

# **CITY OF SPRINGFIELD, MASSACHUSETTS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**FOR THE YEAR ENDED JUNE 30, 2016**

On the cover: View of the Old First Church, (Built in 1819), In the Court Historic District.



View from Inside Mass Mutual Convention Center - facing Court Square and the Campanile.

# **City of Springfield, Massachusetts**

## **Comprehensive Annual Financial Report**

**For the Year Ended June 30, 2016**



**Prepared by:**

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

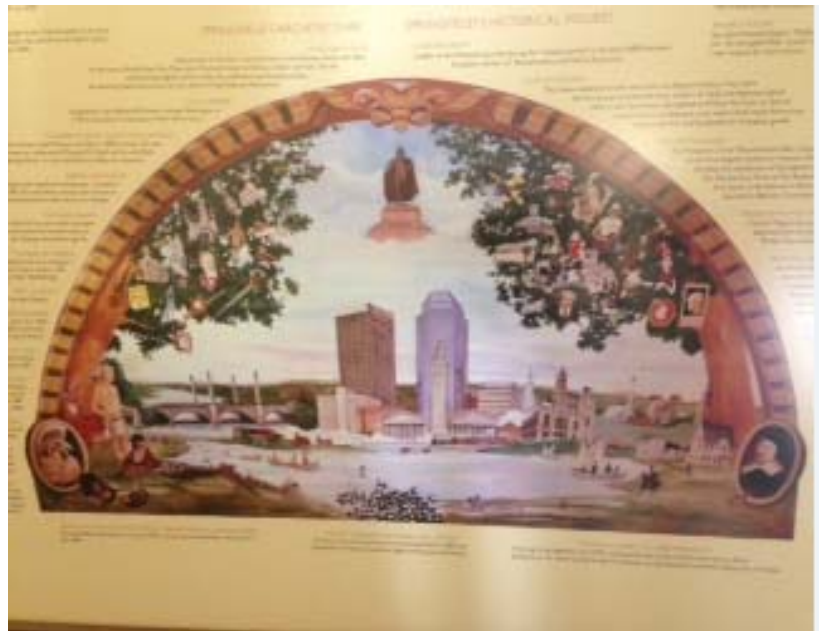
CITY OF SPRINGFIELD, MASSACHUSETTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2016

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# *Introductory Section*



View of Interior Staircase and Ceiling Mural - City Hall.

City of Springfield, Massachusetts  
Comprehensive Annual Financial Report  
For the year ended June 30, 2016



View of Connecticut River from the Campanile.

# ***Introductory Section***



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THE CITY OF SPRINGFIELD, MASSACHUSETTS

## Letter of Transmittal

December 20, 2016

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, 2016.

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 Generally Accepted Accounting Principles (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, 2016, 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, 2016, 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, 2016 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, 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. Springfield residents 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 2016. 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 appointment of City Clerk, Director of Internal Audit, 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 the Office of Management and Budget, 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. The Springfield Water and Sewer Commission provide water and sewer facilities for Springfield residents and five more surrounding communities.

## ***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 including Massachusetts Mutual Insurance Company (headquartered in Springfield), Liberty Mutual, 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, as well as home to the headquarters of Smith & Wesson.

The City has also invested heavily in education. In 2012, the City inaugurated a \$115 million new Putnam Vocational Technical High School. In 2013, the City completed major renovations to the Forest Park Middle School and now completed a new \$27.9 million Brookings Middle School to replace the former school which was heavily damaged by the June 1, 2011 Tornado. A new \$32 million science wing was also completed at Central High School.

Private educational institutions have also invested in Springfield. Cambridge College opened a new graduate studies satellite office with classrooms in downtown Springfield's Tower Square complex. Bay Path University opened a new online educational office and advisory center at 1350 Main Street, and in September 2015, the University of Massachusetts held a grand opening of its new UMass satellite center to be located at Tower Square.

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. Springfield is also home to a booming healthcare industry, led by Baystate Health which recently completed a \$300 million expansion that has also helped spur private medical office development in the neighborhoods surrounding its medical center.

## ***Industry and Commerce***

Tourism continues to be a cornerstone of the City's economic health with the recent opening of the Lyman & Merrie Wood Museum of Springfield History as well as tourism anchors like the Mass Mutual Convention Center, Naismith Memorial Basketball Hall of Fame, Dr. Seuss Memorial Park, Springfield Quadrangle, Springfield History Museum, the success of the Six Flags Amusement Park in nearby Agawam and The Big E in nearby West Springfield. The City is also host to the American Hockey League Springfield Thunderbirds, the Springfield Symphony and City Stage performing arts center. Marketing has been implemented as a facet of economic development to promote positive awareness of the City as a residential, commercial and recreational destination.

Tourism has sprouted new investment in hotels as well. On Dwight Street, the City's economic development office worked closely with the new owner of an aging former Holiday Inn, utilizing a City and HUD sponsored Section 108 loan to assist in completion of a full renovation of the building and rebranding to a "La Quinta Inn & Suites." Project investment was over \$3.5 million and the newly branded hotel, La Quinta, opened in 2012 and is just blocks away from Union Station, a long dormant train station that is being transformed to an intermodal transit center.

Furthermore, in July of 2013, MGM International signed the host community agreement with the City and has been awarded a state gaming license for its proposed \$950 million resort casino complex to be built on the border of the Downtown and South End neighborhoods. That project has been locally approved and the State-wide repeal vote failed on November 4, 2014. The project is expected to bring approximately 3,000 new jobs to the city. The project will include a new 250 room MGM hotel.

It will also bring new residential apartments, retail, restaurants, movie theatre, bowling alley, and outdoor public skating rink.



New England Public Radio, the local NPR station in Western New England, completed a \$7 million renovation at the Fuller Block in downtown for a new operations and studio facility, relocating from Amherst, MA. The facility held its grand opening in September, 2014.

### ***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 over 20 tenant companies employing over 1,000 employees and with an incubator facility. Liberty Mutual, a fortune 100 company, established a Customer Response Center at the site a few years ago. Their total investment was over \$3.5 million with potential for future expansion. Liberty Mutual considers the operation one of their most competitive and efficient customer centers and is pleased with their ability to attract and retain qualified employees. 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 now houses virtually all of the state's electronic records. The local facility has generated about 70 full-time jobs. Construction was completed in early 2013. The Technology Park is currently in the midst of an \$11 million project to upgrade space and create additional parking.

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. Just as the City benefited economically from its location along interstates 91, 291 and 90, Springfield is well-positioned as a hub for digital commerce and information exchange.

In December 2011, Eversource opened New England's largest solar power facility in Springfield's Indian Orchard Business Park. Located on approximately 12 acres of rehabilitated Brownfields, the former Chapman Valve is leased for a term of 30 years to Eversource. The 2.3MW facility generates enough electricity for nearly 500 homes. Most recently, in October 2013, Eversource completed a third solar facility built on the capped landfill at 282 Cottage Street. The solar field contains close to 13,000 solar panels and generates 3.9 megawatts of electricity.

## **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.

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 2013 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 Special Tax Assessment (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 September, 2012.

Construction has begun by Chinese Northern Railway (CNR) on a \$95 Million railroad car manufacturing operation at the former Westinghouse site on Page Boulevard in East Springfield. The 220,000 square foot facility will also include test tracks, engineering, research & development and administrative offices. The plant will provide 150 production jobs with possible expansion of up to 300 jobs.



The City has also worked hard to assist smaller manufacturing shops prosper in Springfield. In 2012, the City worked to bring Nash Manufacturing from Holyoke to Springfield and assisted Custom Carbide in relocating to a larger building within the City. The City also attracted prominent roofing company Titan Roofing in 2013 to make a \$2 million investment in relocating its headquarters facility from Chicopee to Springfield. In 2014, the City

continued these efforts by assisting in the relocation of Advance Welding into Springfield as well as the expansion of Dave’s Trucking and Freedom Credit Union.

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 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. In 2012, F.W. Webb purchased 15 acres of the property for \$1 million from the Springfield Redevelopment Authority and built a 70,000 square foot facility with a showroom that opened in 2013.

