | -                          |
| Accounts receivable                           | -                        | -                        | 90,936                     |
| Notes receivable                              | -                        | -                        | -                          |
| Due from other funds                          | 1,693                    | -                        | -                          |
| Due from other governmental units             | <u>49,648</u>            | <u>17,448</u>            | <u>-</u>                   |
| Total assets                                  | <b><u>\$ 578,622</u></b> | <b><u>\$ 470,985</u></b> | <b><u>\$ 1,127,218</u></b> |
| <b>Liabilities and Fund Balances</b>          |                          |                          |                            |
| <b>Liabilities</b>                            |                          |                          |                            |
| Accounts payable                              | \$ 3,602                 | \$ 50,031                | \$ 425                     |
| Due to other funds                            | 20,687                   | 1,693                    | -                          |
| Accrued liabilities                           | -                        | -                        | 37                         |
| Deferred revenue                              | <u>286,393</u>           | <u>212,634</u>           | <u>7,857</u>               |
| Total liabilities                             | 310,682                  | 264,358                  | 8,319                      |
| <b>Fund Balances</b>                          |                          |                          |                            |
| Designated for subsequent year's expenditures | -                        | 22,300                   | 478,200                    |
| Reserved for noncurrent receivables           | -                        | -                        | -                          |
| Unreserved - Undesignated                     | <u>267,940</u>           | <u>184,327</u>           | <u>640,699</u>             |
| Total fund balance                            | <u>267,940</u>           | <u>206,627</u>           | <u>1,118,899</u>           |
| Total liabilities and<br>fund balances        | <b><u>\$ 578,622</u></b> | <b><u>\$ 470,985</u></b> | <b><u>\$ 1,127,218</u></b> |

**Special Revenue Funds  
Combining Balance Sheet  
June 30, 2003**

| Drug Law<br>Enforcement<br>Fund | Economic<br>Development<br>Fund | Local Law<br>Enforcement<br>Block Grant | Building Fund          | Total                      |
|---------------------------------|---------------------------------|---|------------------------|----------------------------|
| \$ 19,639                       | \$ 127,305                      | \$ 14,076                               | \$ 543                 | \$ 1,005,533               |
| -                               | 101,287                         | -                                       | -                      | 775,390                    |
| -                               | 16,451                          | -                                       | -                      | 515,478                    |
| -                               | -                               | 81                                      | 3,763                  | 94,780                     |
| -                               | 41,000                          | -                                       | -                      | 41,000                     |
| -                               | -                               | -                                       | 3,404                  | 5,097                      |
| -                               | -                               | -                                       | -                      | 67,096                     |
| <b><u>\$ 19,639</u></b>         | <b><u>\$ 286,043</u></b>        | <b><u>\$ 14,157</u></b>                 | <b><u>\$ 7,710</u></b> | <b><u>\$ 2,504,374</u></b> |
|                                 |                                 |   |                        |                            |
| \$ 401                          | \$ 3,465                        | \$ -                                    | \$ 36                  | \$ 57,960                  |
| -                               | 4,460                           | -                                       | -                      | 26,840                     |
| -                               | 21,879                          | -                                       | -                      | 21,916                     |
| -                               | 16,451                          | 12,881                                  | 702                    | 536,918                    |
| 401                             | 46,255                          | 12,881                                  | 738                    | 643,634                    |
| 4,000                           | -                               | 700                                     | -                      | 505,200                    |
| -                               | 41,000                          | -                                       | -                      | 41,000                     |
| <u>15,238</u>                   | <u>198,788</u>                  | <u>576</u>                              | <u>6,972</u>           | <u>1,314,540</u>           |
| <u>19,238</u>                   | <u>239,788</u>                  | <u>1,276</u>                            | <u>6,972</u>           | <u>1,860,740</u>           |
| <b><u>\$ 19,639</u></b>         | <b><u>286,043</u></b>           | <b><u>\$ 14,157</u></b>                 | <b><u>\$ 7,710</u></b> | <b><u>\$ 2,504,374</u></b> |

