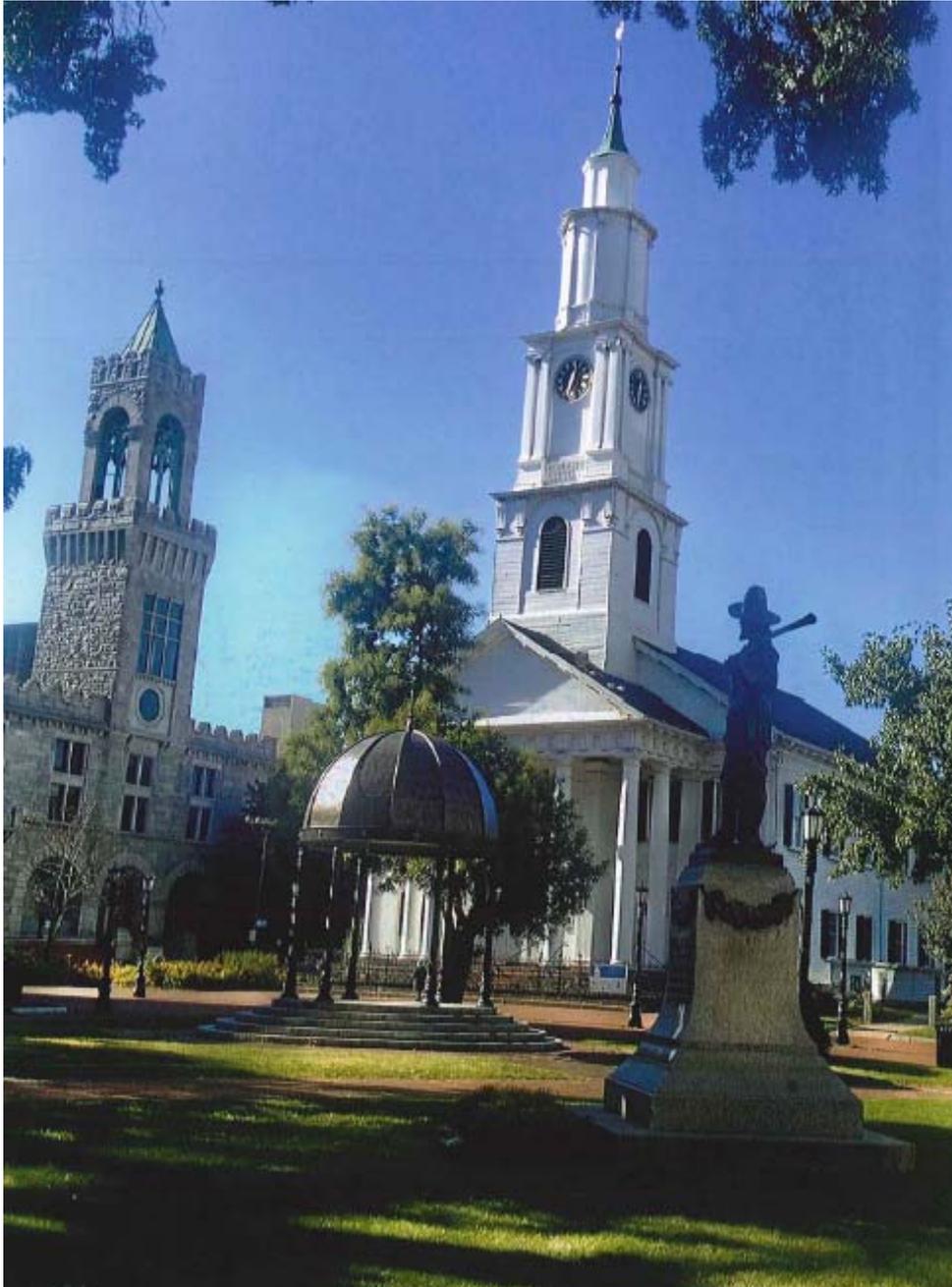


CITY OF SPRINGFIELD, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2013

On the cover: Old First Church - built in 1819 located in the Court Square Historic District.



A view of the Springfield Armory – a National Historic Site.



City of Springfield, Massachusetts

Comprehensive Annual Financial Report

For the Fiscal Year ended June 30, 2013



Prepared by:

The Comptroller's Office of the City of Springfield, Massachusetts

CITY OF SPRINGFIELD, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2013

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Introductory Section



The newly renovated Putnam Vocational High School.

City of Springfield, Massachusetts
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2013



The Barney Carriage House located in Forest Park.

Introductory Section

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THE CITY OF SPRINGFIELD, MASSACHUSETTS

Letter of Transmittal

December 12, 2013

To the Honorable Mayor, Members of the City Council and Citizens of the City of Springfield, Massachusetts:

At the close of each fiscal year, Massachusetts General Law (MGL) requires the City of Springfield to publish a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), and that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the **Comprehensive Annual Financial Report (CAFR)** of the City of Springfield, Massachusetts, for the fiscal year ending June 30, 2013.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP.

The City of Springfield's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Powers & Sullivan, LLC concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2013 are fairly presented in conformity with GAAP. An "unmodified opinion" means that the Auditors have no significant reservation regarding information provided in the financial statements. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Springfield's separately issued Single Audit Report.

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

Profile of the City

The City of Springfield is located in western Massachusetts along the east bank of the Connecticut River. Strategically Located, Springfield lies 90 miles west of Boston, 85 miles east of Albany, New York, 25 miles north of Hartford, Connecticut, 150 miles northeast of New York City, and 301 miles south of Montreal, Quebec, Canada. The City occupies a land area of approximately 33 square miles. The City is served by Bradley International Airport which is within 20 miles of downtown Springfield

Settled in 1636, Springfield is the cultural, commercial, and healthcare center of western Massachusetts. Springfield was incorporated as a town in 1641 and as city in 1852. In 2010, the City had a population of 153,060 making it the third largest city in The Commonwealth of Massachusetts. In 2009, Greater Springfield's population was estimated at 698,903. The City is governed by its Massachusetts Plan "A" charter, where voters elect a "strong" Mayor with broad powers to supervise City departments and to appoint their managers. A thirteen-member City Council, eight elected ward councilors and five elected at large, serves as a Representative legislature.

The Springfield Metropolitan Area is one of the two metropolitan areas in Massachusetts – the other is Greater Boston. Historically the first Springfield in the New World, it is the largest city in Western New England, and the urban, economic, and cultural capital of Massachusetts' Connecticut River Valley, (colloquially known as the Pioneer Valley). It is the third largest city in Massachusetts and fourth largest in New England (after Boston, Worcester and Providence). Springfield has several nicknames – The City of Firsts, because of its many innovations, The City of Homes, due to its attractive Victorian residential architecture.

The City of Springfield has played an important role throughout American history – founded on New England's most fertile soil, next to one of America's most significant rivers, Springfield is located midway between the major North American ports of New York City, Boston, Albany, and Montreal. In 1777, Springfield's prime location led George Washington and Henry Knox to found the fledgling United States' National Armory at Springfield, which produced the first American musket in 1794, and later the famous Springfield rifle. From 1777 until its controversial closing during the Vietnam War, the Springfield Armory attracted skilled laborers to Springfield, making it the United States' longtime epicenter for precision manufacturing. Springfielders produced many of America's most significant innovations, including the first American-English dictionary (1805, Merriam Webster); the first use of interchangeable parts and the assembly line in manufacturing, (1819, Thomas Blanchard;) the first American horseless car, (1825, Thomas Blanchard;) the discovery and patent of vulcanized rubber, (1844, Charles Goodyear;) the first American, gasoline-powered car, (1893, Duryea Brothers); the first successful motorcycle company, (1901, "Indian"); America's first commercial radio station, (1921, WBZA from the Hotel Kimball); and most famously basketball, (1891, Dr. James Naismith).

Profile of Government

The City of Springfield is governed by its Massachusetts Plan "A" charter, where voters elect a "strong" Mayor with broad powers to supervise City departments and to appoint their managers. A thirteen-member City Council serves as a representative legislature. With the enactment of Chapter 169 of the Acts of 2004 and the appointment of the Springfield Finance Control Board (SFCB), the authority of the City's executive officers and the City Council over financial matters was largely pre-empted by that of the SFCB between 2004 and 2009. The SFCB was dissolved effective June 30, 2009, and authority over financial matters returned to local control.

The Mayor is elected for four years in November with the latest term starting in January 2012. The Mayor is the administrative head of the City and chairman ex-officio of the School Committee, the Board of Library Trustees, and the Board of Trust Fund Commissioners. The Mayor acts with the City Council and School Committee to carry out city business. The Mayor appoints his or her office staff, the City Solicitor, and the Assistant City Solicitor without City Council confirmation.

The appointments of most City department heads, and members of the various boards and commissions, however, require City Council confirmation. The Mayor has the right to veto any order, resolution, or ordinance passed by the Council. However, a veto may be overturned by a two-thirds vote of all councilors. As the general administrator of all City departments, the Mayor is consulted by department heads pertaining to the City's welfare.

On January 9, 2009, the Commonwealth enacted Chapter 468 of the Acts of 2008. This legislation included the creation of the Chief Administrative and Financial Officer (CAFO) position and a Department of Administration and Finance, which is responsible for the overall budgetary and financial administration of the city. This department is under the control of the CAFO, who reports to the Mayor. The CAFO is appointed to a term no longer than three years. The CAFO is responsible for administering and supervising the City's financial services, which includes developing department's budgets, monitoring expenditures and implementing and maintaining uniform financial systems and control for all departments. The CAFO is also required to submit a four year financial plan and a five year capital plan to the Mayor and the City Council.

The City Council is primarily the legislative branch of the City government. As the legislative body, the Council confirms appointments made by the Mayor and appropriates all monies necessary to City operation. It can approve, disapprove, or reduce the amount of appropriations, but not add to the appropriation. The Council receives orders of recommendation by the Mayor and petitions from the public, and acts on them after committee study. The City Council also has the power to enact the Ordinances and other regulations. A majority of the City Council constitutes a quorum, and the affirmative vote of a majority of all the members of the Council is necessary for the adoption of any motion resolution, or ordinance. In some instances, adoption by a two-thirds vote of the members is required by statute.

The City provides general governmental services for the territory within its boundaries including police and fire protection, disposal of garbage and rubbish, public education in grades K-12, including vocational technical education at the high school level, street maintenance, parks and recreation facilities. The fire department operates eight stations. Springfield also provides a library system with a main library and seven branches. Water and sewer facilities are provided to Springfield residents and five surrounding communities by the Springfield Water and Sewer Commission, Inc.

Local Economy

Springfield is the regional employment center for Western Massachusetts, with a diverse and balanced mix of financial, manufacturing, commercial and service trade industries. The financial sector is characterized by a strong presence of insurance and regional banking operations that have continued to expand led by Massachusetts Mutual Insurance Company, Bank of America, and TD Bank. Springfield also serves as the largest manufacturing employer in the region producing a wide range of precision-manufactured parts, medical devices, chemicals, paper and metal products. The technology industry continues to experience sustained growth and through Springfield Technical Community College's nationally recognized expertise in technology education, Springfield is poised for future advances in information technology. Tourism continues to be an important component of the City's economic health due to the opening of the Mass Mutual Convention Center, Naismith Memorial Basketball Hall of Fame, Dr. Seuss Memorial Park and the success of the Six Flags Amusement Park in nearby Agawam. Marketing has been implemented as a facet of economic development to promote positive awareness of the City as a residential, commercial and recreational destination.

Technology

Springfield Technical Community College Technology Park provides 465,000 square feet of lease space for telecommunication technology-based and light manufacturing companies. Currently the Technology Park is home to 23 tenant companies employing over 1,200 employees. Liberty Mutual, a fortune 100 company, established a Customer Response Center at the site. Complementing the City's existing technological infrastructure, the Commonwealth announced in 2010 the redevelopment of the former Tech High School into the state's new \$76 million data center. The center will house virtually all of the state's electronic records. The local facility is expected to generate about 70 full-time jobs. Construction will take two years and will employ another 200 people. Additionally, in 2009 the Massachusetts Broadband Institute (MBI), a division of Massachusetts Technology Collaborative began a \$71.6 million project connecting 120 communities in western and north-central Massachusetts with more than 1,300 miles of fiber optic network.

Manufacturing

Approximately 15% of the City is zoned for industrial uses; employment in the sector has increased primarily among small and start-up companies, and remains an important sector of Springfield's economy providing jobs and income for the City. Major manufacturers in Springfield include:

- Smith and Wesson 1,600 employees
- Eastman Chemical (formerly Solutia) 523 employees
- Farmland Foods 220 employees
- Nu Visions 219 employees
- TiteFlex 100 employees
- Clarity Imaging 130 employees

In 2010, City officials and the Commonwealth completed incentive proposals for Smith & Wesson Corporation and TiteFlex. TiteFlex agreed to remain in the City, invest \$3.4 million into their property, retain 100 manufacturing positions and demolish underutilized facilities on their property to create more available industrial space. The City proposed a multi-year Tax Increment Finance agreement that will save the company approximately \$300,000 in local property taxes. The company has since completed the work, invested \$4.1 million, retained all jobs and added an additional 20 positions.

In December, Smith & Wesson Corporation and the city announced the company's decision to relocate their long barrel rifle business from Rochester, New Hampshire to Springfield resulting in the creation of 225 new jobs in Springfield. The company also committed to investing an additional \$63 million dollars into facility improvements and new technology over the next five years. The Commonwealth approved \$6 million in tax credits and the City was poised to approve a 5-year STA agreement resulting in \$600,000 in savings to the company. Smith & Wesson has enjoyed continued growth over the last five years and is actively engaged with Springfield's Putnam Vocational Technical High School and Springfield Technical Community College to create training programs for new machinists. Smith & Wesson donated \$250,000 for equipment needs in the new Putnam High School that formally opened in August, 2012.

Recognizing the demand for new industrial land, in 2003 the City created the Springfield Smith & Wesson Industrial Park on 85 acres, next to the Smith & Wesson headquarters. The new park has the potential to produce 650,000 square feet of industrial, commercial and general office space and generate as many as 1,000 jobs. Grants in the amount of \$2.48 million from the Federal Economic Development Administration (EDA) and a Public Works Economic Development grant (PWED) was used to design and build the infrastructure in the park. The first investor was Performance Food Group (PFG) – a Fortune 500 company - purchased 35 acres and opened a 210,000 square foot facility in 2007. F.W. Webb has agreed to purchase 15 acres of the property for \$1,000,000 from the Springfield Redevelopment Authority to build a 70,000 square foot facility with a showroom.

The Chicopee River Business Park, shared by Springfield and Chicopee, is ready for development and continues to be marketed by both cities and the Western Massachusetts Economic Development Corporation. The first tenant was Prima North America, an industrial laser company. Since its opening in 2003, the company expanded its building to 86,000 square feet.

Housing Development

A number of major single family development projects and rental housing rehabilitation and construction projects are currently underway or were recently completed in the City, aggregating 219 homes with work completed valued at an average of about \$134,500 each. It was estimated at the time the permits were issued that approximately \$40 million of private investment would be directed toward the construction and/or rehabilitation of 1,107 residential structures.

A new downtown market rate housing complex is under construction with the redevelopment of 195 State Street, the former Springfield School Department Headquarters. The historic property will undergo an estimated \$3 million worth of renovations in being transformed to 33 market rate housing units by developer CSM North.

Higher Education

Higher education is available in Springfield at American International College, Springfield College, Western New England University and School of Law and Springfield Technical Community College. In addition, the main campuses of the University of Massachusetts (UMass-Amherst), Amherst College, Hampshire College, Mount Holyoke College, Smith College, Bay Path College, Elms College and Westfield State University are located in nearby communities. In 2010 UMass-Amherst established a presence in the City's downtown with the Urban Design Center. Enrollment at Springfield's institutions of higher education is approximately 19,000 full and part-time students. During the past several years, all three Colleges and the University have upgraded and expanded their facilities to accommodate student needs and remain competitive. In addition, a number of construction projects are underway or in the planning stages at these institutions

Healthcare and Social Assistance

Baystate Health Systems is one of the largest employers in Western Massachusetts with approximately 9,115 employees in the region, of which an estimated 6,982 work in Springfield. In recent years, Baystate Health Systems was named one of the "Top 100 Most Highly Integrated Healthcare Networks" in the U.S. by Verispan for the eighth consecutive year and one of "America's Best Hospitals" by U.S. News and World Report. In 2007, Baystate Health Systems announced a \$259 million expansion of the Baystate Medical Center in Springfield. The project will expand the largest medical facility in Western Massachusetts with a new eight story, 600,000 square foot building. The expansion will provide 200 construction jobs plus permanent employment for 50 doctors and 500 staff members. The new wing opened in December 2012.

Leisure and Hospitality

Springfield has in excess of 300 leisure and hospitality firms employing in excess of 5,000 persons. The opening of the Naismith Basketball Hall of Fame in September 2002 marked a milestone for Springfield's tourism economy. Located inside the Hall of Fame complex, it contains 100,000 square feet of exhibition space. In addition, occupants of the complex include Subway, Samuel's Tavern, Reebok, Plan B Burger, Cold Stone Creamery, and Max's Tavern. In March 2008, the City completed the demolition of the former York Street Jail in anticipation of the potential redevelopment of a 3.3 acre parcel at the southern end of the site. The River's Landing Project, completed in the spring of 2008 is a \$14 million sports, fitness and entertainment destination in the former Naismith Memorial Basketball Hall of Fame along the City's waterfront. This 70,000 square foot entertainment and fitness center contains an LA Fitness facility and a Trillium Sports Medicine and Day Spa. A July 2001 economic analysis of downtown Springfield prepared by the Cecil Group, Inc. of Boston found that Springfield had a strong market for additional hotel development and tourism/entertainment related services. Since the report was completed, Springfield has continued to strengthen this sector of its economy with the opening of the new Basketball Hall of Fame, Luxeburgerthe Dr. Seuss Memorial Park, a Hilton Garden Inn, and a

3.5 mile bikeway/walkway that stretches the length of the Connecticut River in Springfield. Each of these projects complement the expanded Six Flags Amusement Park located across the river in Agawam, which attracts over one million visitors each year.

In addition, the Legislation enacted in 2011 is hoped to have a direct economic benefit to the City in the coming years. Currently, one major casino company, MGM, was awarded a host agreement based on its proposal for casino development in the City's South End of the downtown. The proposal seeks to invest over \$800 million in development along with bringing hundreds of jobs at all skill levels to the area. The City hired a consultant to help evaluate the proposal and to develop a host agreement for the City. The host agreement was approved by the voters in early July. The Host Agreement will now be forwarded for consideration by the Massachusetts Gaming Commission. Under State law, the commission will consider granting up to three resort casino licenses in the state, including one in Western Massachusetts.

Government Projects

The State has and continues to be a strong partner and advocate in the disaster recovery efforts of the City as it continues to recover from the June 2011 tornado and October 2011 snow storm. The tornado, estimated to cost the City a total of \$89 million in damages, impacted two schools and the local armory, which was being used as a community center, along with various emergency protective measures such as police, fire and code enforcement support. The Elias Brookings Elementary School was a three story, 85-year old school directly in the path of the tornado. Based on the need to update the building to current codes and standards, and the fact that enrollment was higher than the current school could accommodate, the decision was made to build a new school for the neighborhood, as opposed to repairing the damaged building. The Massachusetts School Building Authority (MSBA) approved the \$27 million project and will provide 80% reimbursement to the City.

In addition to the Brookings project, the Mary Dryden Elementary School lost an entire wing of the building as a result of the tornado. The MSBA approved the rebuilding of the wing at a cost of approximately \$15 million, and will provide 80% reimbursement to the City.

In the meantime, both Schools are utilizing portable classrooms for the students during the current school year through the completion of the two projects. In addition to School projects, the City recently authorized funding for the redevelopment of Union Station. The project, estimated to cost over \$78 million will be completed in two phases which will restore the terminal and central concourse along with demolishing the baggage claim to provide space for the bus terminal and parking. The project will integrate intercity rail service, PVRTA bus service and Peter Pan bus service into one area.

Financial Overview

Within 170 days after the annual organization of the city government (which is ordinarily in early January), the Mayor is required to submit a budget of proposed expenditures for the fiscal year beginning on July 1. The City Council may make appropriations for the recommended purposes and may reduce or reject any item. Without a recommendation of the Mayor, the Council may not make any appropriation for a purpose not included in the proposed budget, except by a two-thirds vote in case of a failure of the Mayor to recommend an appropriation for such a purpose within 7 days after a request from the City Council. The Council may not increase any item without the recommendation of the Mayor (except as provided by legislation, subject to local acceptance, under which the school budget or regional school district assessment can be increased upon recommendation of the school committee or regional district school committee and by two-thirds vote of the Council, provided that such increase does not cause the total annual budget to exceed property tax limitations). If the Council fails to act on any item of the proposed budget within 45 days, that item takes effect. If the Mayor does not make a timely budget submission, provision is made for preparation of a budget by the Council. Provision is also made for supplementary appropriations upon recommendation of the Mayor.

As a result of an initiative law adopted in November 1980, school committees are no longer autonomous with respect to school expenditures for current purposes. The school budget is limited to the total amount appropriated by the City Council, but the school committee retains full power to allocate the funds appropriated. City department heads are generally required to submit their budget requests to the Mayor in January. This does not apply to the school department, which must submit its requests in time for the Mayor to include them in his submission to the Council. State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy.

History of Prior Financial Problems (1989-2004)

Since 1989 the City has experienced varying periods of financial stress. Contributing factors included the regional economic downturn, increases in employee health care costs, cutbacks in state aid and deficits associated with the operation of a municipal hospital. The City undertook a series of steps between 1989 and 1995 to address these issues, but a structural imbalance remained into FY96. In response, the City sold its municipal hospital in 1996 to end the structural deficits this enterprise was creating for the City. The State Legislature acted in 1989 to assist the City in overcoming its financial difficulties. Chapter 656 of the Acts of 1989 established a Department of Finance under the direction of a Chief Financial Officer. The position of Chief Financial Officer allowed the City to consolidate and centralize financial management under a professional with specific skills and experience as a financial manager. Chapter 656 of the Acts of 1989 also provided for the consolidation of personnel activities under the City's Human Resources Director. Both operational reforms were designed to improve the City's ability to manage two of its largest and most important areas – finance and personnel. Chapter 656 also established a fiscal stability reserve fund and created personal liability for department heads who failed to manage within their budgets. The Chapter 656 reserve is currently 1 percent of the gross amount to be raised as shown on the assessors' tax recapitulation sheet approved by the Department of Revenue. During FY96 it was determined that various hospital revenue deficits from prior years had not been raised as required by Massachusetts General Law.

The City sought and received special legislative authority to issue in June 1996 deficit notes to eliminate this deficit and permit its amortization over a ten year period. In addition to budgetary reductions, service shedding through sale of the municipal hospital and operational reforms, the City undertook a successful operational override of Proposition 2 ½ in June 1990. This created \$10.8 million in additional, recurring, tax revenue. Combined with the issuance of deficit notes, these actions assisted the City in achieving some financial flexibility and stability. In FY03, the Commonwealth received lower than anticipated revenue. The State Legislature authorized the Governor to make significant budgetary reductions to compensate for this loss of revenue, including significant reductions in the amount of state aid originally appropriated for cities and towns. As a result, state aid for Springfield was reduced by \$3.4 million mid-year, after its tax rate had been set. The City took steps to reduce expenditures to absorb the cuts and in doing so, reduced its workforce by 295 employees. This reduced expenditures by approximately \$2.5 million. The City saved another \$1.5 million by reducing work hours for some personnel, reducing non-personnel expenditures, and through the receipt of additional grant funds. Continued changes in the local economy, significant growth in certain cost areas and management difficulty continued to impact the City's financial performance. In FY04 these difficulties resulted in a budget deficit of approximately \$20 million. Exercising authority granted to the City under Chapter 656 of the Acts of 1989, the City imposed a wage freeze on all collective bargaining units, and utilized non-recurring revenue to address this deficit.

Springfield Finance Control Board (SFCB)

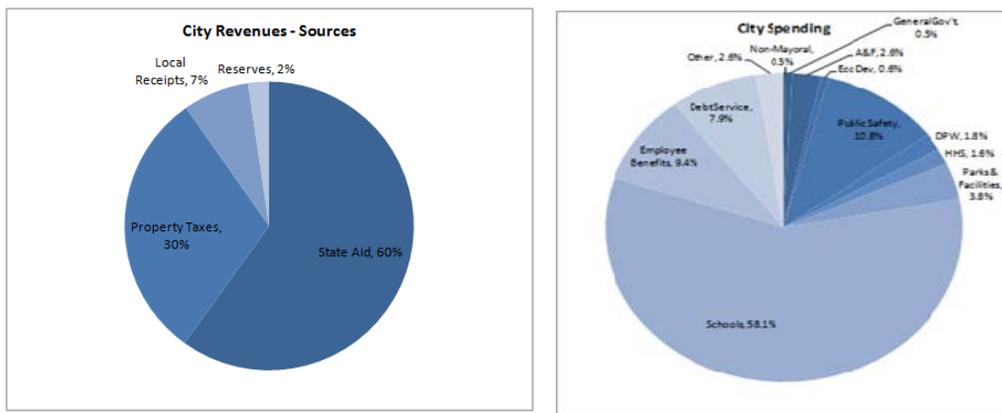
Over two decades, the City of Springfield experienced varying periods of financial stress, culminating in a \$41 million deficit for FY05. In response to this fiscal crisis on June 9, 2004, the Massachusetts Legislature enacted Chapter 169 of the Acts of 2004, An Act Relative to the Financial Stability of the City of Springfield. This legislation provided a \$52 million no interest loan to the City and created the SFCB. The SFCB consisted of five members including the Mayor, the President of the City Council and three members appointed by the Secretary of Administration and Finance. The SFCB acts by a majority vote of its members. The SFCB dissolved June 30, 2009. The \$52 million Loan was deposited into a Trust Fund which was subject to the control of the Secretary and from which interest-free loans were disbursed to the City from time to time on terms and conditions determined by the SFCB and approved by the Secretary. Over the ensuing years, the SFCB improved the City's finances by renegotiating all collective bargaining agreements; implementing an integrated financial software system MUNIS; collecting tens of millions of dollars in unpaid taxes; investing in infrastructure through the Capital Improvement Plan; restructuring the City's debt structure; enrolling in the state Group Insurance Commission (GIC) for group health insurance; consistently certifying Free Cash and steadily increasing the reserves each year; implementing a time and attendance system; and improving the effectiveness and efficiency of delivering municipal services through a variety of means, including the establishment of the CitiStat Department and 311 Call Center.

In anticipation of the expiration of the SFCB on June 30, 2009 and continuing a structured transition to local control July 1, 2009, on January 9, 2009, the Commonwealth enacted Chapter 468 of the Acts of 2008 (Chapter 468). This legislation included a series of governance changes, including the creation of the CAFO and the affirmation of the Director of Internal Audit and Comptroller positions created by the SFCB. In addition, the legislation extended the \$52 million loan payback schedule from five years to fifteen years (the State loan was paid-off early during FY10). The CAFO is responsible for administering and supervising the City's financial services, which includes developing department budgets, monitoring expenditures, reviewing transfers and allotments and implementing and maintaining uniform financial systems and controls for all departments. The CAFO is also required to submit a four year financial plan and a five year capital plan to the Mayor and City Council. The Board of Assessors, Treasurer/Collector, Budget Director, Comptroller, Director of Information Technology, Office of Procurement, Director of Human Resources, Labor Relations Director, Director of Capital Asset Construction and any other positions or departments approved by the Mayor are under the direction of the CAFO. The business and financial services of the School Department are under the authority of the CAFO as well. The City and school financial operations were formally consolidated by a vote of the school committee on December 2, 2010, and are overseen by the Director of Finance pursuant to an interdepartmental agreement. The Office of Comptroller is responsible for maintaining the City's financial records, including the general ledger and subsidiary ledgers, verifying that all payments are lawful and funding exist, and preparing financial statements and reports. The Director of Internal Audit examines the City's financial records and conducts financial and performance audits to prevent and detect waste, fraud and abuse as well as improve the efficiency, effectiveness and quality of municipal services. The Director of Internal Audit is also responsible for administering the City's Fraud Hotline. Previously, the responsibilities of Comptroller and Director of Internal Audit were combined under the position of City Auditor.