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. A new privately developed solar park is being developed on the property that will provide the City with approximately \$40,000 per year in new taxes. The following table summarizes tax increment financing agreements the City has relative to its economic development efforts.

| <u>Project</u>  | <u>Type</u> | <u>Year Certified</u> |
|---|-------------|-----------------------|
| CNR MA Corporation                                    | TIF         | 2015                  |
| Falvey Linen Supply Inc & East Springfield Realty LLC | TIF         | 2015                  |
| Silverbrick   | HDIP        | 2015                  |
| Amasdave, LLC dba Dave's Truck Repair, Inc.           | TIF         | 2014                  |
| Freedom Credit Union                                  | TIF         | 2014                  |
| Kielb Welding Enterprises, Inc. dba Advance Welding   | TIF         | 2014                  |
| Latino Food Distributors, Inc. / 90 Meat Outlet, LLC  | TIF         | 2013                  |
| Nash Manufacturing & Grinding Services Inc.           | STA         | 2013                  |
| Titan Roofing, Inc.                                   | TIF         | 2013                  |
| F. W Webb Company and RAM Construction LLC            | TIF         | 2011                  |
| Titeflex Corporation                                  | TIF         | 2010                  |
| Springfield Riverfront Development Corp.              | TIF         | 2002                  |

***Housing Development***

The City released in 2013 a new market rate housing study for both downtown and the South End. The report, completed by national expert Zimmerman/Volk Associates, showed a strong market interest in downtown housing rental units for market rate tenants. The City was a significant voice in the Gateway Cities movement which has resulted in new tax credits for market rate housing development. Other significant housing developments throughout the City include the continuing tornado rebuilding in Maple High/Six Corners, including a major investment in single family housing along the Central Street corridor. New York developers Silverbrick Group purchased the former “Morgan Square Apartments” in the summer of 2014 for \$9 million and are planning a \$6 million renovation of the 270 units, bringing them back to premier market rate status. The newly named “Silverbrick Lofts” will seek to build off of the new energy downtown including the redevelopment of Union Station, the expansion of colleges, and the MGM Springfield complex.



## ***Higher Education***

Higher education is available in Springfield at American International College, Springfield College, Western New England University and School of Law, Cambridge College 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 University, 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 UMASS Amherst Design Center, which is home base for approximately 20 studio design projects in Springfield for the past two years. In September 2014, UMASS Amherst opened a new UMass satellite center at Tower Square in downtown Springfield to significantly expand the University's presence in Western Massachusetts.

Enrollment at Springfield's institutions of higher education includes approximately 19,000 full and part-time students. During the past several years, all four of these colleges 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 10,000 employees in the region, of which an estimated 8,700 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. Baystate Health Systems recently completed a nearly \$300 million expansion of the Baystate Medical Center in Springfield. The project expanded the largest medical facility in Western Massachusetts with a new eight story, 600,000 square foot building. The expansion provided 200 construction jobs plus permanent employment for 50 doctors and 500 staff members.

## ***Leisure and Hospitality***

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, Plan B Burger Bar, Cold Stone Creamery and Max's Tavern. The Springfield Visitor's Information Center is located at the Basketball Hall of Fame. The former Visitor's Information Center building located on Hall of Fame Avenue was purchased by a private developer and opened as a "Luxe Burger Bar" in early 2014, representing a private investment of over \$2 million.

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 a LA Fitness facility, a four-story restaurant facility, and a Trillium Sports Medicine and Day Spa.

Springfield has continued to strengthen this sector of its economy with the opening of the new Basketball Hall of Fame, the 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.

The hotel segment in Springfield continues to rebound with the rebranding and redevelopment of the former Holiday Inn to a La Quinta Inn & Suites. The LaQuinta project was awarded by its company as the best

redevelopment of the year and the property has quickly become a very popular option for travelers in the region. A new 87-room Hampton Inn & Suites is nearing completion in the South End neighborhood, a 98 room Holiday Inn Express is under construction in downtown, and a 250 room MGM hotel will be built as part of their casino proposal. With these two projects the hotel inventory in just the downtown and South End areas of the City will reach over 1,250 rooms.

**Hotel Inventory**

| Hotel             | Square Feet    | Jobs       | Number of Rooms |
|-------------------|----------------|------------|-----------------|
| Sheraton          | 375,000        | 256        | 325             |
| Marriott          | 192,000        | 169        | 265             |
| Hilton Garden Inn | 82,589         | 215        | 143             |
| LaQuinta          | 152,488        | 73         | 180             |
| <b>Total</b>      | <b>802,077</b> | <b>713</b> | <b>913</b>      |

Source: City of Springfield Economic Development Department.

**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, most of which has been reimbursed by FEMA, 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 100% eligible cost reimbursement to the City which began construction in 2013 and is now complete.

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 100% eligible cost reimbursement to the City.

The City was also awarded nearly \$22 million in CDBG-Disaster Recovery funds in 2013. A partial spending plan for that funding has been approved, and funding will be dedicated to a host of uses including major infrastructure improvements, new housing, and job creation activities.

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***

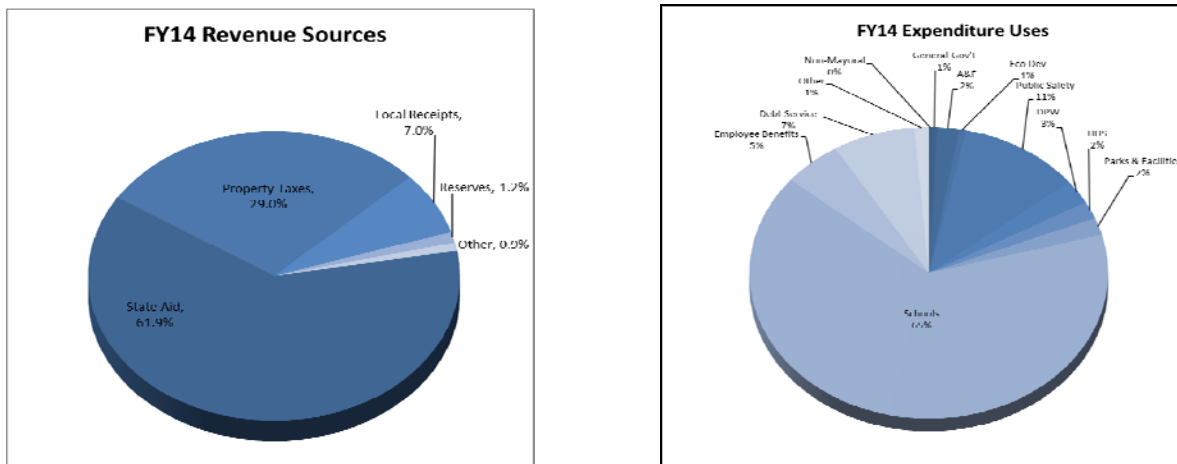
Within 170 days after the annual organization of the City government (which is ordinarily in early January), the Mayor is required to submit a budget of proposed expenditures for the fiscal year beginning on July 1. The City Council may make appropriations for the recommended purposes and may reduce 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.