# City of Springfield, Michigan

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|  | Major<br>Street<br>Fund | Local<br>Street<br>Fund | Income<br>Tax<br>Fund |
|--|-------------------------|-------------------------|-----------------------|
| <b>Revenue</b>   |                         |                         |                       |
| Income tax   | \$ -                    | \$ -                    | \$ 602,668            |
| Special assessments  | 87,664                  | 45,766                  | -                     |
| Licenses and permits   | -                       | -                       | -                     |
| State sources  | 290,123                 | 103,559                 | -                     |
| Federal sources  | -                       | -                       | -                     |
| Fines and forfeitures  | -                       | -                       | -                     |
| Interest earned  | 704                     | 916                     | 89,761                |
| Other  | 1,120                   | 150                     | -                     |
|  | <u>379,611</u>          | <u>150,391</u>          | <u>692,429</u>        |
| Total revenue  |                         |                         |                       |
| <b>Expenditures</b>  |                         |                         |                       |
| Public safety  | -                       | -                       | 188,500               |
| Highways and streets   | 381,505                 | 415,780                 | -                     |
| Administrative and other   | 28,719                  | 9,200                   | 124,248               |
|  | <u>410,224</u>          | <u>424,980</u>          | <u>312,748</u>        |
| Total expenditures   |                         |                         |                       |
| <b>Excess (Deficiency) of Revenue Over Expenditures</b>  | (30,613)                | (274,589)               | 379,681               |
| <b>Other Financing Sources (Uses)</b>  |                         |                         |                       |
| Operating transfers in   | 110,600                 | 332,500                 | -                     |
| Transfers in from component units  | 67,000                  | 161,200                 | -                     |
| Operating transfers out  | (30,000)                | (58,385)                | (526,964)             |
|  | <u>147,600</u>          | <u>435,315</u>          | <u>(526,964)</u>      |
| Total other financing sources (uses)   |                         |                         |                       |
| <b>Excess (Deficiency) of Revenue and Other Financing<br/>Sources Over Expenditures and Other Uses</b> | 116,987                 | 160,726                 | (147,283)             |
| <b>Fund Balances - July 1, 2002</b>  | <u>150,953</u>          | <u>45,901</u>           | <u>1,266,182</u>      |
| <b>Fund Balances - June 30, 2003</b>   | <u>\$ 267,940</u>       | <u>\$ 206,627</u>       | <u>\$ 1,118,899</u>   |

# City of Springfield, Michigan

## Special Revenue Funds Combining Statement of Revenue, Expenditures and Changes in Fund Balances Year Ended June 30, 2003

| Drug Law<br>Enforcement<br>Fund | Economic<br>Development<br>Fund | Local Law<br>Enforcement<br>Block Grant | Building Fund   | Total               |
|---------------------------------|---------------------------------|---|-----------------|---------------------|
| \$ -                            | \$ -                            | \$ -                                    | \$ -            | \$ 602,668          |
| -                               | 49,971                          | -                                       | -               | 183,401             |
| -                               | -                               | -                                       | 60,682          | 60,682              |
| -                               | -                               | -                                       | -               | 393,682             |
| -                               | -                               | 27,547                                  | -               | 27,547              |
| 12,231                          | -                               | -                                       | -               | 12,231              |
| 368                             | 6,734                           | 298                                     | 139             | 98,920              |
| -                               | 1,480                           | -                                       | -               | 2,750               |
| 12,599                          | 58,185                          | 27,845                                  | 60,821          | 1,381,881           |
| -                               | -                               | -                                       | -               | 188,500             |
| -                               | -                               | -                                       | -               | 797,285             |
| 19,246                          | 77,043                          | 27,548                                  | 67,271          | 353,275             |
| 19,246                          | 77,043                          | 27,548                                  | 67,271          | 1,339,060           |
| (6,647)                         | (18,858)                        | 297                                     | (6,450)         | 42,821              |
| -                               | 3,611                           | -                                       | 5,000           | 451,711             |
| -                               | -                               | -                                       | -               | 228,200             |
| -                               | -                               | -                                       | -               | (615,349)           |
| -                               | 3,611                           | -                                       | 5,000           | 64,562              |
| (6,647)                         | (15,247)                        | 297                                     | (1,450)         | 107,383             |
| 25,885                          | 255,035                         | 979                                     | 8,422           | 1,753,357           |
| <b>\$ 19,238</b>                | <b>\$ 239,788</b>               | <b>\$ 1,276</b>                         | <b>\$ 6,972</b> | <b>\$ 1,860,740</b> |