Budget Highlights

- Fiscal Year 2011** - The City Council approved its first budget under local control for FY11 totaling \$533.5 million. At the beginning of the budget process in January 2010, initial estimates suggested a \$45.5 million gap based on departmental budget requests and revenue projections. This gap was closed by a careful review of all spending and revenue and use of Municipal Relief in the City's pension schedule offered by the Commonwealth, along with a conservative use of reserves. The FY11 adopted budget experienced a drop in the budgeted levy based on initial projections by the Assessor's office. This reduction was built into the initial budget planning and spending was adjusted accordingly. In the fall of 2010 as part of the tax rate setting process, the tax levy was finalized and did not see the magnitude of the reduction originally projected during the budget process. Overall, state aid increased by 1.2%, the major driver of which was the increase in Chapter 70 aid, which increased by \$5.2 million or 2% over FY10. Unrestricted General Government Aid decreased by \$1.3 million or 4% below FY10. This represented the fourth consecutive year of reductions in this category totaling 30% since fiscal year 2008. The City utilized \$12.5 million in stabilization reserves to balance the FY11 budget. The FY11 adopted budget included appropriations 1.2% higher than FY10. Employee costs continue to be the main driver of the City's expenses, with 1,460 budgeted employees. Collective bargaining increases were honored within this year's budget, that range from 2.0 to 2.5% increases across all unions. This City maintains its health insurance with the State's GIC that has increased at lesser amounts than experienced prior to joining the GIC. Enrollment in health insurance this year has experienced increases due to health insurance changes at other local businesses, however, that has been offset by the City's policy to educate employees about less expensive plans. This year the City's pension schedule increased by 9%, however, the funding schedule was also extended to 2039 per State legislation; otherwise a more significant increase would have been budgeted. Although the City has been aggressive about debt restructuring and is currently on a declining schedule, there was a 2.9% budgeted increase to account for the Qualified School Construction Bonds issued at the end of FY10. The City continues to support the trash fee enterprise fund with a supplement of \$4.6 million in fiscal year 2011. A \$75 trash fee and late fees and interest payments will support the remaining trash costs of \$3.7 million. On June 1, 2011, the City experienced a category EF-3 tornado that impacted a 1 mile swath across the entire City. Estimated costs to the City total \$89 million. The City has segregated all tornado related costs and continues recovery efforts which include Federal and State reimbursements.

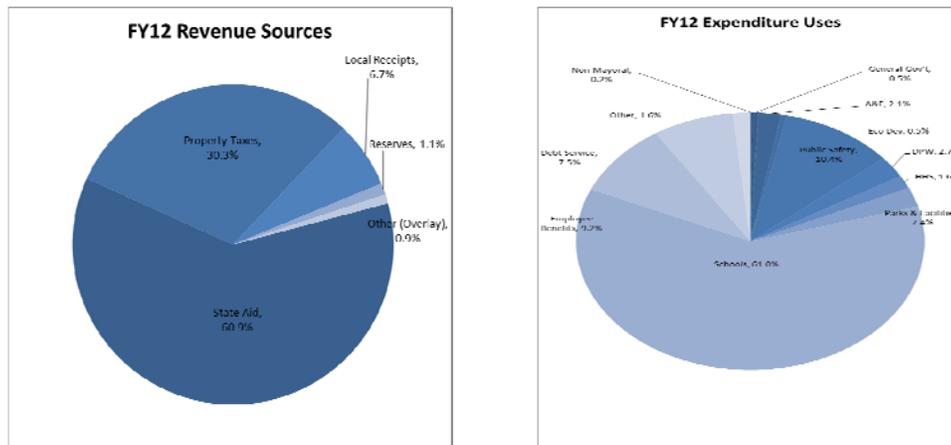
FY11 Sources & Uses



- Fiscal Year 2012** - On May 16, 2011, the Mayor presented the FY12 budget recommendation to the City Council. The FY12 budget recommendation totaled \$544.9 million and represented a 2.1% increase over the FY11 Adopted budget and a 0.7% decrease from the FY11 Projected Budget for the City. The City began the budget process with a projected \$49.4 million gap driven by increases in spending for health insurances and departmental fixed costs and revenue decreases assuming no reserves would be used, the trash fee would

be eliminated, State Aid would be reduced and locally generated revenue would remain level. Ultimately, \$25.6 million in spending reductions were implemented including updating the pension valuation schedule based on a 2039 schedule, updating health insurance estimates based on approved GIC rates, elimination of vacant positions, 13.5 layoffs, a wage freeze and 6-12 furlough days, tiered by salary, for non-bargaining employees and departmental budget reductions to supplies, professional services, training, travel, and overtime, among other categories. In addition, revenue solutions including updated locally generated revenue based on actual collections, implementing the trash fee in the same \$75 structure as the current year and using \$6.2 million in stabilization reserves and \$5 million in overlay surplus certified by the Board of Assessors, balanced the FY12 budget. The City continues to be reliant on State Aid for 60% of its revenue. The State FY12 budget reduced Unrestricted General Government Aid by 7.2%. The City is currently at its Levy ceiling and could not recognize new growth as part the FY12 tax rate setting process. On June 22, the City Council held its formal budget meeting to adopt an FY12 budget. Before adoption, the Council voted to reduce the budget by \$2.7 million which included a 5% across the board reduction to all departmental “other than personal services” accounts, the elimination of the CitiStat department and other targeted reductions in Finance, Audit, Information Technology and Procurement, among others. With these reductions the bottom line of the FY12 budget is \$542,203,022 which is a 1.6% increase from the FY11 adopted budget.

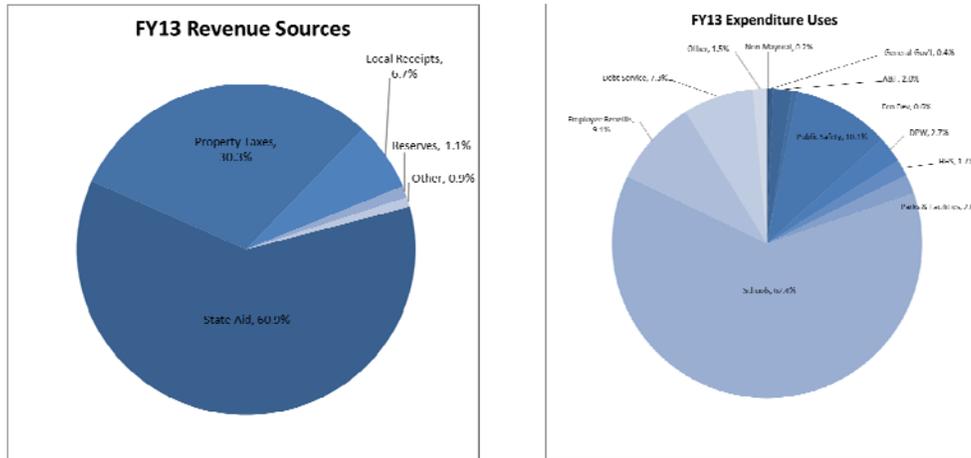
FY12 Sources & Uses



- Fiscal Year 2013 -** The Mayor’s Recommended Budget for Fiscal Year 2013 is \$551,776,343. This represents a 1.8% increase over the FY12 Adopted Budget and a 1.8% decrease from the FY12 Projected Budget. For FY13, the projected gap at the beginning of the process totaled \$30.1 million. A balanced approach was used to solve the projected budget gap. This approach relied upon spending reductions, revenue increases and a use of stabilization reserves. All of these things were considered in the context of providing vital programs and services to the City with the intention of minimizing layoffs that would impact vital services. Every department was impacted by budget reductions in the Fiscal Year 2013 budget planning process. Including \$10.2 million in reductions from personal services (salaries, benefits, elimination of vacant positions, layoffs), \$4.6 million in reductions from other than personal services (OTPS), and \$269,000 in reductions to capital expenditures. Overall, the budget reductions across departments impacted 108.0 requested FTEs which are divided into the elimination of 96.0 FTE vacancies and the layoff of 12.0 FTEs. The General Fund FTE complement is at its lowest to date at 1,207.3 FTEs. That is a reduction of 374 FTEs (-24%) since Fiscal Year 2008. The City is using a total of \$8 million in reserves from its \$40 million reserve account. This amount leaves the fund balance at 6% of the overall budget which complies with the City’s financial ordinances. Utilizing reserves is necessary to fund programs and services that would otherwise be decimated by that level of reductions. The City utilized revenue growth intuitive including enacting the final municipal partnership act local option for an increase to the hotel/motel tax from 4% to 5%, an increase to the

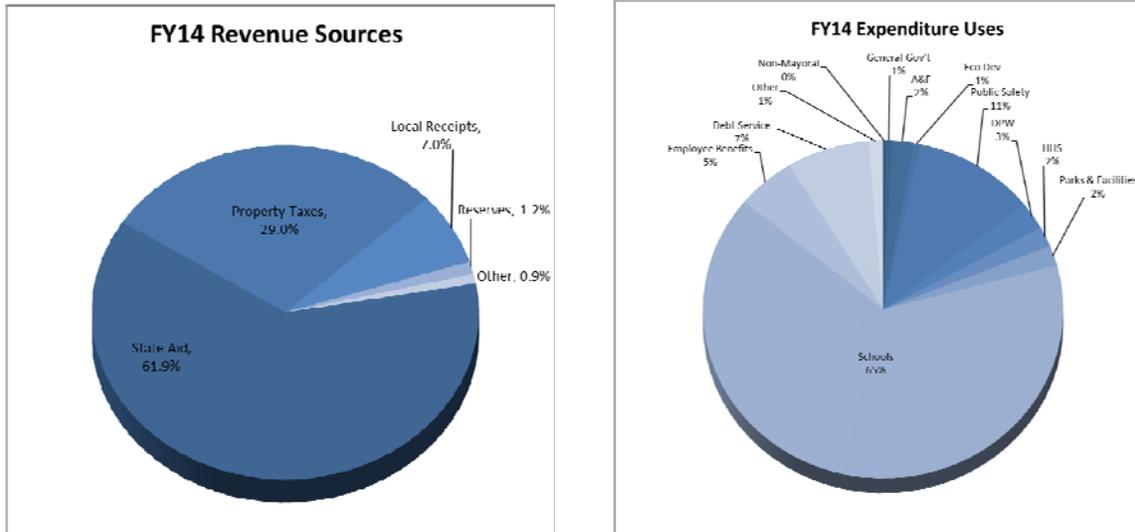
trash fee from \$75 to \$90, and targeted increases in Departmental Fees. The City is currently at its Levy ceiling and could not recognize new growth as part the FY13 tax rate setting process. On June 29, the City Council held its formal budget meeting to adopt an FY13 budget. The Council approved the Mayor's budget as submitted.

FY13 Sources & Uses



- Fiscal Year 2014** – On June 3, 2013 the Mayor presented the Fiscal Year 2014 budget to the City Council totaling \$571,878,838, a 1.03% increase over the Fiscal Year 2013 revised budget. For FY14, the projected gap at the beginning of the process totaled \$23.5 million. The challenge of balancing the budget, while avoiding layoffs, was met by using a three-pronged approach. This approach relied upon spending reductions, revenue increases and a strategic use of stabilization reserves. All of these things were considered in the context of providing vital programs and services to the City with the intention of minimizing layoffs that would impact vital services. City departments reduced expenses, assessed programs, and found substantial savings through efficiencies and vacancies. In total \$12 million in requested services and programs were eliminated. Additionally the School Department partnered with the City to identify and fund services necessary for the education and safety of students. This saved the City \$1.0 million in reductions. Overall, the budget reductions across departments impacted 17.0 requested vacancies. The General Fund FTE complement is at one of its lowest to date at 1,242.2 FTEs. That is a reduction of 339 FTEs (-21.5%) since Fiscal Year 2008. The City's revenue stream was projected to increase due to the overall economic conditions and housing market. In addition the City utilized old trust accounts, increased departmental fees and was awarded additional Local Aid from the Commonwealth. Overall, the budgeted revenue increases over FY13 totaled \$7 million. The City is using a total of \$7 million in reserves from its \$32 million reserve account. This amount leaves the fund balance at 5% of the overall budget which complies with the City's financial ordinances. Utilizing reserves is necessary to fund programs and services that would otherwise be decimated by that level of reductions. On June 26, the City Council held its formal budget meeting to adopt an FY14 budget. The Council approved the Mayor's budget as submitted.

FY14 Sources & Uses



Long Term Financial Planning

The City's Chief Administrative and Financial Officer and Office of Management and Budget prepare a 4-year forecast and update it annually. The instrument provides an initial roadmap of the City's financial future, aids in planning for upcoming budget years, and provides stakeholders with information about the upcoming challenges facing the City. The City engages in the planning process to illustrate how budget and operational decisions today impact the City in the future. The process and the final report helps the City understand and think through budget decisions. By knowing the projected gap in the future, the City is required to make decisions that may not have an immediate impact but will help alleviate future budgetary gaps. The plan outlines and explores the environment the City operates in (the nationwide economic situation, upcoming issues, and the state economy) and the environment's impact on the City's future.

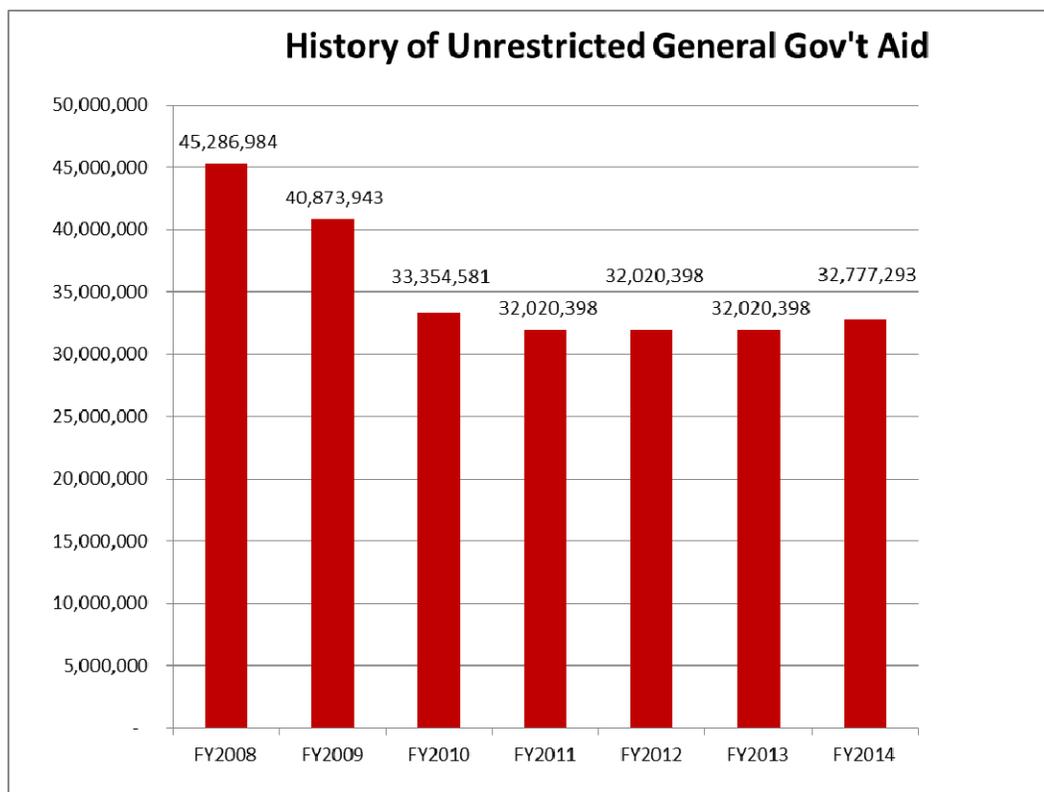
	FISCAL 2014 ADOPTED	FISCAL 2015 MYFP - PROJECTED	FISCAL 2016 MYFP - PROJECTED	FISCAL 2017 MYFP - PROJECTED	FISCAL 2018 MYFP - PROJECTED
SPENDING ASSUMPTIONS					
Administration and Finance Division	10,714,885	10,929,183	11,147,767	11,220,722	11,295,136
Development Division	3,352,915	3,419,973	3,488,373	3,558,140	3,629,303
General Government Division	2,840,404	2,822,213	2,878,657	2,936,230	2,994,955
Non-Mayoral Division	1,307,277	1,333,423	1,360,091	1,387,293	1,415,039
Health and Human Services Division	10,529,515	10,740,106	10,954,908	11,174,006	11,397,486
Public Safety Division	60,001,559	61,492,905	63,021,361	67,087,851	71,255,822
Public Works Division	14,759,839	15,055,036	15,356,137	15,663,260	15,976,525
Parks & Facilities Division	10,528,160	10,738,723	10,953,498	11,172,568	11,396,019
School Department	357,868,724	366,229,729	375,757,312	385,818,309	385,818,310
Debt	40,759,110	40,759,110	40,759,110	40,759,110	40,759,110
Health Insurance & Fringe	26,125,467	26,396,072	26,669,571	26,945,995	27,225,378
Pensions	25,665,802	26,809,120	28,400,567	30,087,502	30,087,502
Other Spending	7,425,179	8,257,797	8,362,357	8,469,423	8,579,059
TOTAL	571,878,838	584,983,390	599,109,708	616,280,407	621,829,643
REVENUE ASSUMPTIONS					
Property Taxes	165,624,697	162,324,697	162,324,697	162,324,697	162,324,697
Local Receipts	40,225,762	40,443,762	40,443,762	40,443,762	40,443,764
State Aid	353,733,359	358,031,027	364,643,690	371,624,420	381,113,775
Reserves	7,000,000	1,000,000	-	-	-
Net School Spending	-	-	-	-	-
Other Financing Sources	5,295,020	1,500,000	1,500,000	1,500,000	1,500,000
Casino Revenue	-	3,000,000	3,000,000	20,100,000	20,100,000
TOTAL	571,878,838	566,299,486	571,912,149	595,992,879	605,482,236
SURPLUS / (GAP)	(0)	(18,683,904)	(27,197,559)	(20,287,529)	(16,347,406)

As with any large organization long-term liabilities are continually evaluated and help drive decisions on current year services.

- Property Tax Limitations** - From 1996 to 2000 Springfield's tax levy was up against its 2.5 percent levy ceiling, limiting the City's ability to increase property taxes. Since 2004, the City increased its room between the tax levy and the tax ceiling through additional economic development and higher assessed values. In 2011, Springfield's assessed values decreased by 2.1 percent and, in 2012, decreased by an additional 1.1 percent. Although a lesser decline than originally expected was encountered in FY12, the City made an effort to reduce property taxes for the majority of businesses and residents.

	FY11	FY12	FY13	FY14	FY15	FY16	FY17
	Levy Calculation	Levy Calculation	Levy Calculation	Levy Calculation	Levy Calculation	Levy Calculation	Levy Calculation
Tax Levy	170,824,032	171,233,218	169,400,199	167,408,833	165,734,744	164,077,397	164,077,397
Increase Levy 2.5%	4,292,701	4,318,594	4,452,106	4,185,221	4,143,369	4,101,935	4,101,935
Subtotal	175,116,733	175,551,812	173,852,305	171,594,054	169,878,113	168,179,332	168,179,332
New Growth	3,482,214	4,526,534	5,868,281	4,000,000	4,000,000	4,000,000	32,000,000
Subtotal of Gross Tax Levy	178,598,947	180,078,346	179,720,586	175,594,054	173,878,113	172,179,332	200,179,332
Levy Ceiling	171,233,218	169,400,199	167,408,833	165,734,744	164,077,397	164,077,397	181,577,397
LOST REVENUE	7,365,729	10,678,147	12,311,753	9,859,310	9,800,716	8,101,935	18,601,935
To Support Operations							
	<i>Total lost to date FY11-FY13:</i>		30,355,629	<i>Total estimated lost FY11-FY17:</i>			76,719,525

- State Aid** - The Commonwealth reduced state aid (Unrestricted General Government Aid) to Springfield by 30% since FY08. Chapter 70 Aid continues to grow, however, so do our education expenses including the City's required contribution and the non-School eligible spending cost for transportation. Because the City's budget is reliant on State Aid for 60% of our revenues, our budget follows the same economic cycles experienced by the State.



- **Personnel** - One of the largest costs in the City's budget is personnel. The City is able to manage these costs through strict control mechanisms such as the Personnel Review Committee. This Committee reviews every hire, backfill, and promotion prior to filling a vacancy and frequently drives a re-examination and modernization of departmental structures as part of its review. Department heads must justify and/or reaffirm the need for every position when a vacancy occurs. Union positions make up the majority of the City's FTEs along with the need to address their annual contractual pay increases.

	FY08	FY09	FY10	FY11	FY12	FY13	FY14
City GRAND TOTAL	1,581.5	1,557.9	1,433.2	1,410.3	1,298.8	1,208.3	1,242.2

- **Benefits** - Prior to Fiscal Year 2007, the City's health insurance costs were increasing at a rate of 18 percent annually. The City became the first community to join the Group Insurance Commission (GIC). The GIC purchases health insurance for 265,000 state employees and retirees and has significant purchasing power. Over the last number of years, GIC premiums increased at an average 5% annually which is significant growth but much more controlled than under the previous situation.
- **Retirement** - Retirement benefits for local and state employees are uniform across the Commonwealth. Until July 2009, Chapter 32 of the Massachusetts General Laws required municipalities to fully fund their retirement liability by 2028. The Commonwealth's Fiscal Year 2010 budget included an extension of this requirement to 2030, and further modifications to 2040 were adopted in FY11. The City must revalue its schedule every 3 years and adjust the schedule accordingly. Springfield's most recent actuarial valuation estimated the City's unfunded actuarial accrued liability (UAAL) at \$657.2 million as of January 1, 2012. Our funded status is 29.0%.
- **Other Postemployment Benefits** - In addition to providing pension benefits, the City provides health, dental, vision and life insurance to retired employees and their survivors, in accordance with Chapter 32 of the Massachusetts General Laws. The City's OPEB unfunded actuarial accrued liability is estimated at \$1,029 million as of July 1, 2012. In order to fully fund this liability in 30 years, as it does with retirement, the City would have to appropriate \$65.8 million on an annual basis. We currently fund 43.6% of this amount.
- **Debt Service and Capital Needs** - The City has a \$540.4 million Capital Improvement Plan that identifies major equipment and construction needs over the next five years. Due to previous deferred maintenance and the number of facilities and parks, the City has significant capital needs. Based on the October 2012 report entitled "Analysis of Outstanding Debt" we are currently evaluating our capacity to sell notes and bonds in calendar year 2014.

Awards & Acknowledgements

The GFOA awarded a Distinguished Budget Presentation Award to the City of Springfield for its budget document for the fiscal years 2009, 2010, 2011, 2012 and 2013. The GFOA established the Distinguished Budget Award in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's recommended practices on budgeting and then to recognize individual governments that succeed in achieving that goal.

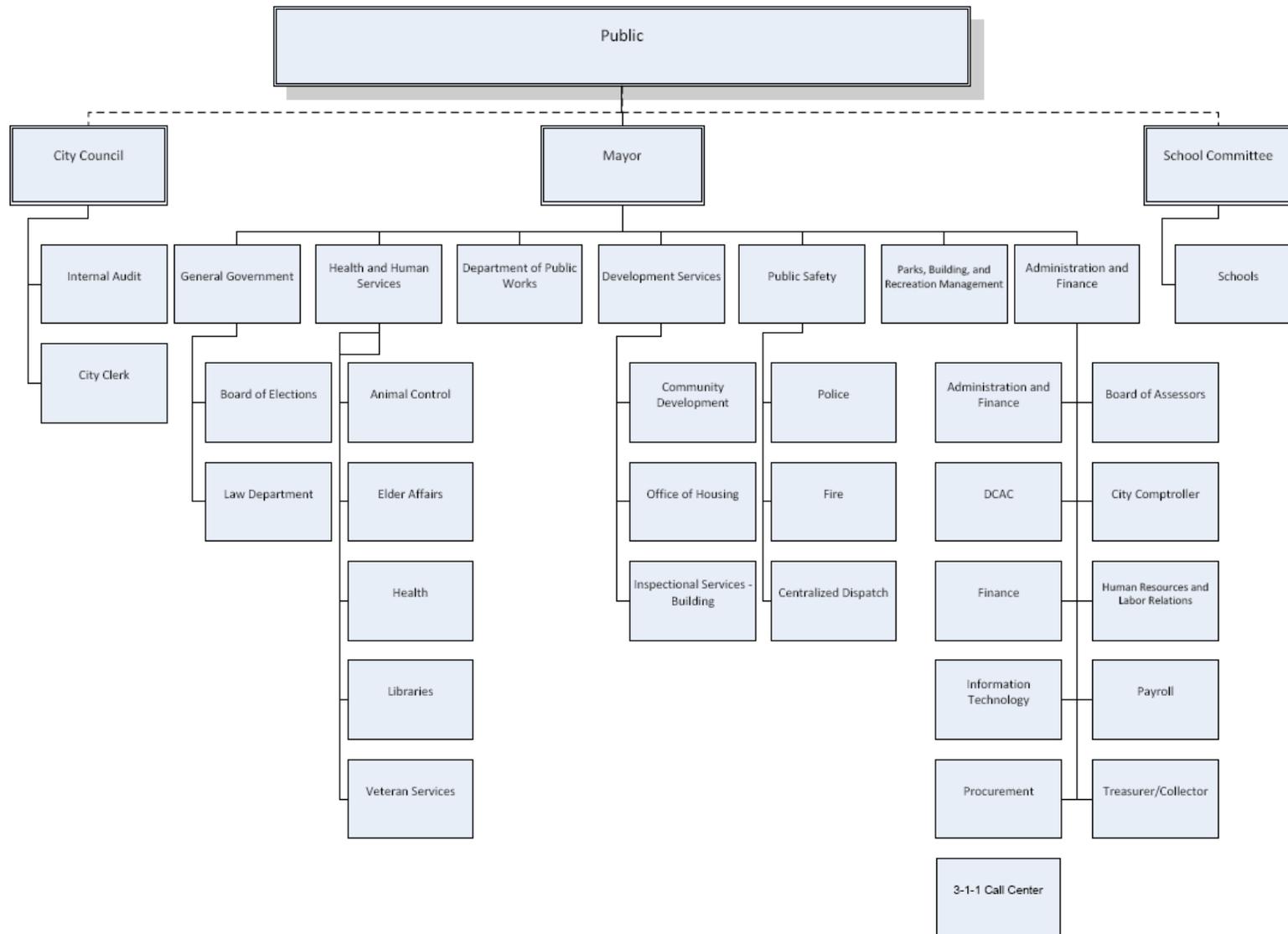
The preparation of both the CAFR and the Distinguished Budget Presentation Award would not have been possible without the efficient and dedicated services of the Administration and Finance Division staff. We would like to express our appreciation to all the members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the City Council and Mayor for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Springfield's finances.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Timothy J. Plante". The signature is written in a cursive, flowing style.