**Budget Highlights**

**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**

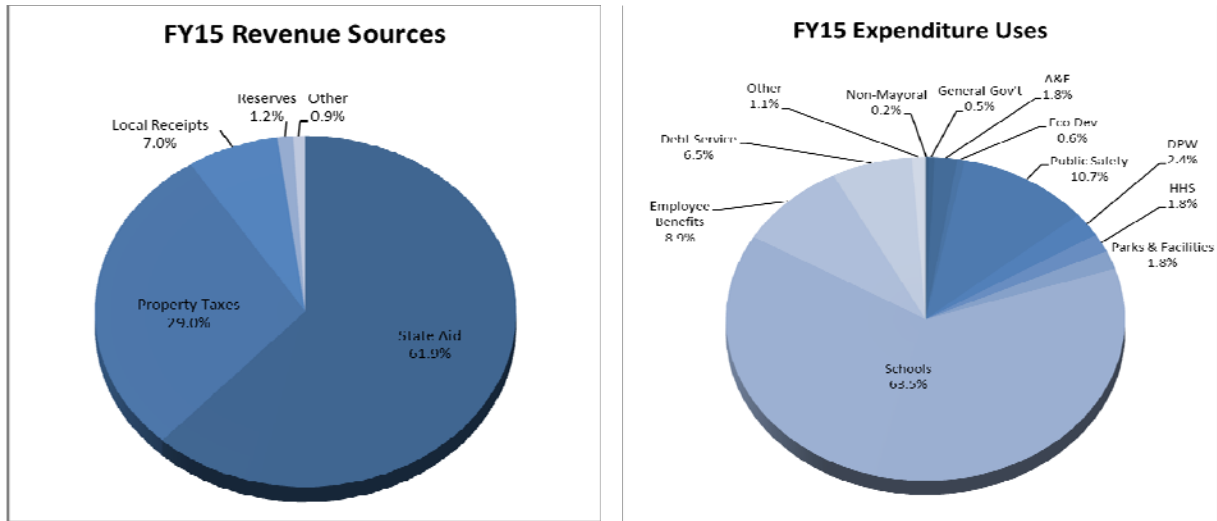


**Fiscal Year 2015** – The Adopted Budget for Fiscal Year 2015 is \$581,922,838. This represents a 1.8% increase over the FY14 Adopted Budget and a 1.7% increase from the FY14 Revised Budget. Fiscal Year 2015 marks an upswing for the City’s finances with a second consecutive year of increases to the City’s assessed property valuations, budgeted State Aid, local receipt estimates, and reduced reliance on reserves.

Costs, however, continue to increase with the need to support legal and contractual obligations, employee salaries and benefits, and other city-wide fixed costs. The City has also been strategically addressing the structural deficit by reducing the use of reserves to fund operating expenses. Through the annual planning process of building the City’s four-year Multi Year Financial Plan and amassing department budget requests, the City contended with a \$21.8 million deficit. The City’s goals for the FY15 budget process were threefold. The first step was solving for a \$21.8 million deficit due to rising salaries, benefits, contractual costs and stagnant projected revenue. Second was to reduce our reliance on one-time revenue to solve for the budget gap. Finally,

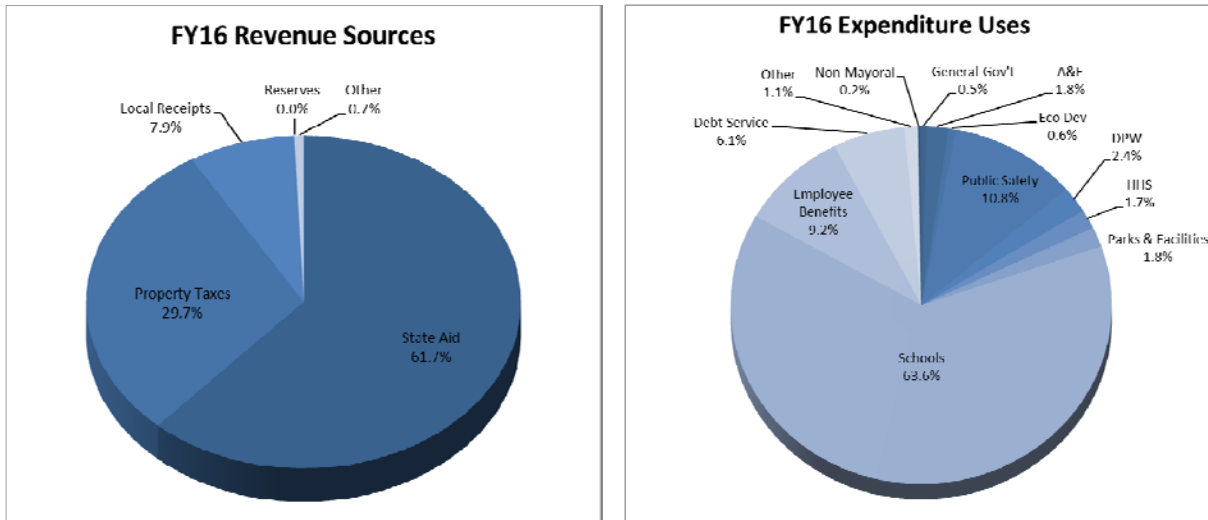
with these limited resources, provide strategic investments to the City. In addition, budgets were analyzed and presented based on departmental programs. This is the first time the City has budgeted on a programmatic basis, allowing for more data-driven decision making. By analyzing and presenting departmental funding in this manner, programs are clarified improving expenditure prioritization. The City's resources are allocated to the programs that deliver the greatest benefits to the community.

### FY15 Sources & Uses



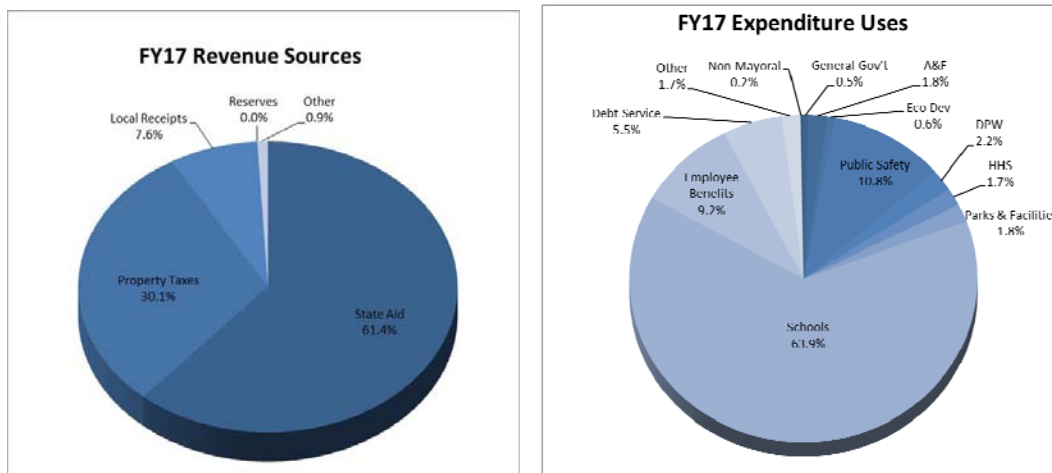
**Fiscal Year 2016** – The Adopted Budget for Fiscal Year 2016 is \$594,911,803. This represents a 2.2% increase over the FY15 Adopted Budget and a -4% decrease from the FY15 Revised Budget. Notably, FY16 is the first year since FY08 that City has been able to balance its budget without the use of supplemental reserve funds. Costs, however, continue to increase with the need to support legal and contractual obligations, employee salaries and benefits, and other city-wide fixed costs. Through the annual planning process of building the City's four-year Multi Year Financial Plan, amassing department budget requests and with consideration of projected casino revenue, the City contended with a \$14.5M deficit. The administrative goals for the FY16 budget process were three-fold: first, solving for a \$14.5M deficit that was created due to rising salaries, benefits, contractual costs as well as stagnant projected revenue; second, balancing the budget while reducing reliance on one-time revenue; and finally, with limited resources, providing strategic investments to the City in the areas of public safety and education. As part of closing the budget gap, budgets were analyzed and presented based on departmental programs. For the second year, the City has budgeted on a programmatic basis, allowing for more data-driven decision making. By analyzing and presenting departmental funding in this manner, programs are clarified improving expenditure prioritization. Allocating the City's resources to the programs that deliver the greatest benefits to the community has been made possible by program-based budgeting.

## FY16 Sources & Uses



**Fiscal Year 2017** – The Adopted Budget for Fiscal Year 2017 is \$616,807,963. This represents a 3.7% increase over the FY16 Adopted Budget. Notably, FY17 is the second year in a row that City has been able to balance its budget without the use of supplemental reserve funds. Costs, however, continue to increase with the need to support legal and contractual obligations, employee salaries and benefits, namely our pension obligation, along with other city-wide fixed costs. Through the annual planning process of building the City’s four-year Multi Year Financial Plan, amassing department budget requests and with consideration of projected casino revenue, the City contended with a \$16.7M deficit. As always, the administrative goals for the FY17 budget process were three-fold: first, solving for a \$16.7M deficit that was created due to rising salaries, benefits, contractual costs as well as stagnant projected revenue; second, balancing the budget while reducing reliance on one-time revenue; and finally, with limited resources, providing strategic investments to the City in the areas of public safety and education. As part of closing the budget gap, budgets were analyzed and presented based on departmental programs. The City continues to analyze and budget on a programmatic basis, allowing for more data-driven decision making. By analyzing and presenting departmental funding in this manner, programs are clarified improving expenditure prioritization. Allocating the City’s resources to the programs that deliver the greatest benefits to the community has been made possible by program-based budgeting.