# City of Springfield, Michigan

## Enterprise Funds Combining Balance Sheet June 30, 2003

|  | Sewer<br>Fund              | Water<br>Fund              | Refuse<br>Fund          | Total                      |
|--|----------------------------|----------------------------|-------------------------|----------------------------|
| <b>Assets</b>                            |                            |                            |                         |                            |
| <b>Current Assets</b>                    |                            |                            |                         |                            |
| Cash and cash equivalents                | \$ 204,377                 | \$ 293,075                 | \$ 37,937               | \$ 535,389                 |
| Receivables:                             |                            |                            |                         |                            |
| Customer                                 | 65,146                     | 54,899                     | 31,888                  | 151,933                    |
| Special assessment                       | 13,892                     | -                          | -                       | 13,892                     |
| Due from other funds                     | 20,687                     | -                          | -                       | 20,687                     |
| Due from other governmental units        | <u>7,447</u>               | <u>67,018</u>              | <u>-</u>                | <u>74,465</u>              |
| Total current assets                     | 311,549                    | 414,992                    | 69,825                  | 796,366                    |
| <b>Long-term Assets - Capital assets</b> | <u>1,685,288</u>           | <u>1,289,404</u>           | <u>-</u>                | <u>2,974,692</u>           |
| Total assets                             | <b><u>\$ 1,996,837</u></b> | <b><u>\$ 1,704,396</u></b> | <b><u>\$ 69,825</u></b> | <b><u>\$ 3,771,058</u></b> |
| <b>Liabilities</b>                       |                            |                            |                         |                            |
| Accounts payable                         | \$ -                       | \$ 2,438                   | \$ 21,644               | \$ 24,082                  |
| <b>Fund Equity</b>                       |                            |                            |                         |                            |
| Contributed capital                      | 1,022,074                  | 334,696                    | -                       | 1,356,770                  |
| Retained earnings                        | <u>974,763</u>             | <u>1,367,262</u>           | <u>48,181</u>           | <u>2,390,206</u>           |
| Total fund equity                        | <u>1,996,837</u>           | <u>1,701,958</u>           | <u>48,181</u>           | <u>3,746,976</u>           |
| Total liabilities and fund equity        | <b><u>\$ 1,996,837</u></b> | <b><u>\$ 1,704,396</u></b> | <b><u>\$ 69,825</u></b> | <b><u>\$ 3,771,058</u></b> |

# City of Springfield, Michigan

## Enterprise Funds Combining Statement of Revenue, Expenses and Changes in Retained Earnings Year Ended June 30, 2003

|   | Sewer<br>Fund            | Water<br>Fund              | Refuse<br>Fund          | Total                      |
|---|--------------------------|----------------------------|-------------------------|----------------------------|
| <b>Operating Revenue</b>  |                          |                            |                         |                            |
| Charges for services  | \$ 441,197               | \$ 401,868                 | \$ 143,079              | \$ 986,144                 |
| Miscellaneous   | <u>17,132</u>            | <u>15,338</u>              | <u>-</u>                | <u>32,470</u>              |
| Total operating revenue   | 458,329                  | 417,206                    | 143,079                 | 1,018,614                  |
| <b>Operating Expenses</b>   |                          |                            |                         |                            |
| Operating expenses  | 452,963                  | 339,170                    | 141,788                 | 933,921                    |
| Depreciation  | <u>91,907</u>            | <u>43,903</u>              | <u>-</u>                | <u>135,810</u>             |
| Total operating expenses  | <u>544,870</u>           | <u>383,073</u>             | <u>141,788</u>          | <u>1,069,731</u>           |
| <b>Operating Income (Loss)</b>  | (86,541)                 | 34,133                     | 1,291                   | (51,117)                   |
| <b>Nonoperating Revenue</b> - Interest income   | 2,803                    | 3,314                      | 246                     | 6,363                      |
| <b>Contributions</b>  | <u>7,886</u>             | <u>30,960</u>              | <u>-</u>                | <u>38,846</u>              |
| <b>Net Income (Loss)</b> - Before depreciation on fixed assets acquired by contribution from outside sources that reduces contributed capital | (75,852)                 | 68,407                     | 1,537                   | (5,908)                    |
| <b>Depreciation on Fixed Assets Acquired by Contribution from Outside Sources that Reduces Contributed Capital</b>                            | <u>54,056</u>            | <u>11,452</u>              | <u>-</u>                | <u>65,508</u>              |
| <b>Increase (Decrease) in Retained Earnings</b>   | (21,796)                 | 79,859                     | 1,537                   | 59,600                     |
| <b>Retained Earnings</b> - July 1, 2002   | <u>996,559</u>           | <u>1,287,403</u>           | <u>46,644</u>           | <u>2,330,606</u>           |
| <b>Retained Earnings</b> - June 30, 2003  | <u><b>\$ 974,763</b></u> | <u><b>\$ 1,367,262</b></u> | <u><b>\$ 48,181</b></u> | <u><b>\$ 2,390,206</b></u> |