Timothy J. Plante
Chief Administrative & Financial Officer

Organizational Chart



Directory of Officials

Fiscal Year 2013

Mayor

Domenic J. Sarno

City Council

James Ferrera, At Large (President)

Bud Williams, At Large (Vice President)

Zaida Luna, Ward 1

Michael Fenton, Ward 2

Melvin Edwards, Ward 3

E. Henry Twiggs, Ward 4

Clodovaldo Concepcion, Ward 5

Kenneth Shea, Ward 6

Timothy Allen, Ward 7

John Lysak, Ward 8

Thomas Ashe, At Large

Kateri Walsh, At Large

Timothy Rooke, At Large

School Committee

Mayor Domenic J. Sarno (Chairman)

Peter Murphy, District 4 (Vice-Chairman)

Norman Roldan, District 1

Barbara Gresham, District 2

Christopher Collins, District 3

Denise Hurst, At Large

Antonette Pepe, At Large

Appointed City Executive Branch

Chief Administrative and Financial Officer

Timothy J. Plante

Comptroller

Patrick Burns

Budget Director

Jennifer Winkler

Acting Director of Internal Audit

Cecelia Goulet

Treasurer/Collector

Stephen Lonergan

Chairman of the Board of Assessors

Richard J. Allen

City Clerk

Wayman Lee, Esq



Government Finance Officers Association

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**City of Springfield
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Financial Section



Colleges and Universities located in Springfield.

City of Springfield, Massachusetts
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2013



A view of historic Matoon Street.

Financial Section

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F. 781-914-1701
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Independent Auditor's Report

To the Honorable Mayor and the City Council
City of Springfield, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Springfield, Massachusetts, as of and for the fiscal year ended June 30, 2013 (except for the Springfield Contributory Retirement System which is as of and for the year ended December 31, 2012), which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Springfield Redevelopment Authority and the Springfield Library and Museums Association, which represent 100% of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Springfield Redevelopment Authority and the Springfield Library and Museums Association, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Springfield, Massachusetts, as of June 30, 2013 (except for the Springfield Contributory Retirement System which is as of and for the year ended December 31, 2012), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Springfield's basic financial statements. The introductory section, combining and individual fund statements, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2013, on our consideration of the City of Springfield, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink that reads "Powers + Juliani, LLC". The signature is written in a cursive, flowing style.

December 12, 2013

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the City of Springfield, Massachusetts, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City of Springfield for the fiscal year ended June 30, 2013. This is the twelfth year our financial statements have been prepared under the Government Accounting Standards Board Statement 34 – Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments. We encourage readers to consider the information presented in this report.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Governments must adhere to GASB pronouncements in order to issue their financial statements in conformity with GAAP. The users of financial statements also rely on the independent auditor's opinion. If the City's financial statements have significant departures from GAAP the independent auditors' may issue a qualified opinion or a disclaimer (where no opinion is given). These types of opinions may have an adverse effect on the City's bond rating and our ability to borrow money at favorable interest rates. The financial statements of the primary government have received an unmodified auditor's opinion.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Springfield's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements provide both long-term and short-term information about the City as a whole. The fund financial statements focus on the individual components of the City government, reporting the City's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the City's accountability. An additional part of the basic financial statements are the notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, health and welfare, culture and recreation, storm damage associated with the October 2011 snow storm, and interest. The business-type activities consist of the City's trash collection activities.

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

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

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

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

The City reports three major governmental funds that are presented separately in the governmental fund financial statements. The remaining non-major funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds. The City maintains two types of proprietary funds.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its trash activities. The trash enterprise fund is not intended to be self-supporting and requires a substantial subsidy from the general fund; \$4,740,000 and \$4,699,000 in fiscal years 2013 and 2012, respectively.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The City uses this fund to account for risk financing activities related to self-insured dental and eye care services, the fully insured health care plan, and a motor pool for gas and auto supplies operated by the Department of Public Works.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City of Springfield's governmental assets exceeded liabilities for governmental activities by approximately \$362 million. Key components of the City's activities are presented below.

Governmental Activities

	<u>2013</u>	<u>2012</u>
Assets:		
Current assets.....	\$ 229,226,225	\$ 217,518,908
Noncurrent assets (excluding capital).....	58,318,577	67,428,324
Capital assets, non depreciable.....	65,248,783	115,526,356
Capital assets, net of accumulated depreciation.....	<u>542,997,693</u>	<u>450,957,615</u>
Total assets.....	<u>895,791,278</u>	<u>851,431,203</u>
Liabilities:		
Current liabilities (excluding debt).....	76,389,856	67,391,964
Noncurrent liabilities (excluding debt).....	201,366,274	161,095,591
Current debt.....	47,612,439	28,935,471
Noncurrent debt.....	<u>208,670,184</u>	<u>239,147,646</u>
Total liabilities.....	<u>534,038,753</u>	<u>496,570,672</u>
Net Position:		
Net investment in capital assets.....	434,638,276	374,981,234
Restricted.....	15,633,323	22,794,687
Unrestricted.....	<u>(88,519,074)</u>	<u>(42,915,390)</u>
Total net position.....	<u>\$ 361,752,525</u>	<u>\$ 354,860,531</u>

Governmental net position of \$435 million reflects its investment in capital assets (e.g., land, buildings, infrastructure, and machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position of \$15.6 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* resulted in an \$88.5 million deficit mainly relating to the cumulative effect of recording \$174 million of governmental other postemployment benefit liabilities through June 30, 2013.

Net position increased by \$6.9 million in fiscal year 2013 compared with a decrease of \$17.6 million in fiscal year 2012. The decrease in 2012 was mainly related to two natural disasters that occurred in June and October of 2011. The net expenses from these storms decreased net position in 2012 by approximately \$12 million. In addition to these costs the City incurred OPEB expenses of \$37 million and transferred almost \$5 million to the Trash enterprise fund.

Current year revenues were up just over \$10 million from an increase in program revenues of \$12.2 million and a decrease of general revenues of \$1.8 million. Expenses, exclusive of the 2012 storm related costs, increased by \$13.2 million in FY13. The revenue increases were mainly in the area of capital grants for school construction and the expense increases were mainly in the school department's operating budget. Total expenses include the City recording another year of OPEB expenses in the amount of \$37.8 million, bring the cumulative OPEB liability up to almost \$175 million.

	<u>2013</u>	<u>2012</u>
Program revenues:		
Charges for services.....	\$ 30,843,165	\$ 29,668,976
Operating grants and contributions.....	442,911,024	452,149,037
Capital grants and contributions.....	57,614,376	37,356,599
General Revenues:		
Real estate and personal property taxes.....	164,157,394	166,713,377
Motor vehicle and other excise taxes.....	11,907,731	12,096,067
Penalties and interest on taxes.....	1,818,809	1,802,033
Grants and contributions not restricted to specific programs.....	32,057,032	32,059,135
Unrestricted investment income.....	335,362	458,708
Payments in lieu of taxes.....	3,975,168	5,054,420
Gain on sale of capital assets.....	2,072,705	-
Other revenues.....	95,433	42,044
Total revenues.....	<u>747,788,199</u>	<u>737,400,396</u>
Expenses:		
General government.....	48,859,996	55,175,091
Public safety.....	110,185,618	111,769,805
Education.....	500,466,892	481,476,353
Public works.....	30,833,589	30,608,396
Health and welfare.....	11,525,257	10,241,088
Culture and recreation.....	22,960,894	20,769,658
Storm damage - October 2011 snow storm.....	1,199,462	27,596,332
Interest.....	9,414,835	12,170,740
Total expenses.....	<u>735,446,543</u>	<u>749,807,463</u>
Excess (Deficiency) before extraordinary items, and transfers.....	12,341,656	(12,407,067)
Extrordinary item - tornado reimbursements.....	770,149	20,000,450
Extrordinary item - tornado expenses.....	(1,479,748)	(20,485,451)
Transfers.....	<u>(4,740,063)</u>	<u>(4,698,790)</u>
Change in net position.....	6,891,994	(17,590,858)
Net position - beginning.....	<u>354,860,531</u>	<u>372,451,389</u>
Net position - ending.....	<u>\$ 361,752,525</u>	<u>\$ 354,860,531</u>

Financial notes related to governmental activities:

- Charges for services represent 4% of governmental activities resources. The City can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the City are included in this category.
- Operating and capital grants and contributions accounted for 67% of the governmental activities resources. Most of these resources apply to education operations. These resources offset costs within the school department in addition to their General Fund operating budget.
- Property and excise taxes are a significant revenue source for the City's governmental activities. They comprised 24% of current resources.
- Other taxes and other revenues comprised a total of 5% of the governmental activity's resources. Other revenues consist mainly of grants and contributions and investment income earned on the City's deposits.
- Education is by far the largest governmental activity of the City. Approximately \$500 million in expenses were recorded in FY13. After accounting for \$465 million in program revenues, an additional \$35 million in taxes and other revenues were needed to cover its fiscal 2013 operating expenses. Approximately \$51 million of a pension contribution made by the state on-behalf of Springfield teachers has been recorded as an expense and grant revenue.
- General government, Public safety, and Public works are the second, third, and fourth largest activities of the City. Approximately \$25 million, \$99 million, and \$25 million, respectively, of taxes and other revenues were needed to cover their fiscal 2013 operating expenses.

Business-type Activities. Business-type activities decreased the City's net position decreased by \$31,000 during fiscal year 2013. These activities consist of the Trash enterprise fund.

Trash business-type activities assets exceeded liabilities by \$2.7 million at the close of fiscal year 2013. The net investment in capital assets of \$883,000 relates to the acquisition of capital assets through capital lease financing. Unrestricted net position amounted to \$1.8 million. The general fund subsidized the activities in the amount of \$4.7 million in fiscal years 2013 and 2012. Operating and depreciation expenses amounted to \$8.2 million and \$658,000, respectively.

	<u>2013</u>	<u>2012</u>
Assets:		
Current assets.....	\$ 2,698,131	\$ 2,967,975
Capital assets, net of accumulated depreciation.....	1,778,413	1,956,547
Total assets.....	<u>4,476,544</u>	<u>4,924,522</u>
Liabilities:		
Current liabilities (excluding debt).....	319,946	206,086
Non-current liabilities (excluding debt).....	542,235	424,621
Current debt.....	317,187	648,834
Noncurrent debt.....	578,250	895,437
Total liabilities.....	<u>1,757,618</u>	<u>2,174,978</u>
Net Position:		
Net investment in capital assets.....	882,976	412,276
Unrestricted.....	1,835,950	2,337,268
Total net position.....	<u>\$ 2,718,926</u>	<u>\$ 2,749,544</u>

	<u>2013</u>	<u>2012</u>
Program revenues:		
Charges for services.....	\$ <u>4,069,875</u>	\$ <u>3,982,627</u>
Expenses:		
Trash.....	<u>8,840,556</u>	<u>8,874,676</u>
Excess (Deficiency) before transfers.....	(4,770,681)	(4,892,049)
Transfers.....	<u>4,740,063</u>	<u>4,698,790</u>
Change in net position.....	(30,618) \$	(193,259)
Net position - beginning.....	<u>2,749,544</u>	<u>2,942,803</u>
Net position - ending.....	\$ <u><u>2,718,926</u></u>	\$ <u><u>2,749,544</u></u>

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Springfield's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of approximately \$119.8 million, a decrease of approximately \$19.8 million from the prior year. The decrease is primarily due to the \$24 million decrease in the nonmajor funds relating to the timing of when revenues, expenditures, and other financing sources are recorded.

General Fund

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was approximately \$55.2 million, while total fund balance was approximately \$98.0 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 9% of total general fund expenditures, while total fund balance represents approximately 17% of that same amount. The General fund balance decreased by \$330,000 from the prior year. The decrease is primarily due to the \$4.7 million transfer out to the Trash Enterprise fund.

October 29, 2011 Snow Storm Fund

The City was hit with a major snow storm on October 29, 2011 that closed over 2,000 roads and downed power lines throughout the City. Clean-up costs as of June 30, 2013 amounted to \$28.8 million of which the City has received federal and state assistance of approximately \$21.8 million. The fund has an accumulated deficit of \$7.0 million at June 30, 2013. The City has requested reimbursement from the Federal Emergency Management Agency (FEMA). Any remaining deficit will be funded with bond proceeds.

Tornado Relief Fund

A category EF-3 tornado touched down in the City on June 1, 2011 devastating large sections of the City. The storm killed 3 people, injured 300 others, and left over 500 people homeless in addition to leaving 48,000 electric customers without power. The Governor of Massachusetts declared a state of emergency and President Obama declared Springfield and the surrounding area a Federal disaster area. Relief expenditures as of June 30, 2013 amounted to \$22.8 million, of which the City has received federal and state assistance of approximately \$21.3 million and \$809,000 was transferred from the City's general fund. The fund has an accumulated deficit of \$710,000 at June 30, 2013. The City has requested reimbursement from the Federal Emergency Management Agency (FEMA). Any remaining deficit will be funded with bond proceeds.

General Fund Budgetary Highlights

The City of Springfield adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. Actual revenues exceed budgeted revenues by \$6.8 million (1.3%), while actual expenditures, including carryovers, were less than budgeted amounts by \$7.2 million (1.3%). The City carried over \$32.9 million in appropriations to FY14.

Capital Asset and Debt Administration

The City has been approved to receive school construction assistance on various older school construction projects through the Massachusetts School Building Authority (MSBA). The MSBA provides resources for eligible construction costs and related debt interest and borrowing costs. During fiscal year 2013, approximately \$15.6 million of such assistance was received. Approximately \$78.6 million is expected to be received in future fiscal years. Of this amount, \$18.0 million represents reimbursement of long-term interest costs, and \$60.6 million represents reimbursement of approved construction costs.

Additionally, the MSBA offers a construction grant program which pays the City the State's share of approved school construction costs and therefore eliminates the need for the City to fund the State's share through long-term debt. In addition to the construction of the new Putnam High School, various on-going school projects are being funded by this grant program. The City has been approved for a grant of up to 90% or \$112,500,000 of eligible construction costs towards the new Putnam School and up to 80% or \$19,069,165 of eligible construction costs in conjunction with the new Green Repair agreement which consists of roof, exterior window, and exterior door replacement and associated work for 18 City schools, the Central High School Science Lab Renovation, the Dryden Memorial School renovation, construction of the new Elias Brookings school and the Forest Park Middle School renovation. During the fiscal year the City received \$48.4 million for these projects and has recognized a receivable for \$11.2 million.

Major capital assets are funded by the issuance of long-term debt. During FY2013 the City spent and capitalized additions totaling approximately \$23.5 million on the Forest Park School, \$17.3 million on the new Putnam Vocational School, \$5.6 million on the Dryden Memorial School, and an additional \$27.9 million on other City-wide projects. The Business-Type Activities acquired \$479,000 of new vehicles and equipment.

Outstanding long-term debt of the general government, as of June 30, 2013, totaled approximately \$233.3 million, including unamortized premiums of \$3.2 million.

Please refer to notes 5, 7, 8, and 9 to the financial statements for further discussion of the major capital asset and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the City of Springfield's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Administrative and Financial Officer or the City Comptroller at 36 Court Street, Springfield, MA 01103.

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Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2013

	<i>Primary Government</i>			<i>Component Units</i>	
	Governmental Activities	Business-type Activities	Total	Springfield Redevelopment Authority	Springfield Library and Museums Association
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 179,217,322	\$ 1,424,005	\$ 180,641,327	\$ 533,764	\$ 59,010
Restricted cash and cash equivalents.....	2,538,263	-	2,538,263	2,539,896	-
Investments.....	1,909,602	-	1,909,602	-	-
Restricted investments.....	-	-	-	-	-
Receivables, net of allowance for uncollectibles:					
Real estate and personal property taxes.....	5,448,573	-	5,448,573	-	-
Tax liens.....	575,912	-	575,912	-	-
Motor vehicle excise taxes.....	3,635,692	-	3,635,692	-	-
Departmental and other.....	3,334,306	-	3,334,306	-	-
Trash fees.....	-	1,274,126	1,274,126	-	-
Intergovernmental.....	32,091,555	-	32,091,555	20,220,784	-
Loans.....	375,000	-	375,000	64,513	-
Contributions and other.....	-	-	-	-	361,862
Other.....	-	-	-	-	782,200
Prepaid expenses and supplies.....	-	-	-	-	484,350
Working capital deposit.....	100,000	-	100,000	-	-
NONCURRENT:					
Restricted cash and cash equivalents held by custodian.....	2,453,296	-	2,453,296	-	-
Investments.....	-	-	-	-	14,931,563
Restricted investments.....	-	-	-	-	921,263
Receivables, net of allowance for uncollectibles:					
Departmental and other.....	417,046	-	417,046	-	-
Intergovernmental.....	48,874,673	-	48,874,673	-	-
Loans.....	6,573,562	-	6,573,562	-	-
Contributions.....	-	-	-	-	1,954,904
Beneficial interest in perpetual trusts.....	-	-	-	-	24,015,478
Capital assets, non depreciable.....	65,248,783	-	65,248,783	6,479,792	-
Capital assets, net of accumulated depreciation.....	542,997,693	1,778,413	544,776,106	840,585	17,698,385
TOTAL ASSETS.....	895,791,278	4,476,544	900,267,822	30,679,334	61,209,015
LIABILITIES					
CURRENT:					
Warrants payable.....	15,303,276	268,187	15,571,463	114,907	591,112
Accrued unemployment liability.....	899,000	-	899,000	-	-
Accrued payroll.....	17,426,447	51,759	17,478,206	-	-
Employee contributions paid in advance.....	1,963,750	-	1,963,750	-	-
Health claims payable.....	119,815	-	119,815	-	-
Tax refunds payable.....	17,013,497	-	17,013,497	-	-
Accrued interest.....	4,932,232	-	4,932,232	28,354	-
Other liabilities.....	6,822,897	-	6,822,897	15,801	309,773
Taxes collected in advance and unearned revenue.....	-	-	-	20,285,297	12,440
Capital lease obligations.....	473,716	317,187	790,903	-	-
Landfill closure.....	750,000	-	750,000	-	-
Compensated absences.....	6,711,942	-	6,711,942	-	-
Workers' compensation.....	1,325,000	-	1,325,000	-	-
Due to granting agencies.....	3,122,000	-	3,122,000	-	-
Lines of credit.....	-	-	-	-	319,050
Notes payable.....	18,537,644	-	18,537,644	270,000	86,191
Bonds payable.....	28,601,079	-	28,601,079	-	-
NONCURRENT:					
Capital lease obligations.....	769,298	578,250	1,347,548	-	-
Due to granting agencies.....	6,789,000	-	6,789,000	-	-
Compensated absences.....	11,362,864	-	11,362,864	-	-
Workers' compensation.....	3,092,000	-	3,092,000	-	-
Landfill closure.....	5,750,000	-	5,750,000	-	-
Other postemployment benefits.....	174,372,410	542,235	174,914,645	-	-
Lines of credit.....	-	-	-	-	1,939,898
Notes payable.....	-	-	-	1,634,468	2,312,750
Bonds payable.....	207,900,886	-	207,900,886	-	-
TOTAL LIABILITIES.....	534,038,753	1,757,618	535,796,371	22,348,827	5,571,214
NET POSITION					
Net investment in capital assets.....	434,638,276	882,976	435,521,252	5,595,909	17,698,385
Restricted for:					
Chapter 656 Reserve.....	5,785,837	-	5,785,837	-	-
Debt service.....	2,453,296	-	2,453,296	-	-
Loans.....	159,562	-	159,562	-	-
Permanent funds:					
Nonexpendable.....	-	-	-	-	24,936,741
Grants and gifts.....	7,234,628	-	7,234,628	2,463,752	-
Unrestricted.....	(88,519,074)	1,835,950	(86,683,124)	270,846	13,002,675
TOTAL NET POSITION.....	\$ 361,752,525	\$ 2,718,926	\$ 364,471,451	\$ 8,330,507	\$ 55,637,801

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 48,859,996	\$ 10,971,235	\$ 13,315,102	\$ -	\$ (24,573,659)
Public safety.....	110,185,618	8,782,858	2,375,526	-	(99,027,234)
Education.....	500,466,892	5,524,444	405,775,153	53,971,431	(35,195,864)
Public works.....	30,833,589	2,392,574	6,833	3,642,945	(24,791,237)
Health and welfare.....	11,525,257	297,298	5,968,911	-	(5,259,048)
Culture and recreation.....	22,960,894	2,874,756	3,752,291	-	(16,333,847)
Storm damage - October 2011 snow storm.....	1,199,462	-	6,271,225	-	5,071,763
Interest.....	9,414,835	-	5,445,983	-	(3,968,852)
Total Governmental Activities.....	735,446,543	30,843,165	442,911,024	57,614,376	(204,077,978)
<i>Business-Type Activities:</i>					
Trash.....	8,840,556	4,069,875	-	-	(4,770,681)
Total Primary Government.....	\$ 744,287,099	\$ 34,913,040	\$ 442,911,024	\$ 57,614,376	\$ (208,848,659)
Component Units:					
Springfield Redevelopment Authority.....	\$ 2,165,991	\$ 1,463,961	\$ 2,234,932	\$ -	\$ 1,532,902
Springfield Library and Museums Association.....	7,233,648	1,533,748	2,085,925	-	(3,613,975)
Total Component Units.....	\$ 9,399,639	\$ 2,997,709	\$ 4,320,857	\$ -	\$ (2,081,073)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Springfield Redevelopment Authority	Springfield Library and Museums Association
Changes in net position:					
Net (expense) revenue from previous page.....	\$ (204,077,978)	\$ (4,770,681)	\$ (208,848,659)	\$ 1,532,902	\$ (3,613,975)
<i>General revenues:</i>					
Real estate and personal property taxes, net of tax refunds payable.....	161,546,733	-	161,546,733	-	-
Tax liens.....	2,610,661	-	2,610,661	-	-
Motor vehicle and other excise taxes.....	9,394,207	-	9,394,207	-	-
Hotel/motel tax.....	889,971	-	889,971	-	-
Local meals tax.....	1,623,553	-	1,623,553	-	-
Penalties and interest on taxes.....	1,818,809	-	1,818,809	-	-
Payments in lieu of taxes.....	3,975,168	-	3,975,168	-	-
Grants and contributions not restricted to specific programs.....	32,057,032	-	32,057,032	-	-
Unrestricted investment income.....	335,362	-	335,362	7,616	2,283,538
Gain on sale of capital assets.....	2,072,705	-	2,072,705	-	-
Miscellaneous.....	95,433	-	95,433	137	-
Sale of art collections.....	-	-	-	-	8,109,006
<i>Extraordinary item - Tornado reimbursements.....</i>	770,149	-	770,149	-	-
<i>Extraordinary item - Tornado expense.....</i>	(1,479,748)	-	(1,479,748)	-	-
<i>Transfers, net.....</i>	(4,740,063)	4,740,063	-	-	-
Total general revenues, extraordinary items, and transfers.....	210,969,972	4,740,063	215,710,035	7,753	10,392,544
Change in net position.....	6,891,994	(30,618)	6,861,376	1,540,655	6,778,569
<i>Net Position:</i>					
Beginning of year.....	354,860,531	2,749,544	357,610,075	6,789,852	48,859,232
End of year.....	\$ 361,752,525	\$ 2,718,926	\$ 364,471,451	\$ 8,330,507	\$ 55,637,801

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2013

ASSETS	General	October 29, 2011 Snow Storm	Tornado Relief	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 137,591,692	\$ 2,334,566	\$ 1,527,258	\$ 29,582,429	\$ 171,035,945
Restricted cash and cash equivalents.....	-	-	-	2,538,263	2,538,263
Restricted cash and cash equivalents held by custodian.....	-	-	-	2,453,296	2,453,296
Investments.....	1,909,602	-	-	-	1,909,602
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	5,448,573	-	-	-	5,448,573
Tax liens	575,912	-	-	-	575,912
Motor vehicle excise taxes.....	3,635,692	-	-	-	3,635,692
Departmental and other.....	3,125,457	-	-	607,665	3,733,122
Intergovernmental.....	60,978,598	3,803,075	-	16,184,555	80,966,228
Loans.....	-	-	-	6,948,562	6,948,562
Due from other funds.....	-	-	-	16,414,542	16,414,542
Working capital deposit.....	100,000	-	-	-	100,000
TOTAL ASSETS.....	\$ 213,365,526	\$ 6,137,641	\$ 1,527,258	\$ 74,729,312	\$ 295,759,737
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 8,241,485	\$ 5,552	\$ -	\$ 6,991,427	\$ 15,238,464
Accrued unemployment liability.....	33,000	-	-	-	33,000
Accrued payroll.....	15,145,285	-	-	2,281,162	17,426,447
Tax refunds payable.....	17,013,497	-	-	-	17,013,497
Due to granting agencies.....	-	-	-	9,911,000	9,911,000
Other liabilities.....	2,899,392	-	-	3,923,505	6,822,897
Deferred revenues.....	72,081,936	-	-	2,487,219	74,569,155
Due to other funds.....	-	-	-	16,414,542	16,414,542
Notes payable.....	-	13,100,787	2,236,857	3,200,000	18,537,644
TOTAL LIABILITIES.....	115,414,595	13,106,339	2,236,857	45,208,855	175,966,646
FUND BALANCES:					
Restricted.....	40,486,563	-	-	39,092,674	79,579,237
Assigned.....	2,273,838	-	-	-	2,273,838
Unassigned.....	55,190,530	(6,968,698)	(709,599)	(9,572,217)	37,940,016
TOTAL FUND BALANCES.....	97,950,931	(6,968,698)	(709,599)	29,520,457	119,793,091
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 213,365,526	\$ 6,137,641	\$ 1,527,258	\$ 74,729,312	\$ 295,759,737

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

JUNE 30, 2013

Total governmental fund balances.....		\$ 119,793,091
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		608,246,476
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		74,569,155
Internal service funds are used by management to account for health insurance and parts inventory.		
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		6,051,230
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(4,932,232)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(236,501,965)	
Capital lease obligations.....	(1,243,014)	
Landfill closure liability.....	(6,500,000)	
Accrued unemployment liability.....	(866,000)	
Workers compensation liability.....	(4,417,000)	
Compensated absences.....	(18,074,806)	
Other postemployment benefits.....	<u>(174,372,410)</u>	
Net effect of reporting long-term liabilities.....		<u>(441,975,195)</u>
Net position of governmental activities.....		<u>\$ 361,752,525</u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2013

	General	October 29, 2011 Snow Storm	Tornado Relief	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 159,557,644	\$ -	\$ -	\$ -	\$ 159,557,644
Tax liens.....	3,098,323	-	-	-	3,098,323
Motor vehicle and other excise taxes.....	8,817,723	-	-	-	8,817,723
Hotel/motel tax.....	889,971	-	-	-	889,971
Local meals tax.....	1,623,553	-	-	-	1,623,553
Charges for services.....	522,102	-	-	1,681,614	2,203,716
Penalties and interest on taxes.....	1,818,809	-	-	-	1,818,809
Payments in lieu of taxes.....	3,975,168	-	-	-	3,975,168
Licenses and permits.....	4,307,698	-	-	-	4,307,698
Fines and forfeitures.....	6,299,722	-	-	18,650	6,318,372
Intergovernmental.....	391,979,501	6,271,225	-	143,338,100	541,588,826
Departmental and other.....	9,871,679	-	-	5,862,629	15,734,308
Contributions.....	-	-	-	1,348,629	1,348,629
Investment income.....	279,317	-	-	119,394	398,711
TOTAL REVENUES.....	593,041,210	6,271,225	-	152,369,016	751,681,451
EXPENDITURES:					
Current:					
General government.....	23,568,922	-	-	13,099,084	36,668,006
Public safety.....	59,094,650	-	-	9,776,119	68,870,769
Education.....	389,628,452	-	-	141,057,427	530,685,879
Public works.....	9,854,238	-	-	4,862,558	14,716,796
Health and welfare.....	5,092,772	-	-	5,360,660	10,453,432
Culture and recreation.....	12,464,724	-	-	4,056,840	16,521,564
Pension benefits.....	24,474,041	-	-	-	24,474,041
Employee fringe benefits - non school.....	594,118	-	-	-	594,118
Employee health benefits - non school.....	22,288,970	-	-	-	22,288,970
Storm damage.....	-	1,199,462	-	-	1,199,462
State, county and district assessments.....	2,917,105	-	-	-	2,917,105
Debt service:					
Principal.....	27,063,276	-	-	-	27,063,276
Interest.....	11,713,951	-	-	-	11,713,951
TOTAL EXPENDITURES.....	588,755,219	1,199,462	-	178,212,688	768,167,369
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	4,285,991	5,071,763	-	(25,843,672)	(16,485,918)
OTHER FINANCING SOURCES (USES):					
Issuance of refunding bonds.....	26,355,000	-	-	-	26,355,000
Premium from issuance of refunding bonds.....	3,807,457	-	-	-	3,807,457
Payments to refunded bond escrow agent.....	(30,162,457)	-	-	-	(30,162,457)
Sale of capital assets.....	1,000,000	-	-	1,100,000	2,100,000
Transfers in.....	458,427	-	-	2,609,913	3,068,340
Transfers out.....	(6,074,070)	-	-	(1,734,333)	(7,808,403)
TOTAL OTHER FINANCING SOURCES (USES).....	(4,615,643)	-	-	1,975,580	(2,640,063)
EXTRAORDINARY ITEM:					
Intergovernmental tornado revenue.....	-	-	770,149	-	770,149
Tornado relief expenditures.....	-	-	(1,479,748)	-	(1,479,748)
TOTAL EXTRAORDINARY ITEMS.....	-	-	(709,599)	-	(709,599)
NET CHANGE IN FUND BALANCES.....	(329,652)	5,071,763	(709,599)	(23,868,092)	(19,835,580)
FUND BALANCES AT BEGINNING OF YEAR.....	98,280,583	(12,040,461)	-	53,388,549	139,628,671
FUND BALANCES AT END OF YEAR.....	\$ 97,950,931	\$ (6,968,698)	\$ (709,599)	\$ 29,520,457	\$ 119,793,091