## FY17 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.

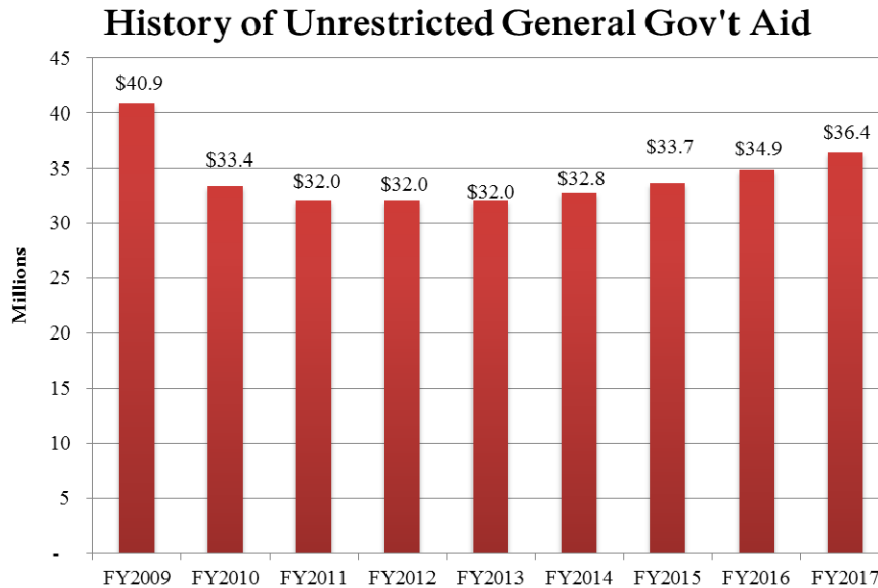
|   | FISCAL 2015<br>ACTUAL | FISCAL 2016<br>ADOPTED* | FISCAL 2017<br>MYFP - PROJECTED | FISCAL 2018<br>MYFP - PROJECTED | FISCAL 2019<br>MYFP - PROJECTED | FISCAL 2020<br>MYFP - PROJECTED |
|---|-----------------------|-------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>SPENDING ASSUMPTIONS</b>   |                       |                         |                                 |                                 |                                 |                                 |
| Administration and Finance Division   | 10,895,862            | 10,859,610              | 11,076,802                      | 11,148,339                      | 11,221,305                      | 11,295,731                      |
| Development Division  | 3,403,253             | 3,646,220               | 3,719,145                       | 3,793,528                       | 3,869,398                       | 3,946,786                       |
| General Government Division   | 4,334,659             | 3,108,779               | 3,170,954                       | 3,234,373                       | 3,299,061                       | 3,365,042                       |
| Non-Mayoral Division  | 1,231,831             | 1,403,119               | 1,431,182                       | 1,459,805                       | 1,489,002                       | 1,518,782                       |
| Health and Human Services Division  | 10,250,695            | 10,383,664              | 11,101,338                      | 11,323,364                      | 11,549,832                      | 11,780,828                      |
| Public Safety Division  | 61,111,192            | 64,493,609              | 69,770,598                      | 71,426,010                      | 73,114,530                      | 74,836,821                      |
| Public Works Division   | 14,722,761            | 14,029,642              | 14,310,235                      | 14,596,439                      | 14,888,368                      | 15,186,136                      |
| Parks & Facilities Division   | 10,901,014            | 10,607,583              | 10,819,734                      | 11,036,129                      | 11,256,852                      | 11,481,989                      |
| School Department   | 384,865,943           | 378,730,282             | 392,360,793                     | 404,131,617                     | 416,255,565                     | 428,743,232                     |
| Debt  | 36,734,208            | 36,395,462              | 40,820,027                      | 38,547,429                      | 38,263,792                      | 38,263,792                      |
| Health Insurance & Fringe   | 24,909,004            | 26,254,817              | 27,624,555                      | 28,907,749                      | 30,253,704                      | 31,665,535                      |
| Pensions  | 26,749,744            | 28,357,819              | 30,059,288                      | 31,862,845                      | 33,774,616                      | 35,801,093                      |
| Other Spending  | 6,256,485             | 6,802,804               | 8,636,243                       | 8,812,150                       | 8,992,348                       | 9,176,942                       |
| <b>TOTAL</b>  | <b>596,366,650</b>    | <b>595,073,411</b>      | <b>624,900,895</b>              | <b>640,279,778</b>              | <b>658,228,373</b>              | <b>677,062,709</b>              |
| <b>REVENUE ASSUMPTIONS</b>  |                       |                         |                                 |                                 |                                 |                                 |
| Property Taxes**  | 168,431,087           | 177,910,553             | 182,458,317                     | 187,119,775                     | 191,897,769                     | 196,795,214                     |
| Local Receipts  | 45,351,709            | 43,041,834              | 41,704,467                      | 41,704,467                      | 41,704,467                      | 41,704,467                      |
| State Aid   | 358,636,209           | 367,121,024             | 378,560,643                     | 380,671,304                     | 388,825,750                     | 397,907,745                     |
| Reserves  | 2,856,130             | -                       | -                               | -                               | -                               | -                               |
| Net School Spending   | 18,571,226            | -                       | -                               | -                               | -                               | -                               |
| Other Financing Sources   | 6,692,065             | -                       | -                               | -                               | -                               | -                               |
| Casino Revenue  | -                     | 7,000,000               | 5,500,000                       | 4,500,000                       | 20,422,857                      | 21,242,857                      |
| <b>TOTAL</b>  | <b>600,538,426</b>    | <b>595,073,411</b>      | <b>608,223,427</b>              | <b>613,995,546</b>              | <b>642,850,844</b>              | <b>657,650,283</b>              |
| <b>SURPLUS / (GAP)</b>  | <b>4,171,776</b>      | <b>0</b>                | <b>(16,677,468)</b>             | <b>(26,284,232)</b>             | <b>(15,377,530)</b>             | <b>(19,412,426)</b>             |
| *Includes \$161,608 supplement to FY16 Adopted budget due to an increase in Charter Tuition Reimbursement |                       |                         |                                 |                                 |                                 |                                 |
| **FY15 Property taxes net of overlay  |                       |                         |                                 |                                 |                                 |                                 |

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.

| Levy Calculation                          | FY11                                 | FY12               | FY13               | FY14               | FY15               | FY16               |
|---|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Prior Year Levy Limit                     | 170,824,032                          | 171,233,218        | 169,400,199        | 167,408,833        | 172,959,829        | 176,123,213        |
| 2.5% Increase                             | 4,270,601                            | 4,280,830          | 4,235,005          | 4,185,221          | 4,323,996          | 4,403,080          |
| <b>Subtotal</b>                           | <b>175,094,633</b>                   | <b>175,514,048</b> | <b>173,635,204</b> | <b>171,594,054</b> | <b>177,283,825</b> | <b>180,526,293</b> |
| New Growth                                | 3,482,214                            | 4,526,534          | 5,868,281          | 5,796,076          | 3,893,490          | 5,047,901          |
| <b>Potential Levy Limit</b>               | <b>178,576,847</b>                   | <b>180,040,582</b> | <b>179,503,485</b> | <b>177,390,130</b> | <b>181,177,315</b> | <b>185,574,194</b> |
| Levy Ceiling (Actual Levy Limit)          | 171,233,218                          | 169,400,199        | 167,408,833        | 172,959,829        | 176,123,213        | 181,910,553        |
| <b>LOST REVENUE TO SUPPORT OPERATIONS</b> | <b>7,343,629</b>                     | <b>10,640,383</b>  | <b>12,094,652</b>  | <b>4,430,301</b>   | <b>5,054,102</b>   | <b>3,663,641</b>   |
|   | <i>Total lost to date FY11-FY16:</i> |                    |                    | <b>43,226,708</b>  |                    |                    |