# City of Springfield, Michigan

## Enterprise Funds Combining Statement of Cash Flows Year Ended June 30, 2003

|   | Sewer<br>Fund     | Water<br>Fund     | Refuse<br>Fund   | Total             |
|---|-------------------|-------------------|------------------|-------------------|
| <b>Cash Flows from Operating Activities</b>   |                   |                   |                  |                   |
| Operating income (loss)   | \$ (86,541)       | \$ 34,133         | \$ 1,291         | \$ (51,117)       |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: |                   |                   |                  |                   |
| Depreciation  | 91,907            | 43,903            | -                | 135,810           |
| Changes in assets and liabilities:  |                   |                   |                  |                   |
| Receivables   | (20,706)          | (4,333)           | (1,526)          | (26,565)          |
| Prepays   | 31,136            | 25,760            | -                | 56,896            |
| Due from other funds  | (20,687)          | -                 | -                | (20,687)          |
| Due from other governmental units   | 14,735            | (3,426)           | -                | 11,309            |
| Accounts payable  | (8)               | 951               | 10,955           | 11,898            |
| Net cash provided by operating activities   | 9,836             | 96,988            | 10,720           | 117,544           |
| <b>Cash Flows from Capital and Related Financing Activities</b>                         |                   |                   |                  |                   |
| Purchase of capital assets  | (12,053)          | (9,187)           | -                | (21,240)          |
| <b>Cash Flows from Investing Activities</b>   |                   |                   |                  |                   |
| Interest received on investments  | 2,803             | 3,314             | 246              | 6,363             |
| <b>Net Increase in Cash and Cash Equivalents</b>  | 586               | 91,115            | 10,966           | 102,667           |
| <b>Cash and Cash Equivalents - July 1, 2002</b>   | 203,791           | 201,960           | 26,971           | 432,722           |
| <b>Cash and Cash Equivalents - June 30, 2003</b>  | <b>\$ 204,377</b> | <b>\$ 293,075</b> | <b>\$ 37,937</b> | <b>\$ 535,389</b> |

# City of Springfield, Michigan

## Fiduciary Funds Combining Balance Sheet June 30, 2003

|                                      | Public<br>Safety<br>Retirement<br>System Fund | Retire Health<br>Care Fund | Trust<br>and<br>Agency<br>Fund | Tax<br>Collection<br>Fund | Total                    |
|--------------------------------------|---|----------------------------|--------------------------------|---------------------------|--------------------------|
| <b>Assets</b>                        |   |                            |                                |                           |                          |
| Cash and cash equivalents            | \$ 39,279                                     | \$ -                       | \$ 2,517                       | \$ 86,728                 | \$ 128,524               |
| Investments                          | <u>-</u>                                      | <u>57,164</u>              | <u>-</u>                       | <u>-</u>                  | <u>57,164</u>            |
| Total assets                         | <b><u>\$ 39,279</u></b>                       | <b><u>\$ 57,164</u></b>    | <b><u>\$ 2,517</u></b>         | <b><u>\$ 86,728</u></b>   | <b><u>\$ 185,688</u></b> |
| <b>Liabilities and Fund Balances</b> |   |                            |                                |                           |                          |
| <b>Liabilities</b>                   |   |                            |                                |                           |                          |
| Accounts payable                     | \$ 39,279                                     | \$ -                       | \$ 2,042                       | \$ -                      | \$ 41,321                |
| Due to other governmental units      | <u>-</u>                                      | <u>-</u>                   | <u>475</u>                     | <u>86,728</u>             | <u>87,203</u>            |
| Total liabilities                    | 39,279  | -                          | 2,517                          | 86,728                    | 128,524                  |
| <b>Fund Balances - Reserved</b>      | <u>-</u>                                      | <u>57,164</u>              | <u>-</u>                       | <u>-</u>                  | <u>57,164</u>            |
| Total liabilities and fund balances  | <b><u>\$ 39,279</u></b>                       | <b><u>\$ 57,164</u></b>    | <b><u>\$ 2,517</u></b>         | <b><u>\$ 86,728</u></b>   | <b><u>\$ 185,688</u></b> |