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds.....		\$ (19,835,580)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	74,413,760	
Depreciation expense.....	<u>(32,623,960)</u>	
Net effect of reporting capital assets.....		41,789,800
<p>In the Statement of Activities, only the <i>gain</i> on the sale of capital assets is reported, whereas in the governmental funds the entire proceeds of the sale are reported as financial resources. As a result, the change in net position differs from the change in fund balance by the cost of the capital assets sold.....</p>		
		(27,295)
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>		
		(8,019,008)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Capital lease principal payments.....	1,030,347	
Amortization of bond premiums.....	2,164,515	
Debt service principal payments.....	27,063,276	
Other changes in long-term debt.....	<u>80,000</u>	
Net effect of reporting long-term debt.....		30,338,138
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(983,330)	
Net change in workers compensation accrual.....	(1,057,000)	
Net change in accrued interest on long-term debt.....	54,601	
Net change in unemployment liability accrual.....	759,000	
Net change in landfill accrual.....	750,000	
Other postemployment benefits.....	<u>(37,822,665)</u>	
Net effect of recording long-term liabilities.....		(38,299,394)
<p>Internal service funds are used by management to account for health insurance and workers' compensation activities.</p>		
The net activity of internal service funds is reported with Governmental Activities.....		<u>945,333</u>
Change in net position of governmental activities.....		<u>\$ 6,891,994</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2013

	Business-type Activities - Trash Enterprise Fund	Governmental Activities - Internal Service Funds
ASSETS		
CURRENT:		
Cash and cash equivalents.....	\$ 1,424,005	\$ 8,181,377
Receivables, net of allowance for uncollectibles:		
Trash fees.....	1,274,126	-
Departmental and other.....	-	18,230
Total current assets.....	<u>2,698,131</u>	<u>8,199,607</u>
NONCURRENT:		
Capital assets, net of accumulated depreciation.....	<u>1,778,413</u>	<u>-</u>
TOTAL ASSETS.....	<u>4,476,544</u>	<u>8,199,607</u>
LIABILITIES		
CURRENT:		
Warrants payable.....	268,187	64,812
Accrued payroll.....	51,759	-
Capital lease obligations.....	317,187	-
Employee contributions paid in advance.....	-	1,963,750
Health claims payable.....	-	119,815
Total current liabilities.....	<u>637,133</u>	<u>2,148,377</u>
NONCURRENT:		
Capital lease obligations.....	578,250	-
Other postemployment benefits.....	542,235	-
Total noncurrent liabilities.....	<u>1,120,485</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>1,757,618</u>	<u>2,148,377</u>
NET POSITION		
Net investment in capital assets.....	882,976	-
Unrestricted.....	<u>1,835,950</u>	<u>6,051,230</u>
TOTAL NET POSITION.....	<u>\$ 2,718,926</u>	<u>\$ 6,051,230</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities- Trash Enterprise Fund	Governmental Activities - Internal Service Funds
<u>OPERATING REVENUES:</u>		
Employee contributions	\$ -	\$ 19,637,134
Employer contributions	-	59,844,647
Charges for services.....	4,069,875	2,047,663
TOTAL OPERATING REVENUES	4,069,875	81,529,444
<u>OPERATING EXPENSES:</u>		
Cost of services and administration	7,403,641	1,988,472
Employee benefits	779,175	78,601,027
Depreciation.....	657,740	-
TOTAL OPERATING EXPENSES	8,840,556	80,589,499
OPERATING INCOME (LOSS).....	(4,770,681)	939,945
<u>NONOPERATING REVENUES (EXPENSES):</u>		
Investment income.....	-	5,388
NET INCOME (LOSS) BEFORE TRANSFERS.....	(4,770,681)	945,333
<u>TRANSFERS:</u>		
Transfers in.....	4,740,063	-
CHANGE IN NET POSITION.....	(30,618)	945,333
NET POSITION AT BEGINNING OF YEAR.....	2,749,544	5,105,897
NET POSITION AT END OF YEAR.....	\$ 2,718,926	\$ 6,051,230

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities- Trash Enterprise Fund	Governmental Activities - Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from member employees.....	\$ 3,902,496	\$ 19,454,217
Receipts from interfund services provided.....	-	61,882,778
Payments to vendors.....	(4,638,132)	-
Payments to employees.....	(3,313,210)	-
Payments for interfund services used.....	-	(80,592,175)
NET CASH FROM OPERATING ACTIVITIES.....	<u>(4,048,846)</u>	<u>744,820</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Transfers in.....	4,740,063	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Acquisition and construction of capital assets.....	(479,606)	-
Capital lease payments.....	(648,834)	-
NET CASH FROM OPERATING ACTIVITIES.....	<u>(1,128,440)</u>	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Investment income.....	-	5,388
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	<u>(437,223)</u>	<u>750,208</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>1,861,228</u>	<u>7,431,169</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 1,424,005</u>	<u>\$ 8,181,377</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>		
Operating income (loss).....	\$ (4,770,681)	\$ 939,945
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation.....	657,740	-
Changes in assets and liabilities:		
Trash fees.....	(167,379)	-
Departmental and other.....	-	(3,543)
Warrants payable.....	106,852	(2,676)
Accrued payroll.....	7,008	-
Unearned revenues.....	-	(14,687)
Other postemployment benefits.....	117,614	-
Employee contributions paid in advance.....	-	(182,917)
Health claims payable.....	-	8,698
Total adjustments.....	<u>721,835</u>	<u>(195,125)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ (4,048,846)</u>	<u>\$ 744,820</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2013

	Pension Trust Fund (as of December 31, 2012)	Private Purpose Trust Funds	Agency Funds
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 2,359,385	\$ 103,344	\$ 368,307
Investments:		-	
Alternative investments.....	1,964,799		-
Pension Reserve Investment Trust (PRIT) funds.....	254,409,714		-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	223,288	-	-
TOTAL ASSETS.....	258,957,186	103,344	368,307
LIABILITIES			
Warrants payable.....	1,348	-	-
Liabilities due depositors.....	-	-	368,307
TOTAL LIABILITIES.....	1,348	-	368,307
NET POSITION			
Held in trust for:			
Pension benefits.....	258,955,838	-	-
Other purposes.....	-	103,344	-
TOTAL NET POSITION.....	\$ 258,955,838	\$ 103,344	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FISCAL YEAR ENDED JUNE 30, 2013

	Pension Trust Fund (year ended December 31, 2012)	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer.....	\$ 40,824,978	\$ -
Plan members.....	12,847,619	-
Private donations.....	-	103,844
Total contributions.....	53,672,597	103,844
Net investment income:		
Net change in fair value of investments.....	24,722,058	-
PRIT investment income.....	7,662,659	\$ -
Total investment income.....	32,384,717	-
Less: investment expense.....	(1,352,189)	-
Net investment income.....	31,032,528	-
Intergovernmental.....	1,014,135	-
Transfers from other systems.....	925,788	-
TOTAL ADDITIONS.....	86,645,048	103,844
DEDUCTIONS:		
Administration.....	716,758	-
Transfers to other systems.....	1,996,836	-
Retirement benefits and refunds.....	63,712,742	-
Educational scholarships.....	-	500
TOTAL DEDUCTIONS.....	66,426,336	500
CHANGE IN NET POSITION.....	20,218,712	103,344
NET POSITION AT BEGINNING OF YEAR.....	238,737,126	-
NET POSITION AT END OF YEAR.....	\$ 258,955,838	\$ 103,344

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the City of Springfield, Massachusetts (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant City accounting policies are described herein.

A. Reporting Entity

The City is a municipal corporation governed by its Massachusetts Plan A charter, by which voters elect a "strong" Mayor with broad powers to supervise City departments and to appoint their managers. A thirteen member City Council, consisting of five members elected at large and one from each of the eight wards serves as a representative legislature.

For financial reporting purposes, the City has included all funds, organizations, agencies, boards, commissions and institutions. The City has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the City (the primary government) and its component units. Three entities have been included as component units in the reporting entity because of the significance of their operational and financial relationships.

Component Unit Presented as a Fiduciary Fund – The following component unit is presented as a Fiduciary Fund of the primary government due to the nature and significance of relationship between the City and the component unit.

- (1) The Springfield Contributory Retirement System (the System) was established to provide retirement benefits to City employees and their beneficiaries. The System is governed by a five-member board comprised of the City Comptroller (ex-officio), two members elected by the System's membership, one member appointed by the System's four other Board members, and one member appointed by the City's Mayor. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

Discretely Presented Component Units – Discretely presented component units are entities that are legally separate from the City, but are financially accountable to the City, or whose relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The City has included the following Discretely Presented Component Units because they are fiscally dependent on the City and the nature and significance of their relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete:

- (2) The Springfield Redevelopment Authority (SRA) was chartered by the Commonwealth of Massachusetts in 1960 and is governed by Chapter 121B of the Massachusetts General Laws. The Authority was formed to conduct Springfield urban renewal projects and to redevelop its downtown. The SRA is governed by a five member board, of which four members are appointed by the Mayor. The City periodically provides financial support to the SRA when needed.

- (3) The Springfield Library and Museums Association (SLMA) is a private nonprofit education association which holds and cares for collections of many different kinds of materials, objects and artifacts, makes them accessible and promotes their use for educational, recreational and informational purposes by the residents of Greater Springfield and Western New England. The Association receives a significant portion of its operating income through a lease with the City of Springfield, whereby the City operates general library services using a building owned by the Association as its central library building. The City and SLMA are closely related and financially integrated.

Related Organizations – The Mayor has the responsibility, with the approval of the City Council, to appoint the three member Board of Commissioners for the Springfield Water and Sewer Commission, Inc., however, the City's accountability for this organization does not extend beyond making these appointments.

Availability of Financial Information for Component Units

The Retirement System did not issue a separate audited financial statement. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 70 Tapley Street, Springfield, MA 01104.

The SRA issues a separate audited financial report. That report may be obtained by contacting the SRA located at 70 Tapley Street, Springfield, MA 01104.

The SLMA issues a separate audited financial report. That report may be obtained by contacting the SLMA located at 220 State Street, Springfield, MA 01103.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units.

Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*

- If the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Internal service funds and fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after fiscal year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *October 29, 2011 Snow Storm Fund* and the *Tornado Relief Fund* are used to account for the clean-up activities associated with the two natural disasters that affected the City during 2011.

The nonmajor governmental funds consist of other special revenue, capital projects, and debt service funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds, debt service, or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following proprietary funds are reported:

The *trash enterprise fund* is used to account for the City's trash pick-up activities.

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to the remaining self-insured dental and eye care services, the fully insured health care plan, and a motor pool for gas and auto supplies operated by the Department of Public Works.

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

The *pension trust fund* is used to account for the activities of the System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries.

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allows the trustees to authorize spending of the realized investment earnings. The City's educational scholarship trusts are accounted for in this fund.

The *agency fund* is used to account for assets held in a purely custodial capacity. The City's agency fund mainly consists of payroll withholdings and fees collected on behalf of other governments. Agency funds apply the accrual basis of accounting but do not have a measurement focus.

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

Investments are carried at fair value. The fair values were determined by the closing price for those securities trade on national stock exchanges and at an average bid-and-asked quotation for those securities traded in the over-the-counter market.

E. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year of the levy.

Real estate tax liens are processed on delinquent properties and are recorded as receivables in the fiscal year they are processed. Real estate receivables that are secured via the tax lien process are considered more likely to be collected. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Motor Vehicle Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered in the City and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Other

Departmental and loan receivables are recorded as receivables in the fiscal year the revenue is earned. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

F. Inventories

Government-Wide and Fund Financial Statements

Inventories are recorded as expenditures/expenses at the time of purchase. Such inventories are not material in total to the government-wide and fund based financial statements, and therefore are not reported.

G. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, including land, construction in process, land improvements, buildings and improvements, machinery and equipment, and infrastructure, are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and in the proprietary fund financial statements, where applicable. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases and construction costs in excess of \$25,000 are capitalized at the date of acquisition or construction with expected useful lives of greater than one year.

Capital assets (excluding land and construction in process) are depreciated on a straight-line basis. The estimated useful lives of capital assets being depreciated are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Infrastructure.....	40-100
Buildings.....	40
Building improvements.....	20
Vehicles.....	5-10
Office equipment.....	5-10
Computer equipment.....	5-10

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the fiscal year of the purchase.

H. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City currently has no items that qualify for this reporting category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City currently has no items that qualify for this reporting category.

I. Net Position Flow Assumption

Government-Wide Financial Statements (Net Position)

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

J. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

K. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

Government-Wide Financial Statements

Transfers between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

Fund Financial Statements

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

L. Deferred Revenue

Deferred revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

M. Net Position and Fund Equity*Government-Wide Financial Statements (Net Position)*

Net position is reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position reported as "net investment in capital assets" includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future reimbursements from the state's school building program is not considered to be capital related debt.

Net position has been “restricted for” the following:

“MGL Chapter 656; An Act relative to reorganization of the financial management structure of the City of Springfield” requires the City to raise an amount equal to 1% of the prior year’s gross amounts to be raised. The City may reduce this amount by any funds remaining in the reserve from the prior year. Expenditures may be made for extraordinary and unforeseen expenses as determined by the Mayor with the approval of the City Council.

“Debt service” represents required sinking fund payment and the accumulation of funds for the retirement of long-term debt.

“Loans” represents the City’s Community Development outstanding loans receivable balances, net of the amounts due back to granting agencies.

“Grants and gifts” represents amounts held for school and other grants, as well as gift funds.

Fund Financial Statements (Fund Balances)

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. A City Council vote to approve a Council Order submitted by the Mayor is the highest level of decision making authority that can commit funds for a specific purpose. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a Council Order vote is taken to rescind the commitment.

“Assigned” fund balance includes amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The City’s comptroller is authorized to assign fund balance. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Sometimes the City will fund outlays for a particular purpose from different components of fund balance. In order to calculate the amounts to report as restricted, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. When different components of fund balance can be used for the same purpose, it is the City’s policy to consider restricted fund balance to have been depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

N. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

O. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

P. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Compensated absences are reported in the governmental funds only if they have matured as a result of employee resignations or retirements. Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

Q. Individual Fund Deficits

Within the nonmajor governmental funds there are deficits in the Capital Project funds that will be funded with grant and debt proceeds in FY14.

R. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

S. Total Column

Fund Financial Statements

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 – NATURAL DISASTERS

October 29, 2011 Snow Storm Fund

The City was hit with an unusually early major snow storm on October 29, 2011 that closed over 2,000 roads and downed power lines throughout the City. Clean-up costs as of June 30, 2013 amounted to \$28.8 million, of which the City has received federal and state assistance in the amount of approximately \$21.8 million. The fund has an accumulated deficit of \$7.0 million at June 30, 2013. The City has requested reimbursement from the Federal Emergency Management Agency (FEMA). Any remaining deficit will be funded with bond proceeds.

On November 30, 2012, the City issued \$13.1 million of bond anticipation notes to temporarily finance the deficit and additional costs incurred during the current fiscal year. Upon maturity of these notes on February 15, 2013, the City re-issued \$13.1 million of bond anticipation notes with a maturity date of July 26, 2013 at a rate of 1.0%. On July 26, 2013, the City re-issued \$13.1 million of bond anticipation notes with a maturity date of February 14, 2014 at a rate of 1.0%.

Tornado Relief Fund

A category EF-3 tornado touched down in the City on June 1, 2011 devastating large sections of the City. The storm killed 3 people, injured 300 others, and left over 500 people homeless in addition to leaving 48,000 electric customers without power. The Governor of Massachusetts declared a state of emergency and President Obama declared Springfield and the surrounding area a Federal disaster area. Relief expenditures as of June 30, 2013 amounted to \$22.8 million, of which the City has received federal and state assistance of approximately \$21.3 million and \$809,000 was transferred from the City's general fund. The fund has an accumulated deficit of \$710,000 at June 30, 2013. The City has requested reimbursement from FEMA. Any remaining deficit will be funded with bond proceeds.

On November 30, 2012, the City issued \$2.2 million of bond anticipation notes to temporarily finance additional costs incurred during the current fiscal year. Upon maturity of these notes on February 15, 2013, the City re-issued \$2.2 million of bond anticipation notes with a maturity date of July 26, 2013 at a rate of 1.0%. On July 26, 2013, the City re-issued \$2.2 million of bond anticipation notes with a maturity date of February 14, 2014 at a rate of 1.0%.

NOTE 3 – CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and cash equivalents". The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment

Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

The Retirement System participates in the Pension Reserve Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves Investment Management Board, which was established by the Treasurer of the Commonwealth of Massachusetts who serves as Trustee. The fair value of the position in the PRIT is the same as the value of the PRIT shares.

The PRIT fund, as a pool, invests in various products including, but not limited to, money market mutual funds, equities, pooled foreign and domestic fixed income and equity funds, United States government sponsored enterprises and Treasury notes, real estate, and commodities. The underlying components of PRIT's fixed income portfolio had an effective weighted duration rate ranging from .08 to 10.37 years. There is no credit quality rating for the fund.

MMDT maintains a cash portfolio and a short-term bond portfolio with combined average maturities of approximately 3 months.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At fiscal year-end, the carrying amount of deposits totaled \$144,286,741 and the bank balance totaled \$152,368,755. Of the bank balance, \$1,647,119 was covered by Federal Depository Insurance, \$137,909,149 was covered by the Depositors Insurance Fund, \$12,718,415 was collateralized, and \$94,072 is uninsured and uncollateralized.

At December 31, 2012, the carrying amount of deposits for the Retirement System totaled \$2,359,385 and the bank balance totaled \$2,825,020. The entire bank balance of \$2,825,020 was covered by Federal Depository Insurance.

Investments

As of June 30, 2013, the City had the following investments:

Investment Type	<u>Fair Value</u>	<u>6-10 Years</u>	<u>Over 10 Years</u>
<u>Debt Securities</u>			
Government Sponsored Enterprises.....	\$ 959,724	\$ 722,934	\$ 236,790
Municipal Bonds.....	<u>949,878</u>	<u>-</u>	<u>949,878</u>
Total Debt Securities.....	1,909,602	<u>\$ 722,934</u>	<u>\$ 1,186,668</u>
 <u>Other Investments</u>			
Money Market Mutual Funds.....	\$ 1,183,910		
MMDT.....	<u>40,633,886</u>		
Total Investments.....	<u>\$ 43,727,398</u>		

As of June 30, 2013, the City’s investments had the following ratings:

Investment Type	<u>Quality Ratings</u>					
	<u>AAA</u>	<u>AA2</u>	<u>AA1</u>	<u>A2</u>	<u>A3</u>	<u>Total</u>
<u>Debt Securities</u>						
Government Sponsored Enterprises.....	\$ 959,724	\$ -	\$ -	\$ -	\$ -	\$ 959,724
Municipal Bonds.....	<u>-</u>	<u>110,270</u>	<u>395,830</u>	<u>221,332</u>	<u>222,446</u>	<u>949,878</u>
Total Debt Securities.....	<u>\$ 959,724</u>	<u>\$ 110,270</u>	<u>\$ 395,830</u>	<u>\$ 221,332</u>	<u>\$ 222,446</u>	<u>\$ 1,909,602</u>

As of December 31, 2012, the Retirement System had the following investments:

Investment Type	<u>Fair Value</u>
<u>Other Investments</u>	
Alternative Investments.....	\$ 1,964,799
Pension Reserve Investment Trust (PRIT).....	<u>254,409,714</u>
Total Investments.....	<u>\$ 256,374,513</u>

Custodial Credit Risk – Investments

For investments, this is the risk that, in the event of a failure by the counterparty, the City will not be able to recover the value of its investments or collateral security that are in the possession of an outside party.

The City does not have an investment policy for custodial credit risk.

Of the Retirement System’s total investments of \$256,374,513 there was custodial credit risk exposure of \$1,964,799 in alternative investments because the related securities are uninsured, unregistered and held by the counterparty.

Investment Rate Risk

The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The City has not adopted a formal policy related to Credit Risk.

Concentration Credit Risk

The City places no limit on the amount it may invest in any one issuer.

NOTE 4 – RECEIVABLES

At June 30, 2013, receivables for the individual major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 9,220,384	\$ (3,771,811)	\$ 5,448,573
Tax liens.....	2,303,647	(1,727,735)	575,912
Motor vehicle and other excise taxes.....	8,353,377	(4,717,685)	3,635,692
Departmental and other	3,733,122	-	3,733,122
Intergovernmental.....	80,966,228	-	80,966,228
Loans.....	6,948,562	-	6,948,562
 Total.....	 \$ <u>111,525,320</u>	 \$ <u>(10,217,231)</u>	 \$ <u>101,308,089</u>

The internal service fund has \$18,230 of departmental and other receivables at June 30, 2013.

At June 30, 2013 receivables for the trash enterprise fund consist of the following:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Trash fees.....	\$ <u>1,274,126</u>	\$ <u>-</u>	\$ <u>1,274,126</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivable type:</u>			
Real estate and personal property taxes.....	\$ 4,163,345	\$ -	\$ 4,163,345
Tax liens.....	575,912	-	575,912
Motor vehicle excise.....	3,635,692	-	3,635,692
Departmental and other.....	3,125,457	607,665	3,733,122
Intergovernmental.....	60,581,530	1,719,992	62,301,522
Loans.....	-	159,562	159,562
 Total.....	 <u>\$ 72,081,936</u>	 <u>\$ 2,487,219</u>	 <u>\$ 74,569,155</u>

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 27,794,834	\$ -	\$ (27,295)	\$ 27,767,539
Construction in progress.....	87,731,522	51,096,905	(101,347,183)	37,481,244
 Total capital assets not being depreciated.....	 <u>115,526,356</u>	 <u>51,096,905</u>	 <u>(101,374,478)</u>	 <u>65,248,783</u>
 <u>Capital assets being depreciated:</u>				
Land improvements.....	54,986,523	1,550,719	-	56,537,242
Buildings and improvements.....	410,361,482	114,742,509	-	525,103,991
Machinery and equipment.....	114,861,725	8,230,371	(200,831)	122,891,265
Infrastructure.....	428,038,668	140,439	-	428,179,107
 Total capital assets being depreciated.....	 <u>1,008,248,398</u>	 <u>124,664,038</u>	 <u>(200,831)</u>	 <u>1,132,711,605</u>
 <u>Less accumulated depreciation for:</u>				
Land improvements.....	(18,322,271)	(2,239,199)	-	(20,561,470)
Buildings and improvements.....	(155,381,731)	(16,865,777)	-	(172,247,508)
Machinery and equipment.....	(97,039,791)	(5,431,411)	200,831	(102,270,371)
Infrastructure.....	(286,546,990)	(8,087,573)	-	(294,634,563)
 Total accumulated depreciation.....	 <u>(557,290,783)</u>	 <u>(32,623,960)</u>	 <u>200,831</u>	 <u>(589,713,912)</u>
 Total capital assets being depreciated, net.....	 <u>450,957,615</u>	 <u>92,040,078</u>	 <u>-</u>	 <u>542,997,693</u>
 Total governmental activities capital assets, net.....	 <u>\$ 566,483,971</u>	 <u>\$ 143,136,983</u>	 <u>\$ (101,374,478)</u>	 <u>\$ 608,246,476</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 3,577,406	\$ 479,606	\$ -	\$ 4,057,012
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(1,620,859)	(657,740)	-	(2,278,599)
Total business-type activities capital assets, net.....	<u>\$ 1,956,547</u>	<u>\$ (178,134)</u>	<u>\$ -</u>	<u>\$ 1,778,413</u>

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

	<u>2013</u>
Governmental Activities:	
General government.....	\$ 4,510,709
Public safety.....	1,886,133
Education.....	14,914,582
Public works.....	9,275,720
Human services.....	44,891
Culture and recreation.....	<u>1,991,925</u>
Total depreciation expense - governmental activities.....	<u>\$ 32,623,960</u>
Business-Type Activities:	
Trash.....	<u>\$ 657,740</u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables between funds at June 30, 2013, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Federal Grants School	Schools Capital Projects	\$ 3,106,531 (1)
State Grants School	Schools Capital Projects	5,133,685 (1)
Other Special Revenue Funds	Schools Capital Projects	7,397,575 (1)
Public Works	Highway Improvements	<u>776,751 (1)</u>
		<u>\$ 16,414,542</u>

(1) Represents advances between funds to meet temporary cash flow needs.

Interfund transfers for the fiscal year ended June 30, 2013, are summarized as follows:

Transfers Out	Transfers In			Total
	General Fund	Nonmajor Governmental Funds	Trash Enterprise Fund	
General Fund.....	\$ -	\$ 1,334,007	\$ 4,740,063	\$ 6,074,070 (1)
Nonmajor Governmental Funds.....	458,427	1,275,906	-	1,734,333 (2)
Total.....	\$ 458,427	\$ 2,609,913	\$ 4,740,063	\$ 7,808,403

- (1) Represents budgeted transfers to the nonmajor bond sinking fund, to fund nonmajor fund deficits, and to the trash enterprise fund for operations.
- (2) Represents budgeted transfers from various nonmajor funds, including \$234,000 from the debt service fund to the general fund, and transfers within various nonmajor funds.

NOTE 7 – LEASES

Capital Leases

The City has entered into lease agreements to finance the acquisition of machinery and equipment for public safety, public works, general governmental, and for trash activities. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The following identifies the assets acquired through capital lease agreements:

Asset description:	Governmental Activities	Business-Type Activities
Machinery and equipment.....	\$ 5,341,815	\$ 3,564,938
Less: accumulated depreciation.....	(4,110,947)	(2,207,356)
Total.....	\$ 1,230,868	\$ 1,357,582

Future minimum lease payments under capitalized leases consist of the following at June 30:

Fiscal Years Ending June 30	Governmental Activities	Business-Type Activities
2014.....	\$ 500,837	\$ 334,692
2015.....	360,675	250,381
2016.....	220,511	170,158
2017.....	<u>220,511</u>	<u>170,158</u>
Total minimum lease payments.....	1,302,534	925,389
Less: amounts representing interest.....	<u>(59,520)</u>	<u>(29,952)</u>
Present value of minimum lease payments.....	<u>\$ 1,243,014</u>	<u>\$ 895,437</u>

Operating Leases

The City leases office equipment, vehicles, and various facilities utilized primarily by the school department, the department of public works, parks and recreation, and the animal control center under non-cancelable operating leases that expire on various dates through fiscal year 2027. The cost of the leases for the fiscal year ended June 30, 2013, totaled approximately \$3,853,000, and is reported as educational, public works, and general governmental expenditures in the general fund and special revenue funds.