**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.

|                         | FY09           | FY10           | FY11           | FY12           | FY13           | FY14           | FY15           | FY16           | FY17           |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>CITY GRAND TOTAL</b> | <b>1,557.9</b> | <b>1,433.2</b> | <b>1,410.3</b> | <b>1,298.8</b> | <b>1,208.3</b> | <b>1,242.2</b> | <b>1,287.2</b> | <b>1,323.8</b> | <b>1,355.8</b> |

- 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 2 years and adjust the schedule accordingly. Springfield's most recent actuarial valuation estimated the City's unfunded actuarial accrued liability (UAAL) at \$827.4 million as of January 1, 2016. Our funded status is 26.2%.
- **Other Post-Employment 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 \$974.9 million based on the most recent actuarial valuation dated July 1, 2016. In order to fully fund this liability in 30 years, as it does with retirement, the City would have to appropriate approximately \$66.7 million on an annual basis. We currently fund approximately 39.7% 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.

## **Awards & Acknowledgements**

### **Certificate of Achievement for Excellence in Financial Reporting**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Springfield for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the fifth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Distinguished Budget Award**

The GFOA awarded a Distinguished Budget Presentation Award to the City of Springfield for its budget document for fiscal year 2016. This was the eighth consecutive year the City has received this prestigious award. 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. A Budget Presentation Award is valid for a period of one year only. We believe our current FY2017 budget will meet the criteria to be eligible for a ninth award.

## Acknowledgements

The preparation of both the CAFR and the Annual Budget would not have been possible without the efficient and dedicated services of the City Comptroller's office and the Office of Management and Budget.

Likewise, we wish to thank every City department both Management and staff whose cooperation and assistance made these financial and budget goals possible and contributed to making the annual budget process and annual fiscal year-end close a success.

Credit must also be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Springfield's finances.

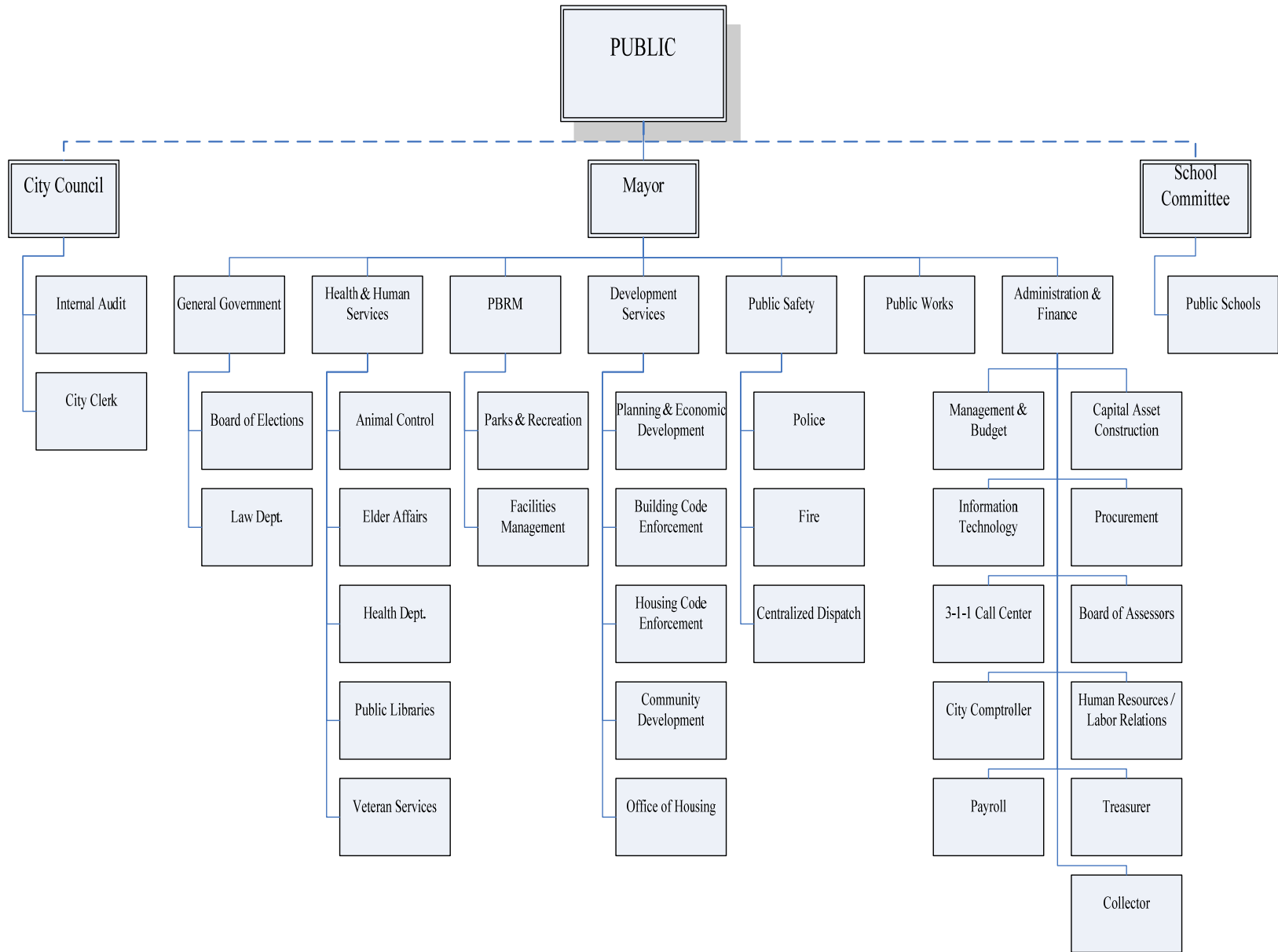
|                      |                              |
|----------------------|------------------------------|
| Patrick S. Burns     | City Comptroller             |
| Lindsay Hackett      | Budget Director              |
| Joanne Raleigh       | Deputy Comptroller           |
| Antoinette Basile    | Sr. Financial Accountant     |
| Beth Gokey           | Financial Accountant         |
| Maria Lopez-Santiago | Business Process Coordinator |
| Sharolyn Vickers     | Financial Accountant         |
| Xianhong Zheng       | Financial Accountant         |
| Leslie Labonte       | Office Manager               |
| Diane Jendrysik      | Senior Account Clerk         |

Respectfully submitted,



Timothy J. Plante  
Chief Administrative & Financial Officer

# Organizational Chart



**Directory of Officials**

**Mayor**

Domenic J. Sarno

**City Council**

Michael Fenton, Ward 2 (President)

Orlando Ramos, Ward 8 (Vice President)

Adam Gomez, Ward 1

Melvin A. Edwards, Ward 3

E. Henry Twiggs, Ward 4

Marcus Williams, Ward 5

Kenneth E. Shea, Ward 6

Timothy Allen, Ward 7

Kateri Walsh, At Large

Thomas Ashe, At Large

Justin Hurst, At Large

Timothy J. Rooke, At Large

Bud L. Williams, At Large

**School Committee**

Mayor Domenic J. Sarno (Chairman)

Christopher Collins, District 3 (Vice-Chair)