The future minimum lease payments are as follows:

Fiscal Years Ending June 30	Governmental Activities
2014.....	\$ 2,790,607
2015.....	2,117,396
2016.....	1,777,553
2017.....	1,754,948
2018.....	1,772,383
2019 to 2023.....	3,210,965
2024 to 2027.....	<u>1,276,000</u>
	<u>\$ 14,699,852</u>

NOTE 8 – SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund.

Details related to the short-term debt activity for the fiscal year ended June 30, 2013, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2012	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2013
BAN	Tornado and Storm Damage.....	1.30-1.50%	02/15/13	\$ -	\$ 15,337,644	\$ 15,337,644	\$ -
BAN	Tornado and Storm Damage.....	1.00%	07/26/13	-	15,337,644	-	15,337,644
BAN	Union Station Redevelopment.....	1.25%	02/14/14	-	2,200,000	-	2,200,000
BAN	Landfill Closure.....	1.25%	02/14/14	-	1,000,000	-	1,000,000
				<u>\$ -</u>	<u>\$ 33,875,288</u>	<u>\$ 15,337,644</u>	<u>\$ 18,537,644</u>

On July 26, 2013 the City renewed BANS totaling \$15,337,644 that will mature on February 14, 2014 with an interest rate of 1%.

NOTE 9 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the City’s outstanding general obligation indebtedness at June 30, 2013, and the debt service requirements are as follows:

Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2012	Issued	Redeemed	Outstanding at June 30, 2013
State Qualified Bonds Dated August 1, 2001.....	2014	\$ 61,316,000	3.50 - 5.0	\$ 6,185,000	\$ -	\$ 3,015,000	\$ 3,170,000
Qualified Zone Academy Bonds Dated July 25, 2002.....	2017	7,014,000	1.28	2,500,000	-	500,000	2,000,000
State Qualified Refunding Bonds Dated February 15, 2003.....	2013	7,359,619	2.0 - 5.0	3,796,011	-	3,796,011	-
State Qualified Refunding Bonds Dated July 7, 2005.....	2020	98,274,000	3.0 - 5.25	68,770,000	-	10,005,000	58,765,000
State Qualified New Money Bonds Dated July 7, 2005.....	2024	49,236,000	3.0 - 5.25	36,844,999	-	28,840,000	8,004,999
State Qualified New Money Bonds Dated February 7, 2007.....	2027	53,605,000	4.5 - 5.75	40,025,000	-	4,265,000	35,760,000
State Qualified Refunding Bonds Dated February 7, 2007.....	2023	73,795,000	4.5 - 5.75	73,720,001	-	10,000	73,710,001
State Qualified New Money Bonds Dated April 15, 2009.....	2024	19,500,000	2.0 - 4.0	9,435,000	-	2,555,000	6,880,000
State Qualified General Obligation School Bonds Dated June 24, 2010.....	2027	17,864,000	6.00	17,864,000	-	-	17,864,000
August 1, 2001 MWPAT 91-59.....	2015	1,193,827	5.0 - 6.13	338,239	-	106,557	231,682
August 1, 2001 Phase 1 MWPAT 94-24.....	2015	2,988,254	5.0 - 6.13	846,642	-	266,722	579,920
State Qualified New Money Bonds Dated February 15, 2003.....	2013	68,300,000	2.0 - 5.0	138,986	-	138,986	-
Advance Refunding Bonds Dated December 12, 2012.....	2024	26,355,000	2.5 - 4.0	-	26,355,000	-	26,355,000
Total General Obligation Bonds.....				260,463,878	26,355,000	53,498,276	233,320,602
Unamortized Premiums on Bonds.....				5,345,878	-	2,164,515	3,181,363
Total Long Term Debt.....				<u>\$ 265,809,756</u>	<u>\$ 26,355,000</u>	<u>\$ 55,662,791</u>	<u>\$ 236,501,965</u>

The bonds outstanding at June 30, 2013 relate to the following projects:

Public education.....	\$	150,110,347
City-wide non-school buildings.....		54,931,261
Parks and recreation.....		10,935,838
Infrastructure.....		10,415,524
Equipment and other.....		<u>6,927,632</u>
 Total long-term debt outstanding.....	\$	<u><u>233,320,602</u></u>

Debt service requirements for principal and interest for Governmental bonds payable in future fiscal years are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014.....	\$ 28,024,556	\$ 10,920,824	\$ 38,945,380
2015.....	26,232,047	9,540,324	35,772,371
2016.....	25,154,997	8,221,158	33,376,155
2017.....	24,325,000	7,020,483	31,345,483
2018.....	20,010,000	5,943,858	25,953,858
2019.....	20,994,999	4,927,145	25,922,144
2020.....	17,635,000	3,967,908	21,602,908
2021.....	17,684,999	3,123,630	20,808,629
2022.....	15,009,999	2,370,052	17,380,051
2023.....	10,680,005	1,770,990	12,450,995
2024.....	4,055,000	1,422,871	5,477,871
2025.....	1,830,000	1,284,915	3,114,915
2026.....	1,885,000	1,201,327	3,086,327
2027.....	<u>19,799,000</u>	<u>1,115,377</u>	<u>20,914,377</u>
 Total.....	<u>\$ 233,320,602</u>	<u>\$ 62,830,862</u>	<u>\$ 296,151,464</u>

Qualified School Construction

On June 24, 2010, the City issued \$17,864,000 State Qualified General Obligation School Bonds at a 6.00% interest rate, maturing June 1, 2027 with mandatory sinking fund installments payable annually on December 1, 2010 through December 1, 2026. The Bonds were underwritten on a negotiated basis by Wells Fargo Securities. The Bonds were designated as Qualified School Construction Bonds under the provisions of the American Recovery and Reinvestment Act of 2009 (“ARRA”). The Bonds are federally taxable and will receive a cash subsidy from the United States Department of the Treasury of 5.41% of the interest payable on the Bonds, which is equal to the amount of the applicable tax credit rate established on the sale date of the Bonds.

On July 15, 2010, the City entered into an Investment Repurchase Agreement with Bayerische Landesbank wherein the City agreed to deposit \$776,911 annually on December 1, 2010 through December 1, 2026 into a sinking fund held by Wells Fargo Bank, National Association, acting as custodian and trustee for the agreement between the City and Bayerische Landesbank; the City’s annual deposit of \$776,911 will be invested by Bayerische Landesbank, and at termination of the agreement on June 1, 2027, \$17,864,000 will be made available to the City to retire the maturing Bonds. The City’s annual deposits are fully collateralized with either cash, obligations of the United States of America (i.e. treasury securities), Government National Mortgage Association securities (GNMAs), or Small Business Administration securities (SBAs); and the resulting fixed interest rate the City will earn over the life of the investment agreement is guaranteed at 3.42%. The use of the repurchase agreement reduced the City’s net borrowing cost to approximately 0.9509%. At June 30, 2013, the

Bond Sinking Fund has a balance of \$2,453,296 which is classified as a restricted asset in the City's debt service fund.

The interest subsidy received by the City amounted to approximately \$966,000 in Fiscal Year 2013. The City expects to receive future interest subsidies totaling approximately \$13.5 million over the life of the bonds.

School Building Assistance

The City has been approved to receive school construction assistance on various older school construction projects through the Massachusetts School Building Authority (MSBA). The MSBA provides resources for eligible construction costs and related debt interest and borrowing costs. During fiscal year 2013, approximately \$15.6 million of such assistance was received. Approximately \$79 million is expected to be received in future fiscal years. Of this amount, \$18 million represents reimbursement of long-term interest costs, and \$61 million represents reimbursement of approved construction costs. Accordingly, a \$61 million intergovernmental receivable and corresponding deferred revenue have been reported in governmental fund financial statements. The deferred revenue for the entire grant has been recognized as revenue in the conversion to the government-wide financial statements for prior fiscal years.

More recently, the MSBA offers a construction grant program which pays the City the State's share of approved school construction costs and therefore eliminates the need for the City to fund the State's share through long-term debt. In addition to the construction of the new Putnam High School, various on-going school projects are being funded by this grant program. The City has been approved for a grant of up to 90% or \$112,500,000 of eligible construction costs towards the new Putnam School and up to 80% or \$109,393,000 of eligible construction costs in conjunction with the new Green Repair agreement which consists of roof, exterior window, and exterior door replacement and associated work for 18 City schools, the Central High School Science Lab Renovation, the Dryden Memorial School renovation, construction of the new Elias Brookings school and the Forest Park Middle School renovation. During the fiscal year the City received \$48.4 million for these projects and has recorded a receivable of \$11.2 million as of June 30, 2013.

Advance Refunding and Defeased Bonds

In order to take advantage of favorable interest rates the City issued \$26,355,000 of general obligation state qualified refunding bonds. \$26,435,000 of general obligation bonds were defeased by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in the basic financial statements. The City has decreased its aggregate debt service by \$2,501,710 and resulted in an economic gain of \$2,365,548. At June 30, 2013, \$26,435,000 of governmental bonds outstanding from the advance refunding are considered defeased.

Authorized and Unissued Debt

The City is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2013, the City has \$100.6 million of authorized and unissued debt for various City-wide projects.

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2013, the following changes occurred in long-term liabilities:

	Balance June 30, 2012	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Balance June 30, 2013	Current Amount Due
<u>Governmental Activities:</u>							
Long-Term Bonds Payable.....	\$ 260,463,878	\$ 26,355,000	\$ (53,498,276)	\$ -	\$ -	\$ 233,320,602	\$ 28,024,556
Capital Lease Obligations.....	2,273,361	-	-	-	(1,030,347)	1,243,014	473,716
Unamortized Bond Premium.....	5,345,878	-	(2,164,515)	-	-	3,181,363	576,523
Compensated Absences.....	17,091,476	-	-	7,024,960	(6,041,630)	18,074,806	6,711,942
Workers' Compensation.....	3,360,000	-	-	2,065,000	(1,008,000)	4,417,000	1,325,000
Due to Granting Agencies.....	8,006,000	-	-	2,535,000	(630,000)	9,911,000	3,122,000
Landfill Closure.....	7,250,000	-	-	-	(750,000)	6,500,000	750,000
Other Postemployment Benefits.....	136,549,745	-	-	68,898,233	(31,075,568)	174,372,410	-
Total governmental activity							
long-term liabilities.....	<u>440,340,338</u>	<u>26,355,000</u>	<u>(55,662,791)</u>	<u>80,523,193</u>	<u>\$ (40,535,545)</u>	<u>451,020,195</u>	<u>40,983,737</u>
<u>Business-Type Activities:</u>							
Capital Lease Obligations.....	1,544,271	-	-	-	(648,834)	895,437	317,187
Other Postemployment Benefits.....	424,621	-	-	214,248	(96,634)	542,235	-
Total business-type activity							
long-term liabilities.....	<u>1,968,892</u>	<u>-</u>	<u>-</u>	<u>214,248</u>	<u>(745,468)</u>	<u>1,437,672</u>	<u>317,187</u>
Total.....	<u>\$ 442,309,230</u>	<u>\$ 26,355,000</u>	<u>\$ (55,662,791)</u>	<u>\$ 80,737,441</u>	<u>\$ (41,281,013)</u>	<u>\$ 452,457,867</u>	<u>\$ 41,300,924</u>

The governmental activities liabilities will be liquidated by the general fund. The business-type liabilities will be liquidated by the enterprise fund reporting the liability, namely the Trash fund.

NOTE 10 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The City has adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the City’s financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The City has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The City’s highest level of decision making is made by the Mayor and the City Council.
- **Assigned:** fund balances that contain self-imposed constraints of the government to be used for a particular purpose.

- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

Massachusetts General Law Ch.40 Section 5B allows for the establishment of Stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body.

In accordance with GASB 54, the stabilization funds have been reported in the general fund. At fiscal year end the balance of the General Stabilization Funds is \$36.7 million and is reported as unassigned fund balance within the General Fund.

The City has classified its fund balances with the following hierarchy:

	Governmental Funds				
	General	Snow Storm	Tornado Relief	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances					
Restricted for:					
Utility/Telephone.....	\$ -	\$ -	\$ -	708,418	\$ 708,418
Receipts reserved.....	-	-	-	1,295,020	1,295,020
School Lunch.....	-	-	-	288,974	288,974
Highway Improvements.....	-	-	-	-	-
Revolving Funds.....	-	-	-	2,918,268	2,918,268
Federal Grants School.....	-	-	-	399,820	399,820
Federal Grants City.....	-	-	-	1,344,843	1,344,843
State Grants School.....	-	-	-	4,273,031	4,273,031
State Grants City.....	-	-	-	1,228,365	1,228,365
Debt Service Reserve.....	-	-	-	2,139,154	2,139,154
Other Special Revenue Funds.....	-	-	-	3,858,215	3,858,215
Bond Sinking Fund.....	-	-	-	2,453,296	2,453,296
School Capital Projects.....	-	-	-	3,285,527	3,285,527
Public Buildings Capital Projects.....	-	-	-	794,537	794,537
Parks Capital Projects.....	-	-	-	120,306	120,306
Equipment Capital Projects.....	-	-	-	2,493,740	2,493,740
Public Works Capital Projects.....	-	-	-	1,621,649	1,621,649
Other Capital Project Funds.....	-	-	-	377,992	377,992
Promise Fund.....	-	-	-	7,403,826	7,403,826
Expendable Governmental Trusts.....	-	-	-	2,087,693	2,087,693
Education.....	34,700,726	-	-	-	34,700,726
MGL Chapter 656.....	5,785,837	-	-	-	5,785,837
Assigned to:					
Encumbrances:					
General government.....	1,275,073	-	-	-	1,275,073
Public safety.....	525,387	-	-	-	525,387
Public works.....	174,591	-	-	-	174,591
Human services.....	3,590	-	-	-	3,590
Culture and recreation.....	245,197	-	-	-	245,197
Employee fringe benefits.....	50,000	-	-	-	50,000
Unassigned.....	55,190,530	(6,968,698)	(709,599)	(9,572,217)	37,940,016
Total Fund Balances.....	\$ 97,950,931	\$ (6,968,698)	\$ (709,599)	\$ 29,520,457	\$ 119,793,091

NOTE 11 – LANDFILL CLOSURE AND POSTCLOSURE CARE

State and Federal laws and regulations require the City to construct a final capping system on the Bondi’s Island and Armory Street landfill sites as they stop accepting waste, and to perform certain maintenance and monitoring functions postclosure. The City closed the Armory Street landfill in 2010 and is currently implementing a post-closure monitoring plan. The Bondi’s Island site is partially closed and is currently just accepting ash deposits and it is expected to be closed within 10 years. The City is developing plans for its closure and postclosure monitoring. To date, the City has expended approximately \$6.8 million for both sites and has recorded an estimated \$6.5 million liability for capping at Bondi’s Island and postclosure maintenance and monitoring functions at both sites. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

NOTE 12 – RISK FINANCING

The City is self-insured in most areas of risk including general liability, property, casualty, workers’ compensation, unemployment, and certain employee health care claims. The City’s legal liabilities are capped per M.G.L. Chapter 258 which limits the liability to a maximum of \$100,000 per claim in all matters except actions relating to federal/civil rights, eminent domain, and breach of contract.

The City established a Self-Insured Stabilization fund to set aside amounts to be used by the law department to settle certain claims and judgments issues as they arise.

The City is self-insured for its dental and eye care insurance, workers’ compensation insurance, and unemployment insurance activities. In January 2007, the City began purchasing fully insured health insurance through the Commonwealth’s Group Insurance Commission (GIC). These fully insured health insurance activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when the liability is incurred. The City contracts out the administration of the dental and eye care and the workers’ compensation activities. The unemployment claims are administered by the City. Claims are funded on a pay-as-you-go basis from annual appropriations.

Liabilities are reported when it’s probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many factors. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims settlement trends and other economic and social factors.

(a) *Dental and Eye Care Insurance*

The estimate of Incurred But Not Reported (IBNR) claims based on an estimate of claims incurred but unpaid at year end. At June 30, 2013, the liability for dental and eye care insurance claims totaled approximately \$120,000. This liability is the best estimate based on available information. Changes in the reported liability since July 1, 2011, are as follows:

	Balance at Beginning of Fiscal Year		Current Year Claims and Changes in Estimate		Claim Payments		Balance at Fiscal Year-End Currently Due
Fiscal Year 2012.....	\$ 112,703	\$	2,995,390	\$	(2,996,976)	\$	111,117
Fiscal Year 2013.....	111,117		3,018,176		(3,009,478)		119,815

(b) *Workers' Compensation*

The estimated future workers' compensation liability is based on history and injury type. At June 30, 2013, the amount of the estimated liability for workers' compensation claims totaled approximately \$4.1 million. Changes in the reported liability since July 1, 2011 are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claim Payments	Balance at Fiscal Year-End	Current Portion
Fiscal Year 2012.....	\$ 3,465,000	\$ 3,546,657	\$ (3,651,657)	\$ 3,360,000	\$ 1,039,000
Fiscal Year 2013.....	3,360,000	5,128,732	(4,071,732)	4,417,000	1,325,000

The liability for unemployment claims at June 30, 2013 is based on known claims reported to the Massachusetts Division of Unemployment Assistance and the future liability at fiscal year end was estimated to be approximately \$899,000.

NOTE 13 – PENSION PLAN

Plan Description - The City contributes to the System, a multi-employer cost-sharing defined benefit pension plan administered by the Springfield Contributory Retirement System (System). Substantially all employees are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the City does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$50,523,000 for the fiscal year ended June 30, 2013, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the System and are borne by the System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System located at 70 Tapley Street, Springfield, MA 01104.

At December 31, 2012, the System's membership consists of the following:

Active members.....	3,346
Inactive members.....	705
Disabled members.....	454
Retirees and beneficiaries currently receiving benefits.....	<u>2,362</u>
Total.....	<u><u>6,867</u></u>

Funding Policy - Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The City is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. Chapter 32 of the MGL governs the contributions of plan members and the City.

Annual Pension Cost - The City contributions to the System for the fiscal years ended June 30, 2013, 2012, and 2011 were \$35,602,402, \$34,338,265, and \$32,253,937, respectively, which equaled its required contribution for each fiscal year. At June 30, 2013, the City did not have a net pension obligation. The required contribution was determined as part of the January 1, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included an 8.125% investment rate of return and a 4% rate of salary increases and inflation per year. The actuarial value of the System's assets was determined using an actuarial smoothing technique yielding 112.2% of the fair value of the assets. The System's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at January 1, 2013, was 24 years with payments increasing at 4% per year.

**Schedule of Funding Progress
(Dollar amounts in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/12	\$ 267,807	\$ 924,997	\$ 657,190	29.0%	\$ 134,750	487.7%
1/1/10	278,377	799,916	521,539	34.8%	124,130	420.2%
1/1/08	296,522	699,026	402,504	42.4%	126,478	318.2%
1/1/05	276,286	649,023	372,737	42.6%	115,383	323.0%
1/1/04	291,017	615,605	324,588	47.3%	109,937	295.2%
1/1/03	266,402	573,138	306,736	46.5%	113,848	269.4%
1/1/02	268,001	570,958	302,957	46.9%	137,353	220.6%
1/1/01	291,264	539,502	248,238	54.0%	131,363	189.0%

NOTE 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description - The City maintains a single employer defined benefit healthcare plan. The plan provides lifetime medical, dental, and vision benefits for eligible retirees and their spouses. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the Plan. The plan provides the benefits by participating in the Commonwealth of Massachusetts' Group Insurance Commission (GIC). Medical, prescription drugs, dental and vision benefits are provided to all eligible retirees through a variety of plans offered by the GIC. Benefit provisions are negotiated between the City and the unions representing City employees and are renegotiated each bargaining period.

At June 30, 2012, the Plan's membership consisted of the following:

Current retirees, beneficiaries, and dependents.....	5,493
Current active members.....	<u>4,091</u>
Total.....	<u><u>9,584</u></u>

Funding Policy - Contributions requirements are also negotiated between the City and union representatives. Retired plan members and beneficiaries currently receiving benefits are required to contribute 25% of the cost of benefits provided depending on the plan they choose. There is also a relatively small group of retirees that are required to contribute between 13% and 25% up to the year 2016. The City is required to contribute the balance of the current premiums and may contribute additional amounts to pre-fund benefits. The City contributed approximately \$31 million during fiscal year 2013 towards these benefits. Administrative costs of the Plan are assumed to be included in the fully insured premium rates.

Annual OPEB Costs and Net OPEB Obligation - The City's annual other postemployment benefit (OPEB) cost/expense is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the City's annual OPEB cost for the 2013 fiscal year, the estimated amount actually contributed to the plan, and changes in the City's net OPEB obligations are summarized in the following table:

Annual required contribution.....	\$ 68,344,937
Interest on net OPEB obligation.....	4,794,103
Adjustments to annual required contribution.....	<u>(4,026,559)</u>
Annual OPEB cost/expense.....	69,112,481
Contributions made.....	<u>(31,172,202)</u>
Increase in net OPEB obligation.....	37,940,279
Net OPEB obligation - beginning of year.....	<u>136,974,366</u>
Net OPEB obligation - end of year.....	<u><u>\$ 174,914,645</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 69,112,481	45.1%	\$ 174,914,645
6/30/2012	65,849,600	43.6%	136,974,366
6/30/2011	53,146,532	42.3%	99,854,906

Funded Status and Funding Progress - The funded status of the Plan as of the most recent actuarial valuation date, June 30, 2012, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/2012	\$ -	\$ 1,029,275,845	\$ 1,029,275,845	0.00%	\$ 253,791,624	405.56%

Actual valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following additional information is provided as of the latest actuarial valuation:

Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Amortization payments increasing at 4.50%
Remaining amortization period.....	30 years as of July 1, 2012, open
Actuarial Assumptions:	
Investment rate of return.....	3.50%, pay-as-you-go scenario
Inflation rate.....	4.5%
Projected salary increases.....	4.5%
Medical/drug cost trend rate.....	8.0% decreasing by 0.5% for 6 years to an ultimate level of 5.0% per year

NOTE 15 – COMMITMENTS*Museum Services Agreement*

With the approval of Special Legislation (Chapter 54 of the Acts of 2008) in March of 2008, the City entered into an agreement with the Springfield Museums Association (SMA) where the City has agreed to pay SMA \$1,320,000 per year for a minimum of 25 years. SMA has agreed to provide certain museum services to residents and visitors of the City and to transfer its branch libraries and their contents to the City under individual lease agreements. The 4 branch libraries and their respective contents are being leased to the City for the same 25 year term for the sum of \$1 each per year. The City can extend this agreement with successive 5 year options at terms to be mutually agreed upon.

Waste Services Agreement

In August 1998, the City of Springfield and 6 other communities entered into nearly identical “Service Agreements” with what is now eco/Springfield, LLC, a company that owns and operates a 240 ton per day waste-to-energy facility located on Bondi’s Island, Agawam, Massachusetts. Under the Service Agreement, the City has agreed to deliver for disposal at the facility, in each year for a period of 25 years, specified quantities of solid waste and to pay a specified monthly service fee. The City’s obligation to pay the monthly service fee is absolute and unconditional and is payable whether or not it receives solid waste disposal services from the facility. For the fiscal year ending June 30, 2013, the City’s costs under the Service Agreement were approximately \$3.3 million.

The City is committed to completing various projects throughout the City which will be funded with long-term debt totaling approximately \$100.6 million.

NOTE 16 – CONTINGENCIES*Litigation*

Various lawsuits, claims and proceedings have been or may be instituted or asserted against the City of Springfield, including those pertaining to potential negligent supervision in the schools, use of excessive force by police officers, motor vehicle accidents, eminent domain cases, premise liability cases, civil rights/discrimination cases, and labor and employment case matters. While the amounts claimed may be substantial, the ultimate liability cannot be determined because of the considerable uncertainties that exist. Therefore, it is possible that there could be material negative outcomes affected by certain contingencies existing as of June 30, 2013. However, management believes that the disposition of matters that are pending or asserted will not have a materially adverse effect on the financial statements.

Federal Grants

The City participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2013, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2013, the following GASB pronouncements were implemented:

- The GASB issued Statement #60, *Accounting and Financial Reporting for Service Concession Arrangements*. The implementation of this pronouncement did not impact the basic financial statements.
- The GASB issued Statement #61, *The Financial Reporting Entity: Omnibus*. The implementation of this pronouncement did not impact the basic financial statements.
- The GASB issued Statement #63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Financial statement changes include net assets changing to net position and invested in capital assets, net of related debt changing to net investment in capital assets. Notes to the basic financial statements were changed to provide additional disclosure on deferred outflows of resources and deferred inflows of resources.
- The GASB issued Statement #66, *Technical Corrections – 2012, an amendment of GASB Statements No. 10 and No. 62*. The implementation of this pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in future fiscal years:

- The GASB issued Statement #65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented in fiscal year 2014.
- The GASB issued Statement #67, *Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*, which is required to be implemented in fiscal year 2014.
- The GASB issued Statement #68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, which is required to be implemented in fiscal year 2015.
- The GASB issued Statement #69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented in fiscal year 2015.
- The GASB issued Statement #70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which is required to be implemented in fiscal year 2014.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

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Required Supplementary Information

General Fund Budgetary Comparison Schedule

The General Fund is the general operating fund of the City. It is used to account for the entire City's financial resources, except those required to be accounted for in another fund.