Rosa Perez, District 1

Barbara Gresham, District 2

Denise Hurst, At Large

Attorney Peter Murphy, District 4

Norman Roldan, At Large

**Appointed City Executive Branch**

Chief Administrative and Financial Officer

Timothy J. Plante

Comptroller

Patrick S. Burns

Budget Director

Lindsay Hackett

Director of Internal Audit

Yong Ju No

Treasurer/Collector

Stephen Lonergan

Chairman of the Board of Assessors

Richard J. Allen

City Clerk

Anthony I. Wilson, Esq



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

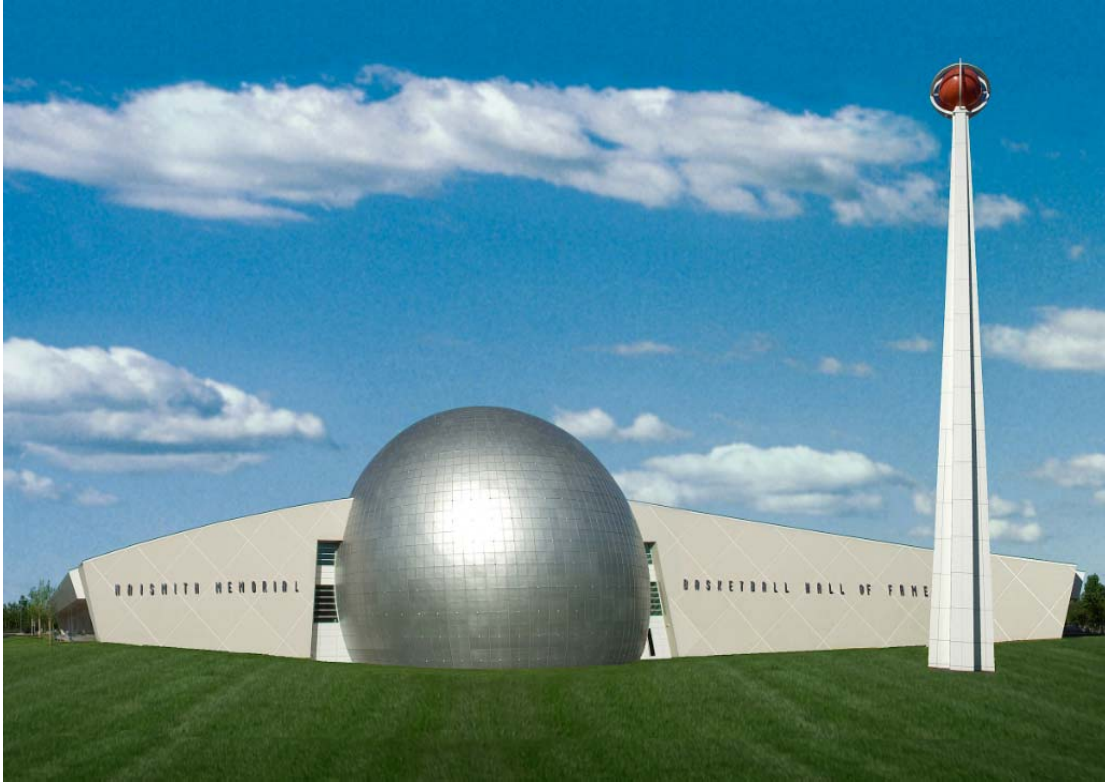
**City of Springfield  
Massachusetts**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

# ***Financial Section***



Naismith Basketball Hall of Fame - Columbus Avenue.

City of Springfield, Massachusetts  
Comprehensive Annual Financial Report  
For the year ended June 30, 2016



View of the Basketball of Fame and the City of Springfield.

# ***Financial Section***



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F. 781-914-1701  
[www.powersandsullivan.com](http://www.powersandsullivan.com)

## 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 year ended June 30, 2016 (except for the Springfield Contributory Retirement System which is as of and for the year ended December 31, 2015), and the related notes to the financial statements, 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 Museums Corporation, 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 Museums Corporation, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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, 2016 (except for the Springfield Contributory Retirement System which is as of and for the year ended December 31, 2015), 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 20, 2016, 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* in considering the City of Springfield, Massachusetts' internal control over financial reporting and compliance.

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

December 20, 2016

# ***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 year ended June 30, 2016. 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 auditor may issue a modified 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 the City's non fiduciary assets and deferred outflows of resources, deferred inflows of resources, 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 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 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, community development activity associated with the Union Station project, 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 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 four 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; \$4,042,000 and \$4,091,000 in 2016 and 2015, 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. Key components of the City's activities are presented below.

### Governmental Activities

|   | <u>2016</u>                    | <u>2015</u>                    |
|---|--------------------------------|--------------------------------|
| <b>Assets:</b>  |                                |                                |
| Current assets.....                                     | \$ 246,341,140                 | \$ 238,843,678                 |
| Noncurrent assets (excluding capital).....              | 28,660,117                     | 37,267,895                     |
| Capital assets, non depreciable.....                    | 32,612,497                     | 27,817,539                     |
| Capital assets, net of accumulated depreciation.....    | <u>614,121,216</u>             | <u>630,486,492</u>             |
| <b>Total assets.....</b>                                | <b><u>921,734,970</u></b>      | <b><u>934,415,604</u></b>      |
| <b>Deferred Outflows of Resources:</b>                  |                                |                                |
| Deferred outflows of resources related to pensions..... | <u>62,836,096</u>              | <u>1,012,622</u>               |
| <b>Liabilities:</b>                                     |                                |                                |
| Current liabilities (excluding debt).....               | 77,534,874                     | 73,458,789                     |
| Noncurrent liabilities (excluding debt).....            | 1,019,314,736                  | 904,614,297                    |
| Current debt.....                                       | 56,148,225                     | 40,699,506                     |
| Noncurrent debt.....                                    | <u>187,425,134</u>             | <u>209,711,834</u>             |
| <b>Total liabilities.....</b>                           | <b><u>1,340,422,969</u></b>    | <b><u>1,228,484,426</u></b>    |
| <b>Net Position:</b>                                    |                                |                                |
| Net investment in capital assets.....                   | 464,426,535                    | 469,947,179                    |
| Restricted.....   | 18,121,346                     | 12,985,477                     |
| Unrestricted.....                                       | <u>(838,399,784)</u>           | <u>(775,988,856)</u>           |
| <b>Total net position.....</b>                          | <b><u>\$ (355,851,903)</u></b> | <b><u>\$ (293,056,200)</u></b> |

Governmental net position of \$464.4 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 \$18.1 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* resulted in a \$838.4 million deficit mainly relating to the cumulative effect of recording \$720.6 million of governmental net pension liabilities and \$272.8 million of governmental other postemployment benefit (OPEB) liabilities through June 30, 2016.

Net position decreased by \$62.8 million in 2016. Contributing to the current year decrease are the following factors; the \$27.7 million increase in the liability for other postemployment benefits, the increase of \$25.3 million in the net pension liability and related deferred outflows/(inflows) of resources, depreciation expense exceeding debt principal payments by \$21.9 million, and the transfer of approximately \$4.0 million to the Trash enterprise fund.



Operating grant revenues increased by approximately \$31.3 million. This is mainly due to State on-behalf payments for teacher retirement benefits that increased by \$13.4 million over the prior year, and for other increases in educational State aid. Capital grants have started to decline as the school construction projects are nearly complete.