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 158,510,334	\$ 158,510,334	\$ 162,131,310	\$ -	\$ 3,620,976
Tax liens.....	-	-	3,098,323	-	3,098,323
Motor vehicle and other excise taxes.....	8,500,000	8,500,000	8,817,723	-	317,723
Hotel/motel tax.....	1,065,000	1,065,000	889,971	-	(175,029)
Local meals tax.....	1,600,000	1,600,000	1,623,553	-	23,553
Charges for services.....	446,411	646,411	522,102	-	(124,309)
Penalties and interest on taxes.....	1,690,000	1,690,000	1,818,809	-	128,809
Payments in lieu of taxes.....	4,012,200	4,012,200	3,975,168	-	(37,032)
Licenses and permits.....	4,260,040	4,260,040	4,307,698	-	47,658
Fines and forfeitures.....	6,254,796	6,254,796	6,299,722	-	44,926
Intergovernmental.....	341,130,679	341,130,679	341,436,390	-	305,711
Departmental and other.....	9,407,774	10,167,487	9,871,679	-	(295,808)
Investment income.....	479,108	479,108	283,802	-	(195,306)
TOTAL REVENUES.....	537,356,342	538,316,055	545,076,250	-	6,760,195
EXPENDITURES:					
Current:					
GENERAL GOVERNMENT					
City Council					
Personal Services.....	334,979	347,479	345,220	-	2,259
Expenditures.....	11,238	11,738	11,050	479	209
Total City Council	346,217	359,217	356,270	479	2,468
Mayor					
Personal Services.....	422,911	428,411	428,206	-	205
Expenditures.....	14,383	8,883	5,247	-	3,636
Total Mayor.....	437,294	437,294	433,453	-	3,841
Finance					
Personal Services.....	472,296	390,901	388,956	-	1,945
Expenditures.....	25,758	25,312	18,675	285	6,352
Total Finance.....	498,054	416,213	407,631	285	8,297
Department of Administration and Finance					
Personal Services.....	204,061	204,061	163,820	-	40,241
Expenditures.....	25,964	25,891	10,671	92	15,128
Total Department of Administration and Finance.....	230,025	229,952	174,491	92	55,369
311 Call Center					
Personal Services.....	289,735	289,735	276,065	-	13,670
Expenditures.....	53,850	53,850	50,908	-	2,942
Capital.....	1,279	1,200	1,042	-	158
Total CITISTAT.....	344,864	344,785	328,015	-	16,770
Comptroller					
Personal Services.....	580,615	570,815	570,517	-	298
Expenditures.....	131,993	138,749	113,572	-	25,177
Total Comptroller.....	712,608	709,564	684,089	-	25,475
Internal Audit					
Personal Services.....	156,816	86,022	85,950	-	72
Expenditures.....	242,622	156,816	111,815	33,975	11,026
Total Internal Audit.....	399,438	242,838	197,765	33,975	11,098
Office of Procurement					
Personal Services.....	317,494	324,519	317,434	-	7,085
Expenditures.....	109,850	105,055	79,836	6,629	18,590
Total Office of Procurement.....	427,344	429,574	397,270	6,629	25,675
Board of Assessors					
Personal Services.....	573,696	552,696	546,395	-	6,301
Expenditures.....	186,083	223,074	110,397	106,348	6,329
Total Board of Assessors.....	759,779	775,770	656,792	106,348	12,630

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Treasurer					
Personal Services.....	435,929	386,459	385,237	-	1,222
Expenditures.....	1,509,838	1,717,942	1,555,334	10,704	151,904
Total Treasurer.....	1,945,767	2,104,401	1,940,571	10,704	153,126
Collector					
Personal Services.....	300,316	300,316	299,869	-	447
Expenditures.....	119,452	119,452	105,938	-	13,514
Total Collector.....	419,768	419,768	405,807	-	13,961
Law					
Personal Services.....	713,145	715,345	711,550	-	3,795
Expenditures.....	594,020	1,242,324	1,090,355	10,055	141,914
Total Law.....	1,307,165	1,957,669	1,801,905	10,055	145,709
Department of Humans Resources & Labor Relations					
Personal Services.....	776,545	727,637	727,637	-	-
Expenditures.....	633,723	579,389	474,036	76,846	28,507
Total Department of Humans Resources & Labor Relations.....	1,410,268	1,307,026	1,201,673	76,846	28,507
Medical & Dental					
Expenditures.....	1,000,000	1,180,000	1,175,983	-	4,017
Payroll					
Expenditures.....	111,794	111,794	5,707	270	105,817
Information Technology					
Personal Services.....	962,706	927,706	924,717	-	2,989
Expenditures.....	1,860,968	1,850,032	1,784,101	55,445	10,486
Capital.....	128,567	110,015	93,785	4,128	12,102
Total Information Technology.....	2,952,241	2,887,753	2,802,603	59,573	25,577
City Clerk					
Personal Services.....	435,713	457,713	453,484	-	4,229
Expenditures.....	43,700	55,318	42,678	5,097	7,543
Total City Clerk.....	479,413	513,031	496,162	5,097	11,772
Board of Election Commission					
Personal Services.....	378,983	591,751	536,430	-	55,321
Expenditures.....	100,939	246,939	156,805	39,688	50,446
Total Board of Election Commission.....	479,922	838,690	693,235	39,688	105,767
Planning					
Personal Services.....	848,801	848,801	837,609	-	11,192
Expenditures.....	449,193	441,048	399,550	22,223	19,275
Total Planning.....	1,297,994	1,289,849	1,237,159	22,223	30,467
Facilities Management					
Personal Services.....	1,079,430	1,053,519	1,047,166	-	6,353
Expenditures.....	2,954,430	2,790,182	2,554,705	152,482	82,995
Total Facilities Management.....	4,033,860	3,843,701	3,601,871	152,482	89,348
Capital Asset Construction					
Personal Services.....	150,498	114,933	114,933	-	-
Expenditures.....	361,433	274,928	165,952	95,594	13,382
Total Capital Asset Construction.....	511,931	389,861	280,885	95,594	13,382
Provisions for Uncompensated Absences					
Expenditures.....	572,915	572,915	-	-	572,915

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Reserve for Contingencies					
Expenditures.....	300,000	21,910	-	-	21,910
Parking Contract					
Expenditures.....	1,753,733	1,667,353	1,293,885	175,000	198,468
Pay-As-You-Go Capital					
Capital.....	3,764,587	3,600,408	3,032,658	479,733	88,017
TOTAL GENERAL GOVERNMENT.....	26,496,981	26,651,336	23,605,880	1,275,073	1,770,383
PUBLIC SAFETY					
Police					
Personal Services.....	32,983,586	34,031,600	33,671,296	-	360,304
Expenditures.....	2,276,335	2,727,612	2,308,932	302,572	116,108
Capital.....	16,193	31,193	22,434	-	8,759
Total Police.....	35,276,114	36,790,405	36,002,662	302,572	485,171
Fire					
Personal Services.....	17,614,422	17,614,422	17,482,983	-	131,439
Expenditures.....	1,571,698	1,546,823	1,352,362	108,015	86,446
Capital.....	7,112	7,112	4,741	-	2,371
Total Fire.....	19,193,232	19,168,357	18,840,086	108,015	220,256
Building - Code Enforcement					
Personal Services.....	1,310,300	1,303,000	1,275,417	-	27,583
Expenditures.....	50,850	56,815	53,401	-	3,414
Total Building - Code Enforcement.....	1,361,150	1,359,815	1,328,818	-	30,997
Housing - Code Enforcement					
Personal Services.....	475,953	480,253	478,441	-	1,812
Expenditures.....	159,455	150,300	113,513	26,817	9,970
Total Housing - Code Enforcement.....	635,408	630,553	591,954	26,817	11,782
Centralized Dispatch					
Personal Services.....	1,291,165	1,291,165	1,039,413	-	251,752
Expenditures.....	100,377	89,112	57,705	-	31,407
Capital.....	5,000	5,000	709	-	4,291
Total Centralized Dispatch.....	1,396,542	1,385,277	1,097,827	-	287,450
Animal Control					
Personal Services.....	373,382	357,382	353,131	-	4,251
Expenditures.....	814,901	858,579	729,869	87,983	40,727
Total Animal Control.....	1,188,283	1,215,961	1,083,000	87,983	44,978
TOTAL PUBLIC SAFETY.....	59,050,729	60,550,368	58,944,347	525,387	1,080,634
EDUCATION					
School Department.....	369,590,443	371,468,503	339,149,165	30,665,299	1,654,039
PUBLIC WORKS					
Personal Services.....	3,347,478	3,336,532	3,235,409	-	101,123
Expenditures.....	7,018,779	6,968,433	6,703,111	174,591	90,731
TOTAL PUBLIC WORKS.....	10,366,257	10,304,965	9,938,520	174,591	191,854
HEALTH & HUMAN SERVICES					
Health & Human Services					
Personal Services.....	1,140,868	1,105,868	1,089,263	-	16,605
Expenditures.....	221,495	217,149	202,857	2,516	11,776
Total Health & Human Services.....	1,362,363	1,323,017	1,292,120	2,516	28,381

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Department of Elder Affairs					
Personal Services.....	282,838	282,838	282,446	-	392
Expenditures.....	15,678	15,678	14,364	991	323
Total Department of Elder Affairs.....	298,516	298,516	296,810	991	715
Veterans Services					
Personal Services.....	226,973	216,973	214,620	-	2,353
Expenditures.....	2,924,770	3,374,677	3,289,222	83	85,372
Veterans Services.....	3,151,743	3,591,650	3,503,842	83	87,725
TOTAL HEALTH & HUMAN SERVICES.....	4,812,622	5,213,183	5,092,772	3,590	116,821
CULTURE & RECREATION					
Library					
Personal Services.....	2,155,059	2,305,059	2,305,059	-	-
Expenditures.....	1,377,214	1,427,214	1,297,606	600	129,008
Capital.....	40,000	40,000	39,544	-	456
Total Library.....	3,572,273	3,772,273	3,642,209	600	129,464
Museum					
Expenditures.....	1,320,000	1,320,000	1,320,000	-	-
Parks					
Personal Services.....	3,842,673	3,697,689	3,516,041	-	181,648
Expenditures.....	4,082,992	4,152,709	3,968,384	173,229	11,096
Capital.....	-	90,000	18,090	71,368	542
Total Parks.....	7,925,665	7,940,398	7,502,515	244,597	193,286
TOTAL CULTURE & RECREATION.....	12,817,938	13,032,671	12,464,724	245,197	322,750
OTHER					
Debt Service.....	39,604,660	39,432,256	38,832,498	-	599,758
State Assessments					
Expenditures.....	3,019,823	2,838,885	2,917,105	-	(78,220)
Contribution Retirement Pension					
Expenditures.....	24,322,157	24,322,157	24,176,077	-	146,080
Non-Contributory Pensions					
Expenditures.....	300,000	300,000	297,964	-	2,036
Unemployment					
Expenditures.....	450,819	378,069	163,897	50,000	164,172
Workers Compensation					
Expenditures.....	935,069	655,069	509,221	-	145,848
Health Insurance - Non School					
Expenditures.....	23,947,772	23,402,072	22,288,970	-	1,113,102
TOTAL EXPENDITURES.....	575,715,270	578,549,534	538,381,140	32,939,137	7,229,257
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(38,358,928)	(40,233,479)	6,695,110	(32,939,137)	13,989,452
OTHER FINANCING SOURCES (USES):					
Sale of capital assets.....	1,000,000	1,000,000	1,000,000	-	-
Transfers in.....	8,420,000	10,610,000	10,833,427	-	223,427
Transfers out.....	(5,716,974)	(12,325,779)	(12,325,779)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	3,703,026	(715,779)	(492,352)	-	223,427
NET CHANGE IN FUND BALANCE.....	(34,655,902)	(40,949,258)	6,202,758	(32,939,137)	14,212,879
BUDGETARY FUND BALANCE, Beginning of year.....	70,818,021	70,818,021	70,818,021	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 36,162,119	\$ 29,868,763	\$ 77,020,779	\$ (32,939,137)	\$ 14,212,879

See notes to required supplementary information.

(Concluded)

Retirement System Schedules of Funding Progress and Employer Contributions

The Retirement System Schedule of Funding Progress presents multiyear trend information about whether the actuarial value of planned assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The Retirement System Schedule of Employer Contributions presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the City is one participating employer, as well as the City's proportionate share of the plan's annual contributions.

**SPRINGFIELD CONTRIBUTORY RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/12	\$ 267,806,693	\$ 924,996,962	\$ 657,190,269	29.0%	\$ 134,749,530	487.7%
1/1/10	278,377,005	799,915,756	521,538,751	34.8%	124,129,569	420.2%
1/1/08	296,522,245	699,026,798	402,504,553	42.4%	126,478,597	318.2%
1/1/05	276,286,563	649,023,965	372,737,402	42.6%	115,383,642	323.0%
1/1/04	291,017,758	615,605,168	324,587,410	47.3%	109,937,408	295.2%
1/1/03	266,402,470	573,138,293	306,735,823	46.5%	113,848,147	269.4%
1/1/02	268,001,414	570,958,349	302,956,935	46.9%	137,353,027	220.6%
1/1/01	291,264,389	539,502,444	248,238,055	54.0%	131,363,563	189.0%

The City's share of the UAAL as of January 1, 2012 is approximately \$573 million.

See notes to required supplementary information.

**SPRINGFIELD CONTRIBUTORY RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>System-Wide</u>				<u>City of Springfield</u>	
<u>Fiscal Year Ended June 30,</u>	<u>Annual Required Contributions</u>	<u>(A) Actual Contributions</u>	<u>Percentage Contributed</u>	<u>(B) Actual Contributions</u>	<u>(B/A) City's Percentage of System-Wide Actual Contributions</u>
2013	\$ 40,824,977	\$ 40,824,977	100%	\$ 35,602,402	87.21%
2012	39,380,319	39,380,319	100%	34,338,265	87.20%
2011	35,984,472	35,984,472	100%	32,253,937	89.63%
2010	34,785,581	34,785,581	100%	31,039,501	89.23%
2009	31,709,642	31,709,642	100%	28,597,332	90.18%
2008	30,788,044	30,788,044	100%	27,018,766	87.76%
2007	26,367,000	26,367,000	100%	23,657,210	89.72%
2006	25,400,000	25,400,000	100%	23,123,004	91.04%

The City's actual contributions equaled 100% of its required contributions for each year presented.

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

The Schedule of Funding Progress compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of Employer Contributions compares, over time, the Annual Required Contributions to the Actual Contributions made.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/2012	\$ -	\$ 1,029,275,845	\$ 1,029,275,845	0.00%	\$ 253,791,624	405.56%
6/30/2010	-	854,411,443	854,411,443	0.00%	250,719,136	340.78%
6/30/2008	-	761,576,067	761,576,067	0.00%	299,998,526	253.86%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution (ARC)	Actual Contributions Made	Percentage of the ARC Contributed
2012	\$ 68,344,937	\$ 31,172,202	45.6%
2011	52,758,767	22,491,469	42.6%
2010	50,553,704	20,932,337	41.4%
2009	43,518,685	25,004,396	57.5%
2008	41,830,041	21,023,075	50.3%

The City implemented GASB Statement No. 45 for the fiscal year ended June 30, 2008.

See notes to required supplementary information.

**OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS**

Actuarial Methods:

Valuation date.....	June 30, 2012
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Amortization payments increasing at 4.50%
Remaining amortization period.....	30 years as of July 1, 2012, open
Actuarial Assumptions:	
Investment rate of return.....	3.50%, pay-as-you-go scenario
Inflation rate.....	4.5%
Projected salary increases.....	4.5%
Medical/drug cost trend rate.....	8.0% decreasing by 0.5% for 6 years to an ultimate level of 5.0% per year

Plan Membership:

Current retirees, beneficiaries, and dependents.....	5,493
Current active members.....	<u>4,091</u>
Total.....	<u><u>9,584</u></u>

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by the Mayor and the City Council (the “Council”). The Mayor presents an annual budget to the Council, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses.

Supplementary appropriations are made upon recommendation of the Mayor and approval of the Council.

The majority of the City’s appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. These carry forwards are included as part of the subsequent fiscal year’s original budget.

Generally, expenditures may not exceed the legal level of spending authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of the Council and written approval from the Massachusetts Department of Revenue.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2013 approved budget authorized approximately \$581.4 million in appropriations and other amounts to be raised. The City Comptroller’s office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2013, is presented below:

Net change in fund balance - budgetary basis.....	\$ 6,202,758
<u>Basis of accounting differences:</u>	
Increase in revenues due to on-behalf payments.....	50,523,382
Increase in expenditures due to on-behalf payments.....	(50,523,382)
Net change in recording 60 day receipts and other accrued revenues.....	(219,595)
Net change in recording other accrued expenses.....	169,031
Net change in recording tax refunds payable.....	(2,354,071)
<u>Perspective difference:</u>	
Activity of the stabilization funds recorded in the general fund for GAAP.....	<u>(4,127,775)</u>
Net change in fund balance - GAAP basis.....	<u><u>\$ (329,652)</u></u>

C. Appropriation Deficits

During fiscal year 2013, expenditures exceeded budgeted appropriations for state assessments. This is based on state assessments which are not required to be raised.

NOTE B – PENSION PLAN

The City contributes to the System, a cost-sharing, multiple-employer defined benefit pension plan (Plan) administered by the Springfield Contributory Retirement Board. The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The City is required to pay into the System its share of the system-wide actuarially determined contribution which is apportioned among the employers based on active covered payroll.

The schedule of funding progress, presented as required supplementary information presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Additionally, the schedule of employer contributions, presented as required supplementary information, presents multi-year trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the City is one participating employer, as well as the City's proportionate share of the plan's annual contributions. This information is designed to be helpful for understanding the scale of the information presented relative to the City.

The following actuarial methods and assumptions were used in the Retirement System's most recent actuarial valuation:

Actuarial Methods and Assumptions:

Valuation Date.....	January 1, 2012
Actuarial Cost Method.....	Entry Age Normal Cost Method
Amortization Method.....	Increasing at 4.00% per year through 2013, 5% 2014 - 2015, and 6% thereafter
Remaining Amortization Period.....	24 years remaining as of January 1, 2013
Asset Valuation Method.....	Market Value as reported by the Public Employees' Retirement Administration Commission (PERAC). The actuarial value is based on a 5 year smoothing of realized and unrealized earnings greater than or less than the expected return.
Investment Rate of Return.....	8.125%
Projected Salary Increases.....	4.00%
Cost of Living Adjustments.....	3.00% for the first \$12,000 of retirement income.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The City administers a single-employer defined benefit healthcare plan (“The Other Postemployment Benefit Plan”). The plan provides lifetime medical, dental, and vision benefits for eligible retirees and their spouses through the City’s participation in the Commonwealth of Massachusetts’ Group Insurance Commission (GIC), which covers both active and retired members.

The City currently finances its other postemployment benefits (OPEB) on a pay-as-you-go basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarially accrued liability) was zero. In accordance with Governmental Accounting Standards, the City has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of Employer Contributions presents multi-year trend information for required and actual contributions relating to the plan.

Projections for benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefits costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

Combining Statements

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenue sources that are restricted by law or administrative action to expenditures for specific purposes.

Utility/Telephone Fund – This fund accounts for the accumulation of funds used to offset the City’s utility and telephone expenses.

Receipts Reserved Fund – This fund accounts for specific receipts identified by the Commonwealth that are to be held until appropriated.

Tornado Relief Fund – This fund is used to account for the federal grants, state grants, and other revenues related to the clean-up from the natural disaster of June 1, 2011.

School Lunch Fund – This fund accounts for the school cafeteria activities and is funded by user fees and grants.

Highway Improvements Fund – This fund is used to account for roadway improvements for which expenditures are reimbursed 100% by the Commonwealth.

Revolving Fund – This fund accounts for self-supporting programs sponsored by the City.

Federal Grants School Fund – This fund is used to account for grant funds received from the federal government which are designated for specific school related programs.

Federal Grants City Fund – This fund is used to account for grant funds received from the federal government which are designated for specific non-school related programs.

State Grants School Fund – This fund is used to account for grant funds received from the Commonwealth which are designated for specific school related programs.

State Grants City Fund – This fund is used to account for grant funds received from the Commonwealth which are designated for specific non-school related programs.

Promise Fund – This fund is used to account for the accumulation of resources to provide Springfield students financial aid counseling for post-secondary education.

Expendable Governmental Trusts – This fund accounts for contributions where both principal and investment earnings may be spent to support the government.

Other – This fund accounts for all other legally established special revenues where the funds are spent on governmental purposes.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general obligation long-term debt principal and interest.

Bond Sinking Fund – This fund is used to account for the accumulation of funds for the future payment related to the City's state qualified general obligation school bonds.

Debt Service Reserve Fund – This fund is used to account for the accumulation of resources for the payment of general obligation long-term debt principal and interest.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for financial resources to be used for the acquisition, construction or improvement of major capital facilities and equipment (other than those financed by enterprise funds). Such resources are derived principally from proceeds of general obligation bonds and grants. The capital projects funds are grouped into the following categories:

Schools – This fund is used to account for the construction and renovation of various school buildings.

Public Buildings – This fund is used to account for the construction and renovation of various non-school buildings.

Parks – This fund is used to account for the acquisition, construction, and improvement of various city owned parks.

Equipment – This fund is used to account for the acquisition of capital equipment that is not funded by operating budgets.

Public Works – This fund is used to account for roadway, drainage and landfill improvements that are not funded by the Highway Improvements special revenue fund.

Other – This fund accounts for all other legally established capital projects where the funds are spent on governmental purposes.

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2013

	<i>Special Revenue Funds</i>				
	Utility/ Telephone	Receipts Reserved	School Lunch	Highway Improvements	Revolving
ASSETS					
Cash and cash equivalents.....	\$ 736,950	\$ 1,295,020	\$ 1,166,743	\$ -	\$ 3,461,945
Restricted cash and cash equivalents.....	-	-	-	-	-
Restricted cash and cash equivalents held by custodian.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	-	607,665
Intergovernmental.....	-	-	-	2,979,828	-
Loans.....	-	-	-	-	-
Due from other funds.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 736,950	\$ 1,295,020	\$ 1,166,743	\$ 2,979,828	\$ 4,069,610
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 26,254	\$ -	\$ 870,588	\$ 483,085	\$ 388,874
Accrued payroll.....	2,278	-	7,181	-	147,163
Due to granting agencies.....	-	-	-	-	-
Other liabilities.....	-	-	-	-	7,640
Deferred revenues.....	-	-	-	1,719,992	607,665
Due to other funds.....	-	-	-	776,751	-
Notes payable.....	-	-	-	-	-
TOTAL LIABILITIES.....	28,532	-	877,769	2,979,828	1,151,342
FUND BALANCES:					
Restricted.....	708,418	1,295,020	288,974	-	2,918,268
Unassigned.....	-	-	-	-	-
TOTAL FUND BALANCES.....	708,418	1,295,020	288,974	-	2,918,268
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 736,950	\$ 1,295,020	\$ 1,166,743	\$ 2,979,828	\$ 4,069,610

Special Revenue Funds

Federal Grants School	Federal Grants City	State Grants School	State Grants City	Promise Fund	Expendable Governmental Trusts	Other	Sub-total
\$ -	\$ 1,832,167	\$ -	\$ 1,034,940	\$ 7,403,826	\$ 2,143,973	\$ 450,704	\$ 19,526,268
-	2,538,263	-	-	-	-	-	2,538,263
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	607,665
644,802	289,546	-	843,054	-	-	-	4,757,230
-	6,948,562	-	-	-	-	-	6,948,562
3,106,531	-	5,133,685	-	-	-	7,397,575	15,637,791
<u>\$ 3,751,333</u>	<u>\$ 11,608,538</u>	<u>\$ 5,133,685</u>	<u>\$ 1,877,994</u>	<u>\$ 7,403,826</u>	<u>\$ 2,143,973</u>	<u>\$ 7,848,279</u>	<u>\$ 50,015,779</u>
\$ 1,418,710	\$ 151,476	\$ 794,156	\$ 614,352	\$ -	\$ 56,280	\$ 25,894	\$ 4,829,669
1,932,803	41,657	66,498	35,277	-	-	48,305	2,281,162
-	9,911,000	-	-	-	-	-	9,911,000
-	-	-	-	-	-	3,915,865	3,923,505
-	159,562	-	-	-	-	-	2,487,219
-	-	-	-	-	-	-	776,751
-	-	-	-	-	-	-	-
<u>3,351,513</u>	<u>10,263,695</u>	<u>860,654</u>	<u>649,629</u>	<u>-</u>	<u>56,280</u>	<u>3,990,064</u>	<u>24,209,306</u>
399,820	1,344,843	4,273,031	1,228,365	7,403,826	2,087,693	3,858,215	25,806,473
-	-	-	-	-	-	-	-
<u>399,820</u>	<u>1,344,843</u>	<u>4,273,031</u>	<u>1,228,365</u>	<u>7,403,826</u>	<u>2,087,693</u>	<u>3,858,215</u>	<u>25,806,473</u>
<u>\$ 3,751,333</u>	<u>\$ 11,608,538</u>	<u>\$ 5,133,685</u>	<u>\$ 1,877,994</u>	<u>\$ 7,403,826</u>	<u>\$ 2,143,973</u>	<u>\$ 7,848,279</u>	<u>\$ 50,015,779</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2013

	<u>Debt Service</u>			<u>Capital Projects</u>	
	Bond Sinking Fund	Debt Service Reserve	Sub-total	Schools	Public Buildings
ASSETS					
Cash and cash equivalents.....	\$ -	\$ 2,139,154	\$ 2,139,154	\$ -	\$ 909,759
Restricted cash and investments.....	-	-	-	-	-
Restricted cash and investments.....	2,453,296	-	2,453,296	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	-	-
Intergovernmental.....	-	-	-	11,427,325	-
Loans.....	-	-	-	-	-
Due from other funds.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 2,453,296	\$ 2,139,154	\$ 4,592,450	\$ 11,427,325	\$ 909,759
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ -	\$ -	\$ -	\$ 1,840,664	\$ 115,222
Accrued payroll.....	-	-	-	-	-
Due to granting agencies.....	-	-	-	-	-
Other liabilities.....	-	-	-	-	-
Deferred revenues.....	-	-	-	-	-
Due to other funds.....	-	-	-	15,637,791	-
Notes payable.....	-	-	-	-	-
TOTAL LIABILITIES.....	-	-	-	17,478,455	115,222
FUND BALANCES:					
Restricted.....	2,453,296	2,139,154	4,592,450	3,285,527	794,537
Unassigned.....	-	-	-	(9,336,657)	-
TOTAL FUND BALANCES.....	2,453,296	2,139,154	4,592,450	(6,051,130)	794,537
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 2,453,296	\$ 2,139,154	\$ 4,592,450	\$ 11,427,325	\$ 909,759

Capital Projects					Total
Parks	Equipment	Public Works	Other	Sub-total	Nonmajor Governmental Funds
\$ 120,306	\$ 2,596,694	\$ 3,912,256	\$ 377,992	\$ 7,917,007	\$ 29,582,429
-	-	-	-	-	2,538,263
-	-	-	-	-	2,453,296
-	-	-	-	-	607,665
-	-	-	-	11,427,325	16,184,555
-	-	-	-	-	6,948,562
-	-	776,751	-	776,751	16,414,542
<u>\$ 120,306</u>	<u>\$ 2,596,694</u>	<u>\$ 4,689,007</u>	<u>\$ 377,992</u>	<u>\$ 20,121,083</u>	<u>\$ 74,729,312</u>
\$ -	\$ 102,954	\$ 102,918	\$ -	\$ 2,161,758	\$ 6,991,427
-	-	-	-	-	2,281,162
-	-	-	-	-	9,911,000
-	-	-	-	-	3,923,505
-	-	-	-	-	2,487,219
-	-	-	-	15,637,791	16,414,542
-	-	3,200,000	-	3,200,000	3,200,000
-	102,954	3,302,918	-	20,999,549	45,208,855
120,306	2,493,740	1,621,649	377,992	8,693,751	39,092,674
-	-	(235,560)	-	(9,572,217)	(9,572,217)
<u>120,306</u>	<u>2,493,740</u>	<u>1,386,089</u>	<u>377,992</u>	<u>(878,466)</u>	<u>29,520,457</u>
<u>\$ 120,306</u>	<u>\$ 2,596,694</u>	<u>\$ 4,689,007</u>	<u>\$ 377,992</u>	<u>\$ 20,121,083</u>	<u>\$ 74,729,312</u>

(Concluded)

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2013

	<i>Special Revenue Funds</i>				
	Utility/ Telephone	Receipts Reserved	School Lunch	Highway Improvements	Revolving
REVENUES:					
Charges for services.....	\$ -	\$ -	\$ 1,316,732	\$ -	\$ 260,874
Fines and forfeitures.....	-	-	-	-	-
Intergovernmental.....	-	-	11,724,803	2,925,644	97,595
Departmental and other.....	-	-	-	-	5,599,755
Contributions.....	-	-	-	-	-
Investment income.....	-	-	1,335	163	237
TOTAL REVENUES.....	-	-	13,042,870	2,925,807	5,958,461
EXPENDITURES:					
Current:					
General government.....	12,156	-	-	-	-
Public safety.....	-	-	-	-	5,629,819
Education.....	-	-	14,819,725	-	1,948,675
Public works.....	-	-	-	3,907,103	46,858
Health and welfare.....	-	-	-	-	-
Culture and recreation.....	-	-	-	-	98,674
TOTAL EXPENDITURES.....	12,156	-	14,819,725	3,907,103	7,724,026
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(12,156)	-	(1,776,855)	(981,296)	(1,765,565)
OTHER FINANCING SOURCES (USES):					
Sale of capital assets.....	-	-	-	-	-
Transfers in.....	-	-	-	-	-
Transfers out.....	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	(12,156)	-	(1,776,855)	(981,296)	(1,765,565)
FUND BALANCES AT BEGINNING OF YEAR.....	720,574	1,295,020	2,065,829	981,296	4,683,833
FUND BALANCES AT END OF YEAR.....	\$ 708,418	\$ 1,295,020	\$ 288,974	\$ -	\$ 2,918,268