|  | <u>2016</u>                    | <u>2015</u>                    |
|--|--------------------------------|--------------------------------|
| <b>Program revenues:</b>   |                                |                                |
| Charges for services.....  | \$ 34,921,873                  | \$ 34,469,998                  |
| Operating grants and contributions.....                                      | 466,735,558                    | 435,396,915                    |
| Capital grants and contributions.....  | 14,989,533                     | 47,911,551                     |
| <b>General Revenues:</b>   |                                |                                |
| Real estate and personal property taxes.....                                 | 176,798,970                    | 174,498,102                    |
| Motor vehicle and other excise taxes.....                                    | 13,397,189                     | 12,862,459                     |
| Penalties and interest on taxes.....   | 1,587,998                      | 1,865,149                      |
| Grants and contributions not restricted to<br>specific programs.....         | 34,943,018                     | 33,726,234                     |
| Unrestricted investment income.....  | 989,345                        | 754,978                        |
| Payments in lieu of taxes.....   | 1,489,346                      | 2,553,962                      |
| Chapter 121A - excise payments in lieu of taxes.....                         | 7,598,317                      | 1,701,796                      |
| Other revenues.....  | 582,428                        | 303,704                        |
| <b>Total revenues.....</b>   | <b><u>754,033,575</u></b>      | <b><u>746,044,848</u></b>      |
| <b>Expenses:</b>   |                                |                                |
| General government.....  | 58,886,621                     | 56,103,956                     |
| Public safety.....   | 133,631,995                    | 122,391,784                    |
| Education.....   | 547,408,081                    | 529,212,400                    |
| Public works.....  | 30,294,896                     | 31,813,897                     |
| Health and welfare.....  | 9,823,540                      | 10,951,993                     |
| Culture and recreation.....  | 21,575,179                     | 22,587,575                     |
| Community development - union station.....                                   | 2,904,953                      | 834,762                        |
| Interest.....  | 8,540,037                      | 7,852,070                      |
| <b>Total expenses.....</b>   | <b><u>813,065,302</u></b>      | <b><u>781,748,437</u></b>      |
| <b>Excess (Deficiency) before extraordinary<br/>items and transfers.....</b> | <b>(59,031,727)</b>            | <b>(35,703,589)</b>            |
| Extraordinary item - tornado reimbursements.....                             | 1,186,382                      | 1,062,077                      |
| Extraordinary item - tornado expenses.....                                   | (908,183)                      | (457,097)                      |
| <b>Transfers.....</b>  | <b><u>(4,042,175)</u></b>      | <b><u>(4,090,834)</u></b>      |
| <b>Change in net position.....</b>   | <b>(62,795,703)</b>            | <b>(39,189,443)</b>            |
| <b>Net position - beginning, as revised.....</b>                             | <b><u>(293,056,200)</u></b>    | <b><u>(253,866,757)</u></b>    |
| <b>Net position - ending.....</b>  | <b><u>\$ (355,851,903)</u></b> | <b><u>\$ (293,056,200)</u></b> |

*Financial notes related to governmental activities:*

- Charges for services represent 6% 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 62% 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 25% 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 \$547.4 million in expenses were recorded in 2016. After accounting for \$446.4 million in program revenues, an additional \$101 million in taxes and other revenues were needed to cover its 2016 operating expenses. Approximately \$43.3 million of a pension contribution made by the Commonwealth of Massachusetts on-behalf of Springfield teachers has been recorded as an expense and operating grant revenue.
- Public safety, general government, and public works are the second, third, and fourth largest activities of the City. Approximately \$118.6 million, \$22 million, and \$22.7 million, respectively, of taxes and other revenues were needed to cover their 2016 operating expenses.

**Business-type Activities.** Business-type activities decreased the City's net position by \$1 million during 2016. These activities consist of the Trash enterprise fund.

Trash fund business-type activities assets and deferred outflows of resources exceeded liabilities by \$508,000 at the close of 2016. The net investment in capital assets of \$874,000 million relates to the acquisition of capital assets through capital lease financing. Unrestricted net position amounted to a deficit of \$1.2 million. The general fund subsidized the activities in the amount of \$4 million in 2016 and \$4.1 million in 2015. Operating and depreciation expenses amounted to \$8.5 million and \$819,000, respectively.

|  | <u>2016</u>                | <u>2015</u>              |
|--|----------------------------|--------------------------|
| <b>Assets:</b>   |                            |                          |
| Current assets.....                                    | \$ 3,266,662               | \$ 2,832,896             |
| Capital assets, net of accumulated depreciation.....   | <u>1,641,439</u>           | <u>2,460,301</u>         |
| <b>Total assets.....</b>                               | <b><u>4,908,101</u></b>    | <b><u>5,293,197</u></b>  |
| <b>Deferred Outflows of Resources:</b>                 |                            |                          |
| Deferred outflows of resources related to pensions.... | <u>318,092</u>             | <u>3,709</u>             |
| <b>Liabilities:</b>                                    |                            |                          |
| Current liabilities (excluding debt).....              | 279,672                    | 228,414                  |
| Non-current liabilities (excluding debt).....          | 4,545,667                  | 3,102,493                |
| Current debt.....                                      | 364,963                    | 533,629                  |
| Noncurrent debt.....                                   | <u>402,071</u>             | <u>767,034</u>           |
| <b>Total liabilities.....</b>                          | <b><u>5,592,373</u></b>    | <b><u>4,631,570</u></b>  |
| <b>Net Position:</b>                                   |                            |                          |
| Net investment in capital assets.....                  | 874,405                    | 1,159,638                |
| Unrestricted.....                                      | <u>(1,240,585)</u>         | <u>(494,302)</u>         |
| <b>Total net position.....</b>                         | <b><u>\$ (366,180)</u></b> | <b><u>\$ 665,336</u></b> |

|  | <u>2016</u>                       | <u>2015</u>                     |
|--|-----------------------------------|---------------------------------|
| <b>Program revenues:</b>                         |                                   |                                 |
| Charges for services.....                        | \$ <u>4,278,954</u>               | \$ <u>4,207,837</u>             |
| <b>Expenses:</b>                                 |                                   |                                 |
| Trash.....                                       | <u>9,352,645</u>                  | <u>8,594,111</u>                |
| <b>Excess (Deficiency) before transfers.....</b> | <b>(5,073,691)</b>                | <b>(4,386,274)</b>              |
| <b>Transfers.....</b>                            | <b><u>4,042,175</u></b>           | <b><u>4,090,834</u></b>         |
| <b>Change in net position.....</b>               | <b>(1,031,516)</b>                | <b>\$ (295,440)</b>             |
| <b>Net position - beginning.....</b>             | <b><u>665,336</u></b>             | <b><u>960,776</u></b>           |
| <b>Net position - ending.....</b>                | <b>\$ <u><u>(366,180)</u></u></b> | <b>\$ <u><u>665,336</u></u></b> |

## 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 year.

As of the end of the current year, governmental funds reported combined ending fund balances of approximately \$118 million, a decrease of approximately \$9.6 million from the prior year. The overall decrease is primarily due negative budgetary results of operations in the general fund and capital project spending that has not been funded through the issuance of long-term bonds as well as timing differences between the expenditures that are reimbursable under various grant programs and the actual receipt of the reimbursements.

### *General Fund*

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$59.5 million, while total fund balance was \$83.6 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 9.3% of total general fund expenditures, while total fund balance represents approximately 13.1% of that same amount. The General fund balance decreased by \$944,000 from the prior year.

### *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, 2016 amounted to \$28.9 million of which the City has received federal and state assistance of approximately \$24.3 million. The fund has an accumulated deficit of \$4.6 million at June 30, 2016. The City has requested reimbursement from the Federal Emergency Management Agency (FEMA) to fund a portion of the deficit. 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, 2016 amounted to \$25.3 million, of which the City has received federal and state assistance of approximately \$24.7 million and \$809,000 was transferred from the City's general fund. The fund has an accumulated surplus of \$156,000 at June 30, 2016.

### *School Capital Projects Fund*

The school capital projects fund is used to account for the construction and renovation of various school buildings. The fund has an accumulated fund balance of \$4.2 million at June 30, 2016 which is a decrease of \$5.6 million from the prior year. The ending fund surplus relates to bond proceeds which will be spent in subsequent years.

## ***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 were consistent with budgeted revenues and actual expenditures, including carryovers, were less than budgeted amounts by \$5.1 million. The City carried over \$18.4 million in appropriations to 2017.

## ***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 2016 approximately \$12.8 million of such assistance was received. Approximately \$35.8 million is expected to be received in future years. Of this amount, \$8.1 million represents reimbursement of long-term interest costs, and \$27.7 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. The City has been approved for a grant of up to 100% or \$26.4 million of eligible construction costs towards the construction of the new Elias Brookings School, and 80% or \$19.2 million for the Springfield Central High science lab initiative. To date the City has received \$41.8 million for these projects and has recognized a receivable for \$3.8 million.

Major capital assets are funded by the issuance of long-term debt or grant reimbursements. The City capitalized a total of \$35.6 million of expenditures during 2016. These capitalized costs represent approximately \$21 million of boiler and window replacements and technology upgrades across the entire school district; \$3.8 million of roadway construction and upgrades; \$5.3 million of park department and senior center facility construction or renovation; \$1 million on a new fire engine and related firefighting equipment, and \$1.5 million on heating system upgrades at various buildings occupied by general government functions.