Special Revenue Funds

Federal Grants School	Federal Grants City	State Grants School	State Grants City	Promise Fund	Expendable Governmental Trusts	Other	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,008	\$ 1,681,614
-	-	-	-	-	-	18,650	18,650
47,584,592	13,138,792	4,853,533	9,041,710	-	-	-	89,366,669
-	62,853	-	7,500	-	-	188,003	5,858,111
-	-	-	(4,000)	-	415,552	937,077	1,348,629
-	1,259	-	60	47,484	119	-	50,657
<u>47,584,592</u>	<u>13,202,904</u>	<u>4,853,533</u>	<u>9,045,270</u>	<u>47,484</u>	<u>415,671</u>	<u>1,247,738</u>	<u>98,324,330</u>
-	9,602,033	-	2,082,987	-	-	233,392	11,930,568
-	470,880	-	3,191,766	-	-	104,966	9,397,431
50,663,511	17,681	8,109,708	-	414,018	-	553,568	76,526,886
-	-	-	-	-	-	1,996	3,955,957
-	3,307,937	-	2,032,156	-	-	20,567	5,360,660
-	186,966	-	3,002,192	-	353,737	415,271	4,056,840
<u>50,663,511</u>	<u>13,585,497</u>	<u>8,109,708</u>	<u>10,309,101</u>	<u>414,018</u>	<u>353,737</u>	<u>1,329,760</u>	<u>111,228,342</u>
<u>(3,078,919)</u>	<u>(382,593)</u>	<u>(3,256,175)</u>	<u>(1,263,831)</u>	<u>(366,534)</u>	<u>61,934</u>	<u>(82,022)</u>	<u>(12,904,012)</u>
-	-	-	-	-	100,000	-	100,000
-	127,653	-	124,915	-	-	4,985	257,553
-	(224,959)	-	-	-	-	-	(224,959)
-	(97,306)	-	124,915	-	100,000	4,985	132,594
<u>(3,078,919)</u>	<u>(479,899)</u>	<u>(3,256,175)</u>	<u>(1,138,916)</u>	<u>(366,534)</u>	<u>161,934</u>	<u>(77,037)</u>	<u>(12,771,418)</u>
<u>3,478,739</u>	<u>1,824,742</u>	<u>7,529,206</u>	<u>2,367,281</u>	<u>7,770,360</u>	<u>1,925,759</u>	<u>3,935,252</u>	<u>38,577,891</u>
<u>\$ 399,820</u>	<u>\$ 1,344,843</u>	<u>\$ 4,273,031</u>	<u>\$ 1,228,365</u>	<u>\$ 7,403,826</u>	<u>\$ 2,087,693</u>	<u>\$ 3,858,215</u>	<u>\$ 25,806,473</u>

(Continued)

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2013

	<u>Debt Service</u>			<u>Capital Projects</u>	
	Bond Sinking Fund	Debt Service Reserve	Sub-total	Schools	Public Buildings
REVENUES:					
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures.....	-	-	-	-	-
Intergovernmental.....	-	-	-	53,971,431	-
Departmental and other.....	-	-	-	-	-
Contributions.....	-	-	-	-	-
Investment income.....	68,737	-	68,737	-	-
TOTAL REVENUES.....	68,737	-	68,737	53,971,431	-
EXPENDITURES:					
Current:					
General government.....	-	-	-	-	93,834
Public safety.....	-	-	-	-	378,688
Education.....	-	-	-	64,530,541	-
Public works.....	-	-	-	-	-
Health and welfare.....	-	-	-	-	-
Culture and recreation.....	-	-	-	-	-
TOTAL EXPENDITURES.....	-	-	-	64,530,541	472,522
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	68,737	-	68,737	(10,559,110)	(472,522)
OTHER FINANCING SOURCES (USES):					
Sale of capital assets.....	-	-	-	-	-
Transfers in.....	776,911	-	776,911	1,072,500	202,949
Transfers out.....	-	(233,926)	(233,926)	-	(266,786)
TOTAL OTHER FINANCING SOURCES (USES).....	776,911	(233,926)	542,985	1,072,500	(63,837)
NET CHANGE IN FUND BALANCES.....	845,648	(233,926)	611,722	(9,486,610)	(536,359)
FUND BALANCES AT BEGINNING OF YEAR.....	1,607,648	2,373,080	3,980,728	3,435,480	1,330,896
FUND BALANCES AT END OF YEAR.....	\$ 2,453,296	\$ 2,139,154	\$ 4,592,450	\$ (6,051,130)	\$ 794,537

Capital Projects					Total
Parks	Equipment	Public Works	Other	Sub-total	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	1,681,614
-	-	-	-	-	18,650
-	-	-	-	53,971,431	143,338,100
4,518	-	-	-	4,518	5,862,629
-	-	-	-	-	1,348,629
-	-	-	-	-	119,394
<u>4,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,975,949</u>	<u>152,369,016</u>
-	951,342	-	123,340	1,168,516	13,099,084
-	-	-	-	378,688	9,776,119
-	-	-	-	64,530,541	141,057,427
-	238,214	668,387	-	906,601	4,862,558
-	-	-	-	-	5,360,660
-	-	-	-	-	4,056,840
<u>-</u>	<u>1,189,556</u>	<u>668,387</u>	<u>123,340</u>	<u>66,984,346</u>	<u>178,212,688</u>
<u>4,518</u>	<u>(1,189,556)</u>	<u>(668,387)</u>	<u>(123,340)</u>	<u>(13,008,397)</u>	<u>(25,843,672)</u>
-	1,000,000	-	-	1,000,000	1,100,000
-	300,000	-	-	1,575,449	2,609,913
-	-	(637,624)	(371,038)	(1,275,448)	(1,734,333)
<u>-</u>	<u>1,300,000</u>	<u>(637,624)</u>	<u>(371,038)</u>	<u>1,300,001</u>	<u>1,975,580</u>
4,518	110,444	(1,306,011)	(494,378)	(11,708,396)	(23,868,092)
<u>115,788</u>	<u>2,383,296</u>	<u>2,692,100</u>	<u>872,370</u>	<u>10,829,930</u>	<u>53,388,549</u>
\$ <u>120,306</u>	\$ <u>2,493,740</u>	\$ <u>1,386,089</u>	\$ <u>377,992</u>	\$ <u>(878,466)</u>	\$ <u>29,520,457</u>

(Concluded)

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

Public Works Shared Services Fund – This fund is used to account for the inter-department services provided by the department of public works for the maintenance of vehicles and other services.

Health Insurance Fund – This fund is used to account for the payment of health and other employee benefit programs.

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2013

	Public Works Shared Services	Health Insurance	Total Internal Service Funds
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 700,676	\$ 7,480,701	\$ 8,181,377
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	-	18,230	18,230
Total current assets.....	<u>700,676</u>	<u>7,498,931</u>	<u>8,199,607</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	64,812	-	64,812
Employee contributions paid in advance.....	-	1,963,750	1,963,750
Health claims payable.....	-	119,815	119,815
Total current liabilities.....	<u>64,812</u>	<u>2,083,565</u>	<u>2,148,377</u>
NET POSITION			
Unrestricted.....	<u>\$ 635,864</u>	<u>\$ 5,415,366</u>	<u>\$ 6,051,230</u>

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FISCAL YEAR ENDED JUNE 30, 2013

	Public Works Shared Services	Health Insurance	Total Internal Service Funds
<u>OPERATING REVENUES:</u>			
Employee contributions	\$ -	\$ 19,637,134	\$ 19,637,134
Employer contributions	-	59,844,647	59,844,647
Charges for services.....	2,047,663	-	2,047,663
TOTAL OPERATING REVENUES	2,047,663	79,481,781	81,529,444
<u>OPERATING EXPENSES:</u>			
Cost of services and administration	1,988,472	-	1,988,472
Employee benefits	-	78,601,027	78,601,027
TOTAL OPERATING EXPENSES	1,988,472	78,601,027	80,589,499
OPERATING INCOME.....	59,191	880,754	939,945
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Investment income.....	-	5,388	5,388
CHANGE IN NET POSITION.....	59,191	886,142	945,333
NET POSITION AT BEGINNING OF YEAR.....	576,673	4,529,224	5,105,897
NET POSITION AT END OF YEAR.....	\$ 635,864	\$ 5,415,366	\$ 6,051,230

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2013

	Public Works Shared Services	Health Insurance	Total Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Receipts from member employees.....	\$ -	\$ 19,454,217	\$ 19,454,217
Receipts from interfund services provided.....	2,047,663	59,835,115	61,882,778
Payments for interfund services used.....	<u>(1,991,148)</u>	<u>(78,601,027)</u>	<u>(80,592,175)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>56,515</u>	<u>688,305</u>	<u>744,820</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Investment income.....	<u>-</u>	<u>5,388</u>	<u>5,388</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	56,515	693,693	750,208
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>644,161</u>	<u>6,787,008</u>	<u>7,431,169</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 700,676</u>	<u>\$ 7,480,701</u>	<u>\$ 8,181,377</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>			
Operating income.....	\$ 59,191	\$ 880,754	\$ 939,945
Adjustments to reconcile operating income to net cash from operating activities:			
Changes in assets and liabilities:			
Departmental and other.....	-	(3,543)	(3,543)
Warrants payable.....	(2,676)	-	(2,676)
Unearned revenues.....	-	(14,687)	(14,687)
Employee contributions paid in advance.....	-	(182,917)	(182,917)
Health claims payable.....	<u>-</u>	<u>8,698</u>	<u>8,698</u>
Total adjustments.....	<u>(2,676)</u>	<u>(192,449)</u>	<u>(195,125)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 56,515</u>	<u>\$ 688,305</u>	<u>\$ 744,820</u>

Fiduciary Funds

Agency Fund – This fund is used to account for payroll withholdings and other amounts held in a fiduciary capacity for nongovernmental purposes.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FISCAL YEAR ENDED JUNE 30, 2013

	Agency Accounts July 1, 2012	Additions	Deletions	Agency Accounts June 30, 2013
ASSETS				
Cash and cash equivalents.....	\$ 582,783	\$ 100,003,767	\$ (100,218,243)	\$ 368,307
LIABILITIES				
Liabilities due depositors.....	\$ 582,783	\$ 100,003,767	\$ (100,218,243)	\$ 368,307

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Statistical Section

Statistical tables differ from financial statements since they usually cover more than one fiscal year and may present non-accounting data. The following tables reflect social and economic data, financial trends, and fiscal capacity.



The headquarters of Big Y Supermarkets located on Roosevelt Avenue.

City of Springfield, Massachusetts
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2013



The headquarters of Smith and Wesson located on Roosevelt Avenue.

Statistical Section

This part of the City of Springfield's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

- These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

- These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

- These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

- These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the audited financial reports for the relevant year.

Net Position By Component

Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets.....	\$ 35,527,345	\$ 152,135,812	\$ 337,293,007	\$ 355,316,577	\$ 341,183,744	\$ 325,029,046	\$ 320,198,349	\$ 332,597,837	\$ 374,981,234	\$ 434,638,276
Restricted.....	9,202,820	24,352,366	19,216,828	11,626,045	10,548,347	18,386,621	15,210,173	22,794,687	22,794,687	15,633,323
Unrestricted.....	(26,633,470)	17,467,126	49,923,671	40,591,555	42,012,688	44,159,791	28,345,748	(42,915,390)	(42,915,390)	(88,519,074)
Total governmental activities net assets.....	\$ 18,096,695	\$ 193,955,304	\$ 406,433,506	\$ 407,534,177	\$ 393,744,779	\$ 387,575,458	\$ 363,754,270	\$ 372,451,389	\$ 354,860,531	\$ 361,752,525
Business-type activities										
Net investment in capital assets.....	101,374	-	-	-	19,485	106,681	209,137	266,698	412,276	882,976
Unrestricted.....	469,380	-	-	-	727,929	1,050,992	2,160,316	2,676,105	2,337,268	1,835,950
Total business-type activities net assets.....	\$ 570,754	\$ -	\$ -	\$ -	\$ 747,414	\$ 1,157,673	\$ 2,369,453	\$ 2,942,803	\$ 2,749,544	\$ 2,718,926
Primary government										
Net investment in capital assets.....	35,628,719	152,135,812	337,293,007	355,316,577	341,203,229	325,135,727	320,407,486	332,864,535	375,393,510	435,521,252
Restricted.....	9,202,820	25,282,204	20,736,803	13,972,030	12,177,583	20,024,916	16,968,807	21,614,220	22,794,687	15,633,323
Unrestricted.....	(26,164,090)	16,537,288	48,403,696	38,245,570	41,111,381	43,572,488	28,747,430	20,915,437	(40,578,122)	(86,683,124)
Total primary government net assets.....	\$ 18,667,449	\$ 193,955,304	\$ 406,433,506	\$ 407,534,177	\$ 394,492,193	\$ 388,733,131	\$ 366,123,723	\$ 375,394,192	\$ 357,610,075	\$ 364,471,451

During fiscal years 2005, 2006, and 2007, the City did not have any business-type actives.

Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government.....	\$ 49,309,817	\$ 33,893,533	\$ 37,313,464	\$ 37,430,911	\$ 48,467,529	\$ 54,328,653	\$ 63,024,227	\$ 62,794,736	\$ 55,175,091	\$ 48,859,996
Public safety.....	57,476,808	81,568,471	85,728,406	92,037,703	103,672,758	101,547,545	108,229,250	110,047,282	111,769,805	110,185,618
Education.....	301,128,474	346,130,455	362,864,927	397,224,731	420,017,056	440,556,125	455,624,524	466,952,480	481,476,353	500,466,892
Public works.....	22,092,283	35,625,891	39,852,304	42,335,873	34,956,415	30,235,260	26,963,956	33,422,502	30,608,396	30,833,589
Health and human services.....	5,012,259	5,599,409	14,629,017	10,665,056	12,075,838	8,244,515	9,813,743	10,299,084	10,241,088	11,525,257
Culture and recreation.....	10,788,760	14,854,349	17,056,712	18,500,551	22,120,662	23,275,504	21,342,468	22,118,556	20,769,658	22,960,894
Employee benefits.....	79,541,619	-	-	-	-	-	-	-	-	-
State and county charges.....	2,416,185	17,997,676	-	-	-	-	-	-	-	-
Finance Control Board.....	-	871,757	-	-	-	-	-	-	-	-
Storm damage - October 2011 snow storm.....	-	-	2,017,262	1,648,086	2,178,191	-	-	-	-	-
Interest.....	16,094,549	14,413,659	16,128,784	14,415,119	15,314,660	14,352,351	13,458,084	13,266,838	12,170,740	9,414,835
Claims and judgments.....	-	-	532,192	556,750	642,918	496,923	-	-	-	-
Miscellaneous.....	373,701	-	-	-	-	-	-	-	-	-
Total government activities expenses.....	544,234,455	550,955,200	576,123,068	614,814,780	659,446,027	673,036,876	698,456,252	718,901,478	749,807,463	735,446,543
Business-type activities:										
Parking.....	485,031	-	-	-	-	-	-	-	-	-
Trash.....	-	-	-	-	6,178,931	6,158,565	5,962,662	8,537,689	8,874,676	8,840,556
Total business-type activities expenses.....	485,031	-	-	-	6,178,931	6,158,565	5,962,662	8,537,689	8,874,676	8,840,556
Total primary government expenses.....	\$ 544,719,486	\$ 550,955,200	\$ 576,123,068	\$ 614,814,780	\$ 665,624,958	\$ 679,195,441	\$ 704,418,914	\$ 727,439,167	\$ 758,682,139	\$ 744,287,099
Program Revenues										
Governmental activities:										
Education charges for services.....	\$ 14,832,327	\$ 7,585,941	\$ 6,011,926	\$ 8,341,036	\$ 9,545,159	\$ 8,333,298	\$ 7,903,176	\$ 8,545,601	\$ 6,873,282	\$ 5,524,444
Public safety charges for services.....	6,843,220	8,483,586	10,312,098	9,589,823	7,789,484	9,190,168	7,743,422	7,059,899	7,839,552	8,782,858
Other charges for services.....	7,808,285	25,565,737	23,265,544	8,347,038	8,854,798	11,363,902	14,075,803	12,434,790	14,956,142	16,535,863
Operating grants and contributions.....	323,819,663	339,811,117	345,756,999	363,885,595	394,416,551	413,665,113	419,677,283	438,860,676	452,149,037	442,911,024
Capital grant and contributions.....	25,280,773	4,543,703	4,537,749	12,815,331	7,585,134	3,467,296	10,232,406	43,524,730	37,356,599	57,614,376
Total government activities program revenues.....	378,584,268	385,990,084	389,884,316	402,978,823	428,191,126	446,019,777	459,632,090	510,425,696	519,174,612	531,368,565
Business-type activities:										
Charges for services - Parking.....	761,315	-	-	-	-	-	-	-	-	-
Charges for services - Trash.....	-	-	-	-	4,237,986	3,814,824	3,913,653	4,101,890	3,982,627	4,069,875
Total business-type activities program revenues.....	761,315	-	-	-	4,237,986	3,814,824	3,913,653	4,101,890	3,982,627	4,069,875
Total primary government program revenues.....	\$ 379,345,583	\$ 385,990,084	\$ 389,884,316	\$ 402,978,823	\$ 432,429,112	\$ 449,834,601	\$ 463,545,743	\$ 514,527,586	\$ 523,157,239	\$ 535,438,440
Net (Expense)/Revenue										
Governmental activities.....	\$ (165,650,187)	\$ (164,965,116)	\$ (186,238,752)	\$ (211,835,957)	\$ (231,254,901)	\$ (227,017,099)	\$ (238,824,162)	\$ (208,475,782)	\$ (230,632,851)	\$ (204,077,978)
Business-type activities.....	276,284	-	-	-	(1,940,945)	(2,343,741)	(2,049,009)	(4,435,799)	(4,892,049)	(4,770,681)
Total primary government net expense.....	\$ (165,373,903)	\$ (164,965,116)	\$ (186,238,752)	\$ (211,835,957)	\$ (233,195,846)	\$ (229,360,840)	\$ (240,873,171)	\$ (212,911,581)	\$ (235,524,900)	\$ (208,848,569)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 123,589,276	\$ 132,057,410	\$ 132,539,064	\$ 140,716,369	\$ 145,585,893	\$ 156,376,934	\$ 162,066,493	\$ 159,965,027	\$ 163,454,196	\$ 161,546,733
Tax liens.....	(A)	5,926,760	5,442,194	5,160,748	2,937,208	2,595,712	3,820,323	4,328,306	3,259,181	2,610,661
Motor vehicle and other excise taxes.....	8,680,469	8,770,981	8,928,670	8,207,546	7,779,625	9,155,042	7,602,869	7,323,777	9,599,000	9,394,207
Hotel/Motel tax.....	-	694,458	934,715	944,735	960,544	876,507	727,765	767,571	872,952	889,971
Local Meals Tax.....	-	-	-	-	-	-	848,785	1,513,257	1,624,115	1,623,553
Penalties and interest on taxes.....	10,061,195	3,892,106	3,537,692	3,360,657	2,185,178	2,342,311	1,613,260	1,677,741	1,802,033	1,818,809
Payments in lieu of taxes.....	-	6,785,417	6,363,640	7,077,264	6,936,565	5,820,090	6,523,169	5,082,080	5,054,420	3,975,168
Grants and contributions not restricted to specific programs.....	31,025,567	35,367,054	37,288,365	46,897,842	45,286,984	42,560,162	34,225,053	32,062,000	32,059,135	32,057,032
Unrestricted investment income.....	183,203	1,263,014	3,845,110	7,742,338	8,405,541	3,850,833	807,832	669,539	458,708	335,362
Gain on sale of capital assets.....	-	-	-	-	-	-	-	-	-	2,072,705
Miscellaneous.....	342,374	5,223,206	49,922	789,028	76,324	24,187	28,214	92,752	42,044	95,433
Transfers.....	-	-	-	-	(2,688,359)	(2,754,000)	(3,260,789)	(5,009,149)	(4,698,790)	(4,740,063)
Special Items:										
Forgiveness of debt - state loan.....	-	-	-	-	-	-	-	8,700,000	-	-
Extraordinary Items:										
Tornado reimbursements.....	-	-	-	-	-	-	-	-	20,000,450	770,149
Tornado expense.....	-	-	-	-	-	-	-	-	(20,485,451)	(1,479,748)
Total governmental activities.....	173,882,084	199,980,406	198,929,372	220,896,527	217,465,503	220,847,778	215,002,974	217,172,901	213,041,993	210,969,972
Business-type activities:										
Transfers.....	-	-	-	-	2,688,359	2,754,000	3,260,789	5,009,149	4,698,790	4,740,063
Total primary government.....	\$ 173,882,084	\$ 199,980,406	\$ 198,929,372	\$ 220,896,527	\$ 220,153,862	\$ 223,601,778	\$ 218,263,763	\$ 222,182,050	\$ 217,740,783	\$ 215,710,035
Changes in Net Position										
Governmental activities.....	\$ 8,231,897	\$ 35,015,290	\$ 12,690,620	\$ 9,060,570	\$ (13,789,398)	\$ (6,169,321)	\$ (23,821,188)	\$ 8,697,119	\$ (17,590,858)	\$ 6,891,994
Business-type activities.....	276,284	-	-	-	747,414	410,259	1,211,760	573,350	(193,259)	(30,618)
Total primary government.....	\$ 8,508,181	\$ 35,015,290	\$ 12,690,620	\$ 9,060,570	\$ (13,041,984)	\$ (5,759,062)	\$ (22,609,408)	\$ 9,270,469	\$ (17,784,117)	\$ 6,861,376

(A) = In 2004 tax lien revenue was included with real estate and personal property tax revenue.
Source: Audited Financial Statements

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved for										
Encumbrances and continuing appropriations.....	\$ 9,620,120	\$ 20,047,085	\$ 30,904,387	\$ 14,563,295	\$ 9,885,173	\$ 7,440,386	\$ 9,660,020	\$ -	\$ -	\$ -
Chapter 656 reserve.....	-	4,341,962	4,869,332	5,049,684	5,624,879	6,042,256	5,794,053	-	-	-
Schools	-	-	-	-	-	-	10,881,300	-	-	-
Unreserved.....	3,882,756	26,562,000	48,042,132	53,639,496	41,892,849	44,551,976	49,160,191	-	-	-
Restricted.....	-	-	-	-	-	-	-	30,421,176	35,132,415	40,486,563
Assigned.....	-	-	-	-	-	-	-	3,341,976	2,978,810	2,273,838
Unassigned.....	-	-	-	-	-	-	-	64,287,919	60,169,358	55,190,530
Total general fund.....	\$ 13,502,876	\$ 50,951,047	\$ 83,815,851	\$ 73,252,475	\$ 57,402,901	\$ 58,034,618	\$ 75,495,564	\$ 98,051,071	\$ 98,280,583	\$ 97,950,931
All Other Governmental Funds										
Reserved.....	\$ 732,241	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	11,287,416	12,805,678	18,752,274	56,822,330	86,576,180	109,664,713	54,400,287	-	-	-
Capital projects funds.....	(35,656,164)	14,963,595	12,777,318	55,089,820	27,432,020	40,654,091	34,709,187	-	-	-
Permanent funds.....	-	899,467	1,519,975	2,345,985	1,629,236	1,638,295	1,758,634	-	-	-
Restricted.....	-	-	-	-	-	-	-	66,102,729	53,388,549	39,092,674
Unassigned.....	-	-	-	-	-	-	-	(324,076)	(12,040,461)	(17,250,514)
Total all other governmental funds.....	\$ (23,636,507)	\$ 28,668,740	\$ 33,049,567	\$ 114,258,135	\$ 115,637,436	\$ 151,957,099	\$ 90,868,108	\$ 65,778,653	\$ 41,348,088	\$ 21,842,160

Notes:

Source: Audited Financial Statements

The City implemented GASB 54 in fiscal year 2011, fund balances prior to fiscal year 2011 have been reported in the pre-GASB 54 format.

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 123,381,108	\$ 122,261,374	\$ 130,987,539	\$ 141,134,996	\$ 142,947,339	\$ 157,510,645	\$ 164,367,177	\$ 160,413,338	\$ 163,234,056	\$ 159,557,644
Tax liens.....	-	5,926,760	7,194,890	5,160,748	4,472,030	3,309,149	3,768,128	3,448,477	3,833,024	3,098,323
Motor vehicle and other excise taxes.....	8,966,277	9,206,553	9,211,096	8,635,626	8,921,591	8,340,690	7,839,549	7,691,115	8,814,442	8,817,723
Hotel/Motel tax.....	-	694,458	934,715	944,735	960,544	876,507	727,765	767,571	872,952	889,971
Local Meals Tax.....	-	-	-	-	-	-	848,785	1,513,257	1,624,115	1,623,553
Charges for services.....	26,160,700	15,214,204	13,431,571	7,854,157	3,599,893	2,148,630	2,439,774	1,353,944	2,663,543	2,203,716
Penalties and interest on taxes.....	10,061,195	3,892,106	3,537,692	3,360,657	2,185,178	2,342,311	1,613,260	1,677,741	1,802,033	1,818,809
Payments in lieu of taxes.....	-	6,785,417	6,363,640	7,077,264	6,936,565	5,820,090	6,523,169	5,082,080	5,054,420	3,975,168
Licenses and permits.....	1,836,229	3,067,713	2,953,760	3,341,714	2,556,063	5,414,924	3,734,353	3,432,098	3,823,239	4,307,698
Fines and forfeitures.....	1,422,400	1,672,981	2,187,751	1,480,434	1,437,672	6,720,709	6,444,218	5,451,805	6,019,333	6,318,372
Intergovernmental.....	377,357,995	394,065,295	406,253,585	426,261,115	447,473,783	465,309,318	473,123,963	527,373,079	531,494,799	541,588,826
Departmental and other.....	-	19,159,203	14,083,962	15,165,511	19,884,792	17,271,932	11,806,484	15,533,603	15,785,677	15,734,308
Investment income.....	183,203	1,246,770	3,804,110	7,702,368	8,302,737	3,792,330	787,970	675,518	497,734	398,711
Miscellaneous.....	2,912,764	123,239	69,200	-	-	-	-	-	-	-
Contributions.....	-	2,267,323	2,991,764	3,620,174	2,574,334	2,913,485	2,888,734	2,568,421	1,832,890	1,348,629
Total Revenue.....	552,281,871	585,583,396	604,005,275	631,739,499	652,252,521	681,770,720	686,913,329	736,982,047	747,352,257	751,681,451
Expenditures:										
General government.....	48,787,210	35,604,663	35,023,044	37,433,149	49,623,102	44,061,974	59,236,857	57,699,771	44,099,741	36,668,006
Public safety.....	55,601,857	57,360,810	57,415,730	69,214,379	70,597,009	66,059,643	74,986,038	73,028,036	70,330,653	68,870,769
Education.....	293,744,880	292,822,538	352,200,997	391,340,765	397,535,802	414,768,913	437,093,450	482,327,150	495,973,985	530,685,879
Public works.....	22,233,205	29,853,711	29,205,295	34,228,445	29,313,471	20,307,276	13,750,634	14,706,846	15,912,108	14,716,796
Health and human services.....	5,059,594	5,093,759	13,453,222	9,684,540	11,094,903	7,364,096	8,828,544	8,998,028	8,869,509	10,453,432
Culture and recreation.....	11,508,301	10,556,657	13,139,890	15,233,919	17,408,776	17,186,787	16,222,484	15,754,746	13,995,057	16,521,564
Finance Control Board Expenditures.....	-	871,757	2,017,262	1,648,086	2,178,191	-	-	-	-	-
Pension benefits.....	-	22,446,447	17,479,734	18,655,982	21,685,459	20,844,905	22,372,681	24,254,094	23,825,273	24,474,041
Employee benefits.....	75,597,564	-	-	-	-	-	-	-	-	-
Miscellaneous.....	191,342	-	-	-	-	-	-	-	-	-
Employee fringe benefits.....	-	470,127	1,068,473	3,739,401	1,604,431	1,607,929	427,412	1,342,238	728,470	594,118
Employee health benefits.....	-	56,898,020	18,074,765	23,041,303	26,400,181	25,026,409	22,221,484	22,470,194	23,298,895	22,288,970
Claims and judgments.....	-	413,721	532,192	566,750	642,918	496,923	-	-	-	-
Storm damage.....	-	-	-	-	-	-	-	-	27,596,332	2,917,105
State, county, and district assessments.....	2,416,185	17,997,676	2,837,845	2,877,262	2,591,642	2,679,875	2,657,567	2,896,717	2,760,698	1,199,462
Debt service.....	34,469,481	-	-	-	-	-	-	-	-	-
Principal.....	-	19,324,296	18,952,085	20,528,965	20,477,383	26,269,682	72,701,316	26,509,108	26,243,152	27,063,276
Interest.....	-	15,598,461	13,790,706	15,057,019	16,445,028	15,532,168	14,646,118	14,656,717	13,555,322	11,713,951
Total Expenditures.....	549,609,619	565,312,643	575,191,240	643,249,965	667,598,296	662,206,580	745,144,585	744,643,645	767,189,195	768,167,369
Excess of revenues over (under) expenditures.....	2,672,252	20,270,753	28,814,035	(11,510,466)	(15,345,775)	19,564,140	(58,231,256)	(7,661,598)	(19,836,938)	(16,485,918)
Other Financing Sources (Uses)										
Issuance of long-term debt.....	-	49,236,000	-	53,605,000	-	19,500,000	17,864,000	-	-	-
Premium from issuance of bonds.....	-	-	3,463,068	1,875,817	-	599,991	-	-	-	-
Issuance of refunding bonds.....	-	-	98,274,000	73,795,000	-	4,805,000	-	-	-	26,355,000
Premium from issuance of refunding bonds.....	-	-	10,195,602	4,418,218	-	112,181	-	-	-	3,807,457
Payments to refunded bond escrow agent.....	-	-	(107,143,336)	(77,546,197)	-	(4,875,932)	-	-	-	(30,162,457)
State loan issuance.....	-	21,871,757	3,642,262	26,007,790	478,191	-	-	-	-	-
Capital lease financing.....	-	-	-	-	3,085,340	-	-	1,436,799	819,676	-
Sale of capital assets.....	-	-	-	-	-	-	-	-	-	2,100,000
Transfers in.....	6,175,883	16,529,942	3,476,574	21,825,466	35,527,113	107,536,799	68,387,868	9,104,472	5,111,949	3,068,340
Transfers out.....	(6,175,883)	(16,529,942)	(3,476,574)	(21,825,466)	(38,215,472)	(110,290,799)	(71,648,657)	(14,113,621)	(9,810,739)	(7,808,403)
Total other financing sources (uses).....	-	71,107,757	8,431,596	82,155,628	875,172	17,387,240	14,603,211	(3,572,350)	(3,879,114)	(2,640,063)
Special Item - Forgiveness of Debt, State Loan.....	-	-	-	-	-	-	-	8,700,000	-	-
Extraordinary Item - Intergovernmental tornado revenue.....	-	-	-	-	-	-	-	-	20,000,450	770,149
Extraordinary Item - Tornado relief expenditures.....	-	-	-	-	-	-	-	-	(20,485,451)	(1,479,748)
Net change in fund balance.....	\$ 2,672,252	\$ 91,378,510	\$ 37,245,631	\$ 70,645,162	\$ (14,470,603)	\$ 36,951,380	\$ (43,628,045)	\$ (2,533,948)	\$ (24,201,053)	\$ (19,835,580)
Debt service as a percentage of noncapital expenditures.....	6.41%	6.22%	5.80%	5.76%	5.82%	6.44%	12.33%	6.07%	5.60%	5.59%

(1) Debt service in 2010 includes the early repayment of the \$46.8 million state loan.

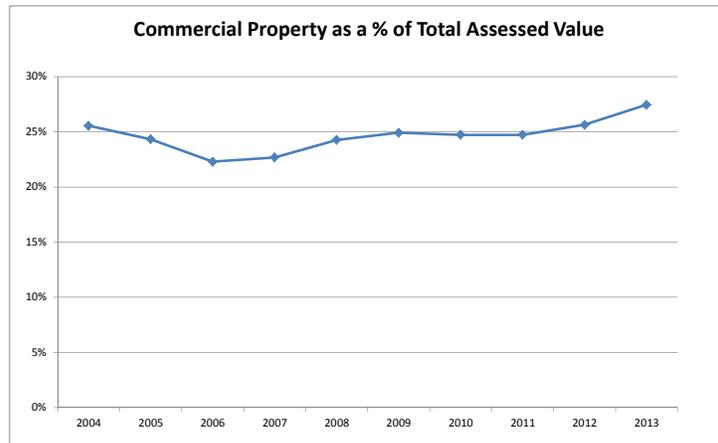
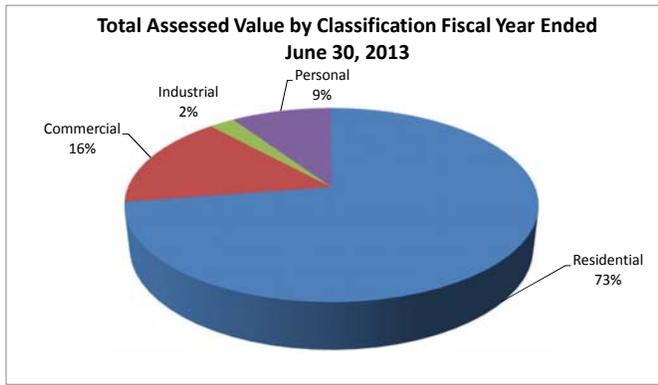
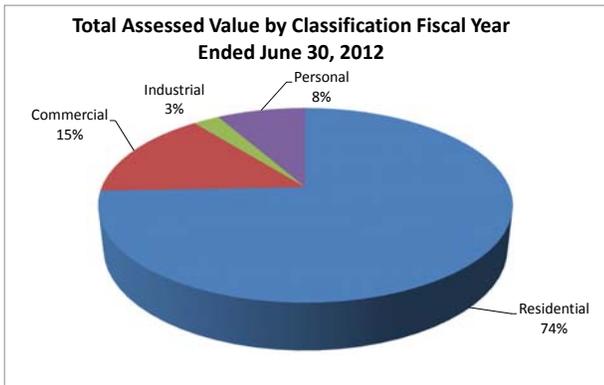
Source: Audited Financial Statements

Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates

Last Ten Fiscal Years

Fiscal Year	Assessed and Actual Values and Tax Rates								
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total CIP Value	CIP Tax Rate	Total Direct Rate (1)	Total City Value
2004	\$3,981,811,000	\$ 18.99	\$828,245,700	\$226,022,200	\$407,898,910	\$1,462,166,810	\$ 34.18	\$ 23.07	\$5,443,977,810
2005	\$4,524,791,200	\$ 17.51	\$916,603,200	\$231,787,300	\$404,317,690	\$1,552,708,190	\$ 33.36	\$ 21.56	\$6,077,499,390
2006	\$5,015,641,700	\$ 17.00	\$965,788,700	\$233,789,700	\$412,180,550	\$1,611,758,950	\$ 33.02	\$ 20.90	\$6,627,400,650
2007	\$5,776,964,500	\$ 16.04	\$1,003,757,800	\$234,694,400	\$418,233,820	\$1,656,686,020	\$ 31.91	\$ 19.58	\$7,433,650,520
2008	\$6,036,956,400	\$ 16.03	\$1,079,322,350	\$246,327,200	\$444,536,550	\$1,770,186,100	\$ 32.04	\$ 19.66	\$7,807,142,500
2009	\$5,484,722,870	\$ 17.89	\$1,072,958,950	\$242,991,100	\$440,601,660	\$1,756,551,710	\$ 36.98	\$ 22.52	\$7,241,274,580
2010	\$5,252,153,800	\$ 19.50	\$1,052,016,750	\$229,288,700	\$461,359,650	\$1,742,665,100	\$ 39.25	\$ 24.42	\$6,994,818,900
2011	\$5,155,722,500	\$ 19.49	\$1,045,580,000	\$184,851,100	\$463,175,130	\$1,693,606,230	\$ 38.97	\$ 24.31	\$6,849,328,730
2012	\$5,038,856,200	\$ 19.83	\$1,009,971,300	\$166,822,500	\$560,357,950	\$1,737,151,750	\$ 39.99	\$ 25.00	\$6,776,007,950
2013	\$4,858,355,700	\$ 19.71	\$1,047,246,800	\$159,725,600	\$631,025,200	\$1,837,997,600	\$ 38.98	\$ 25.00	\$6,696,353,300

Source: Board Of Assessors



(1) The direct rate is the weighted average of the residential and CIP rates.
 Source: Assessor's Department, City of Springfield
 All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the City. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

Principal Taxpayers
Current Year and Nine Years Ago

Name	Nature of Business	2013			2004		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Western Mass Electric	Utility	\$ 258,676,360	1	3.9%	110,131,100	2	2.0%
Baystate Gas Co.	Utility	98,265,330	2	1.5%	44,796,140	5	0.8%
Massachusetts Mutual	Insurance	83,825,900	3	1.3%	44,952,400	4	0.8%
Verizon New England	Utility	53,063,290	4	0.8%	54,904,000	3	1.0%
Ineos Nova	Chemicals	41,157,200	5	0.6%	n/a	n/a	n/a
Cataldo and Wallace	Office	32,333,220	6	0.5%	n/a	n/a	n/a
Comcast of Massachusetts	Communications	25,255,480	7	0.4%	n/a	n/a	n/a
Wireline Leasing Co.	Utility	24,851,280	8	0.4%	n/a	n/a	n/a
Solutia	Chemicals	24,141,700	9	0.4%	25,115,800	6	0.5%
Hubbard Real Estate	Real Estate	23,434,300	10	0.3%	19,230,800	8	0.4%
Eastfield Associates	Retail	n/a	n/a	n/a	19,253,350	9	0.4%
Sprint Communications	Utility	n/a	n/a	n/a	115,700,000	1	2.1%
Springfield Center 1 Associates	Chemicals	n/a	n/a	n/a	19,978,400	7	0.4%
Bershire-Brookdale LLC	Distribution	n/a	n/a	n/a	11,009,400	10	0.2%
	Totals	<u>\$ 665,004,060</u>		<u>9.9%</u>	<u>\$ 465,071,390</u>		<u>8.5%</u>

Source: Board of Assessors

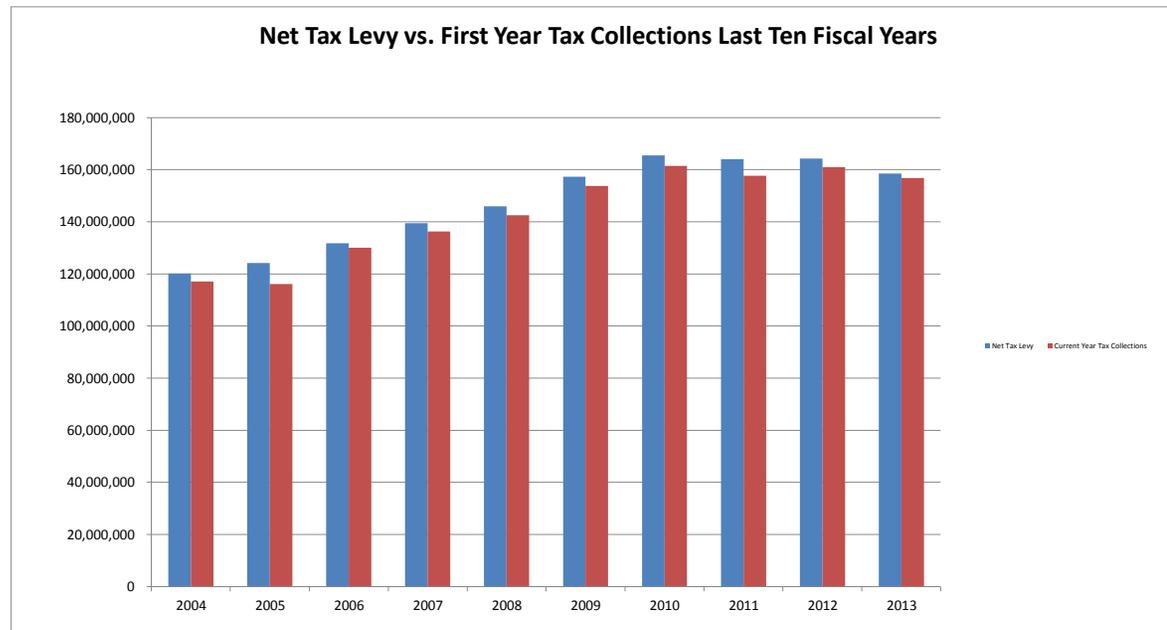
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Less Original Reserve for Abatements & Exemptions (1)	Net Tax Levy	Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2004	\$125,591,452	\$5,407,439	\$120,184,013	\$117,137,994	97.5%	\$4,124,226	\$121,262,220	100.9% (2)
2005	\$131,027,439	\$6,798,667	\$124,228,772	\$116,065,409	93.4%	\$8,146,933	\$124,212,342	100.0%
2006	\$138,488,062	\$6,700,000	\$131,788,062	\$130,093,942	98.7%	\$2,139,051	\$132,232,993	100.3% (2)
2007	\$145,527,361	\$6,061,827	\$139,465,534	\$136,302,756	97.7%	\$4,472,030	\$140,774,786	100.9% (2)
2008	\$153,489,174	\$7,622,699	\$145,866,475	\$142,475,259	97.7%	\$3,309,149	\$145,784,408	99.9%
2009	\$163,078,974	\$5,752,571	\$157,326,403	\$153,773,797	97.7%	\$3,768,128	\$157,541,925	100.1% (2)
2010	\$170,816,604	\$5,369,540	\$165,447,064	\$161,385,261	97.5%	\$3,448,477	\$164,833,738	99.6%
2011	\$166,484,866	\$2,506,666	\$163,978,200	\$157,657,130	96.1%	\$3,833,024	\$161,490,154	98.5%
2012	\$169,389,217	\$5,144,964	\$164,244,253	\$160,899,584	98.0%	\$2,328,642	\$163,228,226	99.4%
2013	\$167,403,337	\$8,893,003	\$158,510,334	\$156,836,563	98.9%	\$0	\$156,836,563	98.9%

(1) The City is required by state regulation to estimate a reserve for potential tax abatements and exemptions to produce a balance budget where the Net Levy is the budgeted collections.

(2) If the actual abatements and exemptions are lower than the reserve, the actual collections can exceed the Net Levy and percentage can exceed 100%.

Source: Board of Assessors, Official Statements



Ratios of Outstanding Debt and General Bonded Debt

Last Ten Fiscal Years

Fiscal Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities Debt					
				General Obligation Bonds	Capital Leases	Less Amounts Available (1)	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2004	152,082	\$2,462,207,580	\$5,443,977,810	\$305,292,968	\$3,878,727	\$0	\$2,033	12.56%	5.68%
2005	152,082	\$2,510,721,738	\$6,077,499,390	\$356,668,311	\$2,338,936	\$0	\$2,361	14.30%	5.91%
2006	152,082	\$2,559,235,896	\$6,627,400,650	\$344,249,407	\$1,488,928	\$0	\$2,273	13.51%	5.22%
2007	152,082	\$2,607,750,054	\$7,433,650,520	\$404,765,433	\$918,629	\$0	\$2,668	15.56%	5.46%
2008	152,082	\$2,656,416,294	\$7,807,142,500	\$383,844,043	\$3,056,230	\$0	\$2,544	14.56%	4.96%
2009	152,082	\$2,704,930,452	\$7,241,274,580	\$376,146,432	\$2,137,804	\$0	\$2,487	13.98%	5.22%
2010	153,060	\$2,771,151,300	\$6,994,818,900	\$320,358,951	\$1,737,837	\$0	\$2,104	11.62%	4.60%
2011	153,060	\$2,820,011,453	\$6,849,328,730	\$292,933,732	\$2,348,138	(\$790,196)	\$1,924	10.44%	4.30%
2012	153,060	\$2,868,803,580	\$6,776,007,950	\$265,809,756	\$2,273,361	(\$1,607,648)	\$1,741	9.29%	3.93%
2013	153,060	\$2,829,007,980	\$6,696,353,300	\$236,501,965	\$1,243,014	(\$2,453,296)	\$1,537	8.32%	3.51%

Fiscal Year	Business-type Activities		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2004	\$0	\$0	\$309,171,695	\$2,033	12.56%	5.68%
2005	\$0	\$0	\$359,007,247	\$2,361	14.30%	5.91%
2006	\$0	\$0	\$345,738,335	\$2,273	13.51%	5.22%
2007	\$0	\$0	\$405,684,062	\$2,668	15.56%	5.46%
2008	\$0	\$1,920,289	\$388,820,562	\$2,557	14.64%	4.98%
2009	\$0	\$1,545,719	\$379,829,955	\$2,498	14.04%	5.25%
2010	\$0	\$1,155,889	\$323,252,677	\$2,112	11.66%	4.62%
2011	\$0	\$1,747,169	\$296,238,843	\$1,935	10.50%	4.33%
2012	\$0	\$1,544,271	\$268,019,740	\$1,751	9.34%	3.96%
2013	\$0	\$895,437	\$236,187,120	\$1,543	8.35%	3.53%

(1) Amounts available are restricted resources from the City's Bond Sinking Fund.

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2013

<u>Overlapping Entity</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable (1)</u>	<u>Share of Overlapping Debt</u>	<u>FY2013 Dollar Assessment (2)</u>
Pioneer Valley Regional Transit Authority.....	\$ -	38.60%	\$ -	\$ 2,631,258
Pioneer Valley Planning Commission.....	-	None	-	<u>22,959</u>
				\$ <u>2,654,217</u>
City direct debt.....			<u>237,744,979</u>	
Total direct and overlapping debt.....			<u>\$ 237,744,979</u>	

(1) Estimated share based on debt service only.

(2) Estimated dollar assessment based on total net operating expenses, inclusive (where applicable) of debt service.

Source: Official Statements, City Records

Note: Overlapping governments are those that coincide, at least in part, with the geographic area of the City. This schedule calculates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Computation of Legal Debt Margin

Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Equalized Valuation.....	\$ 4,855,466,000	\$ 5,778,583,600	\$ 5,778,583,600	\$ 7,118,922,700	\$ 7,118,922,700	\$ 8,479,854,100	\$ 8,479,854,100	\$ 7,856,633,600	\$ 7,856,633,600	\$ 7,233,354,700
Debt Limit - 5% of Equalized Valuation.....	\$ 242,773,300	\$ 288,929,180	\$ 288,929,180	\$ 355,946,135	\$ 355,946,135	\$ 423,992,705	\$ 423,992,705	\$ 392,831,680	\$ 392,831,680	\$ 361,667,735
Less:										
Outstanding debt applicable to limit.....	37,018,892	128,303,001	112,072,606	157,484,340	150,050,738	161,499,705	166,996,788	154,580,881	143,031,151	129,597,855
Authorized and unissued debt.....	<u>137,666,531</u>	<u>25,000,000</u>	<u>52,700,000</u>	<u>52,700,000</u>	<u>11,000,000</u>	<u>12,000,000</u>	<u>31,500,000</u>	<u>31,500,000</u>	<u>31,531,010</u>	<u>100,575,123</u>
Legal debt margin.....	<u>\$ 68,087,877</u>	<u>\$ 135,626,179</u>	<u>\$ 124,156,574</u>	<u>\$ 145,761,796</u>	<u>\$ 194,895,397</u>	<u>\$ 250,493,000</u>	<u>\$ 225,495,917</u>	<u>\$ 206,750,799</u>	<u>\$ 218,269,519</u>	<u>\$ 131,494,757</u>
Total debt applicable to the limit as a percentage of debt limit.....	71.95%	53.06%	57.03%	59.05%	45.25%	40.92%	46.82%	47.37%	44.44%	63.64%

Source: Audited Financial Statements; Statement of Indebtedness

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2004	152,082	\$2,462,207,580	\$16,190	32.0	26,132	7.8%
2005	152,082	\$2,510,721,738	\$16,509	32.2	25,975	7.3%
2006	152,082	\$2,559,235,896	\$16,828	32.2	25,206	7.4%
2007	152,082	\$2,607,750,054	\$17,147	32.3	25,791	7.0%
2008	152,082	\$2,656,416,294	\$17,467	32.4	25,233	7.9%
2009	152,082	\$2,704,930,452	\$17,786	32.4	25,360	11.7%
2010	153,060	\$2,771,151,300	\$18,105	32.5	25,141	12.6%
2011	153,060	\$2,820,011,453	\$18,424	32.5	25,213	10.4%
2012	153,060	\$2,868,803,580	\$18,743	32.6	25,185	10.7%
2013	153,060	\$2,829,007,980	\$18,483	32.1	25,283	11.9%

Source: Massachusetts Department Of Elementary and Secondary Education, Massachusetts Department of Labor and Workforce Development, Official Statements, US Census Bureau

Principal Employers (excluding the City)

Current Year and Nine Years Ago

Employer	Nature of Business	2013			2004		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Baystate Health Systems	Healthcare	6,982	1	10.7%	9,000	1	13.4%
MassMutual Financial Group	Insurance	3,352	2	5.1%	4,000	3	6.0%
Sisters of Providence	Healthcare	3,152	3	4.8%	4,039	2	6.0%
Smith and Wesson	Firearms	1,600	4	2.5%	n/a	n/a	n/a
Springfield Technical Community College	Education	1,170	5	1.8%	n/a	n/a	n/a
Big Y	Grocery	916	6	1.4%	1,250	5	1.9%
Western New England University	Education	875	7	1.3%	n/a	n/a	n/a
Center for Human Development	Social Services/Behavioral Health	646	8	1.0%	1,069	7	1.6%
Eastman Chemical (formerly Solutia)	Chemical	523	9	0.8%	675	10	1.0%
Springfield College	Education	270	10	0.4%	1,200	6	1.8%
US Postal Service	Mail	n/a	n/a	n/a	3,208	4	4.8%
Peter Pan Bus Lines	Transportation	n/a	n/a	n/a	850	8	1.3%
Union News	Newspaper	n/a	n/a	n/a	800	9	1.2%
		<u>19,486</u>		<u>29.8%</u>	<u>26,091</u>		<u>39.0%</u>

Source: Official Statements, Massachusetts Department of Labor and Workforce Development

Full-time Equivalent City Employees by Function

Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Function										
(A) General government.....	189	204	390	353	351	364	354	339	309	265
Public safety.....	844	867	852	903	927	918	891	894	832	790
Education.....	3,306	3,507	3,589	3,047	3,212	3,327	3,664	3,808	3,409	3,950
Public works.....	326	346	205	174	186	136	84	70	61	60
Health and human services.....	37	36	40	41	42	41	40	39	35	33
(A) Culture and recreation.....	285	185	102	84	84	80	63	64	63	59
Total	<u>4,986</u>	<u>5,145</u>	<u>5,178</u>	<u>4,602</u>	<u>4,802</u>	<u>4,865</u>	<u>5,097</u>	<u>5,214</u>	<u>4,709</u>	<u>5,157</u>

Source: Payroll Department

(A) In FY 2006 the Park and Facilities Departments were merged and the new department is recorded under the general government heading.

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Marriage recordings.....	929	849	860	865	885	861	850	810	901	832
Birth recordings.....	5,597	5,537	5,679	5,627	5,586	5,588	5,297	4,468	5,037	4,709
Death recordings.....	2,028	2,038	2,015	2,098	2,035	1,922	2,006	1,581	1,856	1,933
Police										
Physical arrests.....	7,156	7,381	6,562	6,792	6,720	6,069	5,474	5,634	3,058	4,457
Motor vehicle violations.....	23,400	27,410	20,715	19,974	32,881	27,736	18,581	14,205	5,175	4,900
Police personnel and officers.....	530	538	538	563	589	581	583	467	531	499
Fire										
Inspections.....	6,705	8,853	8,258	8,815	7,774	6,658	5,657	7,397	7,164	7,178
Emergency responses.....	9,943	10,791	11,170	12,219	13,664	14,235	15,019	15,519	15,953	15,726
Fire personnel and officers.....	282	269	255	268	279	264	250	260	225	230
Education										
Number of students.....	26,132	25,975	25,206	25,791	25,233	25,360	25,141	25,213	25,185	25,283
Number of graduating seniors.....	N/A	N/A	928	923	984	1,026	1,017	1,170	995	1,122
Number of teachers.....	2,302	2,235	2,308	2,215	2,208	1,882	2,144	2,076	2,393	2,516
Number of administrators.....	N/A	192	171	208						
Elder Affairs										
Number of persons using COA transportation....	N/A	1,054	1,377	1,462	1,394	1,547	1,513	830	108	156
Number of personnel.....	N/A	12	13	13	13	15	14	1	1	1
Libraries										
Volumes in circulation.....	781,510	800,895	806,449	818,033	801,258	782,835	795,409	785,977	785,436	749,557
Total volumes borrowed.....	585,087	606,627	611,893	635,188	647,913	650,386	608,946	604,071	569,199	513,585

Source: MBLC Annual Report Surveys
 Van Trip Logs, Employee Workforce Reports
 Mass Board of Library Commissioners
 Annual Report Information Survey

N/A - Information not available

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government										
Number of buildings.....	38	38	38	38	38	38	39	39	39	39
Fire										
Number of stations.....	8	8	8	8	8	8	8	8	8	8
Police (1)										
Number of stations.....	2	2	2	2	2	2	2	2	2	5
Education										
Number of elementary schools.....	32	32	32	32	32	32	32	32	33	33
Number of middle/junior high schools...	7	7	7	7	7	7	7	8	10	12
Number of secondary schools.....	6	6	6	6	6	6	6	5	10	11
Culture and recreation										
Parks and playgrounds.....	35	35	35	36	36	38	38	38	38	38
Park and playground (acreage).....	2,091	2,091	2,091	2,093	2,093	2,102	2,102	2,102	2,102	2102
Conservation land (acreage).....	430	430	430	430	430	430	430	430	430	430
Public beaches.....	1	1	1	1	2	2	2	2	2	2
Ball fields.....	62	62	62	62	62	62	62	62	62	62
Tennis courts.....	37	37	37	37	37	37	37	37	37	37

Source: City Departmental records.

(1) Includes substations

Free Cash & Stabilization Fund Balances

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Free Cash</u>	<u>Stabilization Fund (B)</u>
FY2013.....	\$ N/A	\$ 37,295,134
FY2012.....	\$ 7,498,622	\$ 41,422,909
FY2011.....	\$ 4,698,933	\$ 45,100,661
FY2010 (A).....	\$ 33,776,930	\$ 31,354,741
FY2009.....	\$ 22,319,922	\$ 36,528,216
FY2008.....	\$ 12,543,347	\$ 68,047,256
FY2007.....	\$ 30,453,077	\$ 41,213,237
FY2006.....	\$ 17,372,051	\$ -
FY2005.....	\$ 6,797,833	\$ -
FY2004.....	\$ (37,357,636)	\$ -

Source: City Records

(A) The FY 10 Certified Free Cash includes unappropriated FY 09 Free Cash totaling \$18,996,401.

(B) The City did not have a Stabilization fund until FY 2007

N/A - Fiscal year 2013 free cash balance is not yet available.