Outstanding long-term debt of the general government, as of June 30, 2016, totaled approximately \$208 million, including unamortized premiums of \$6.1 million. In FY2016, the City issued \$25.2 million of refunding bonds along with a \$2.0 million bond premium to refund \$26.9 million of general obligation bonds outstanding. The City will realize a reduction of \$2.0 million in future debt service payments as a result of this refunding transaction. The City also made scheduled principal payments of \$25.2 million during FY2016.

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, 2016**

|   | <u>Primary Government</u>      |                                 |                                | <u>Component Units</u>                     |  |
|---|--------------------------------|---------------------------------|--------------------------------|--|--|
|   | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u>                   | <u>Springfield Redevelopment Authority</u> | <u>Springfield Museums Corporation</u> |
| <b>ASSETS</b>   |                                |                                 |                                |  |  |
| <b>CURRENT:</b>   |                                |                                 |                                |  |  |
| Cash and cash equivalents.....                              | \$ 199,112,576                 | \$ 1,965,759                    | \$ 201,078,335                 | \$ 785,045                                 | \$ 628,442                             |
| Restricted cash and cash equivalents.....                   | 1,226,765                      | -                               | 1,226,765                      | 842,295                                    | -                                      |
| Investments.....  | 1,783,337                      | -                               | 1,783,337                      | -  | -                                      |
| Receivables, net of allowance for uncollectibles:           |                                |                                 |                                |  |  |
| Real estate and personal property taxes.....                | 9,474,304                      | -                               | 9,474,304                      | -  | -                                      |
| Tax liens.....  | 2,562,219                      | -                               | 2,562,219                      | -  | -                                      |
| Motor vehicle excise taxes.....                             | 2,466,822                      | -                               | 2,466,822                      | -  | -                                      |
| Departmental and other.....                                 | 2,845,513                      | -                               | 2,845,513                      | -  | 3,108,266                              |
| Trash fees.....   | -                              | 1,300,903                       | 1,300,903                      | -  | -                                      |
| Intergovernmental.....                                      | 23,695,372                     | -                               | 23,695,372                     | 34,165,009                                 | -                                      |
| Loans.....  | 936,000                        | -                               | 936,000                        | -  | -                                      |
| Tax foreclosures.....                                       | 2,138,232                      | -                               | 2,138,232                      | -  | -                                      |
| Prepaid expenses and supplies.....                          | -                              | -                               | -                              | -  | 353,057                                |
| Working capital deposit.....                                | 100,000                        | -                               | 100,000                        | -  | -                                      |
| Total current assets.....                                   | <u>246,341,140</u>             | <u>3,266,662</u>                | <u>249,607,802</u>             | <u>35,792,349</u>                          | <u>4,089,765</u>                       |
| <b>NONCURRENT:</b>  |                                |                                 |                                |  |  |
| Restricted cash and cash equivalents held by custodian..... | 5,169,309                      | -                               | 5,169,309                      | -  | -                                      |
| Investments.....  | -                              | -                               | -                              | -  | 22,380,052                             |
| Receivables, net of allowance for uncollectibles:           |                                |                                 |                                |  |  |
| Intergovernmental.....                                      | 19,244,792                     | -                               | 19,244,792                     | -  | -                                      |
| Loans.....  | 4,246,016                      | -                               | 4,246,016                      | -  | -                                      |
| Contributions.....  | -                              | -                               | -                              | -  | 1,818,094                              |
| Beneficial interest in perpetual trusts.....                | -                              | -                               | -                              | -  | 24,173,847                             |
| Capital assets, non depreciable.....                        | 32,612,497                     | -                               | 32,612,497                     | 60,321,797                                 | -                                      |
| Capital assets, net of accumulated depreciation.....        | 614,121,216                    | 1,641,439                       | 615,762,655                    | 687,837                                    | 14,409,622                             |
| Total noncurrent assets.....                                | <u>675,393,830</u>             | <u>1,641,439</u>                | <u>677,035,269</u>             | <u>61,009,634</u>                          | <u>62,781,615</u>                      |
| <b>TOTAL ASSETS.....</b>                                    | <b><u>921,734,970</u></b>      | <b><u>4,908,101</u></b>         | <b><u>926,643,071</u></b>      | <b><u>96,801,983</u></b>                   | <b><u>66,871,380</u></b>               |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                       |                                |                                 |                                |  |  |
| Deferred outflows of resources related to debt.....         | 284,298                        | -                               | 284,298                        | -  | -                                      |
| Deferred outflows of resources related to pensions.....     | 62,551,798                     | 318,092                         | 62,869,890                     | -  | -                                      |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>            | <b><u>62,836,096</u></b>       | <b><u>318,092</u></b>           | <b><u>63,154,188</u></b>       | <b><u>-</u></b>                            | <b><u>-</u></b>                        |
| <b>LIABILITIES</b>  |                                |                                 |                                |  |  |
| <b>CURRENT:</b>   |                                |                                 |                                |  |  |
| Warrants payable.....                                       | 13,306,598                     | 185,777                         | 13,492,375                     | 4,626,333                                  | 294,974                                |
| Accrued unemployment liability.....                         | 1,044,000                      | -                               | 1,044,000                      | -  | -                                      |
| Accrued payroll and withholdings.....                       | 25,659,888                     | 93,895                          | 25,753,783                     | -  | -                                      |
| Health claims payable.....                                  | 158,928                        | -                               | 158,928                        | -  | -                                      |
| Tax refunds payable.....                                    | 17,590,644                     | -                               | 17,590,644                     | -  | -                                      |
| Accrued interest.....                                       | 2,557,249                      | -                               | 2,557,249                      | 19,738                                     | -                                      |
| Other liabilities.....                                      | 6,467,353                      | -                               | 6,467,353                      | 17,008                                     | 908,011                                |
| Capital lease obligations.....                              | 2,569,588                      | 364,963                         | 2,934,551                      | -  | -                                      |
| Landfill closure.....                                       | 750,000                        | -                               | 750,000                        | -  | -                                      |
| Compensated absences.....                                   | 7,447,214                      | -                               | 7,447,214                      | -  | -                                      |
| Workers' compensation.....                                  | 1,617,000                      | -                               | 1,617,000                      | -  | -                                      |
| Due to granting agencies.....                               | 936,000                        | -                               | 936,000                        | -  | -                                      |
| Lines of credit.....  | -                              | -                               | -                              | -  | 1,909,222                              |
| Notes payable.....  | 28,307,673                     | -                               | 28,307,673                     | 180,000                                    | -                                      |
| Bonds payable.....  | 25,270,964                     | -                               | 25,270,964                     | -  | 102,831                                |
| Total current liabilities.....                              | <u>133,683,099</u>             | <u>644,635</u>                  | <u>134,327,734</u>             | <u>4,843,079</u>                           | <u>3,215,038</u>                       |
| <b>NONCURRENT:</b>  |                                |                                 |                                |  |  |
| Capital lease obligations.....                              | 4,676,496                      | 402,071                         | 5,078,567                      | -  | -                                      |
| Due to granting agencies.....                               | 6,162,000                      | -                               | 6,162,000                      | -  | -                                      |
| Compensated absences.....                                   | 12,435,389                     | -                               | 12,435,389                     | -  | -                                      |
| Workers' compensation.....                                  | 3,772,000                      | -                               | 3,772,000                      | -  | -                                      |
| Landfill closure.....                                       | 3,500,000                      | -                               | 3,500,000                      | -  | -                                      |
| Other postemployment benefits.....                          | 272,809,231                    | 881,048                         | 273,690,279                    | -  | -                                      |
| Notes payable.....  | -                              | -                               | -                              | 180,000                                    | -                                      |
| Bonds payable.....  | 182,748,638                    | -                               | 182,748,638                    | 825,000                                    | 2,054,266                              |
| Net pension liability.....                                  | 720,636,116                    | 3,664,619                       | 724,300,735                    | -  | -                                      |
| Total noncurrent liabilities.....                           | <u>1,206,739,870</u>           | <u>4,947,738</u>                | <u>1,211,687,608</u>           | <u>1,005,000</u>                           | <u>2,054,266</u>                       |
| <b>TOTAL LIABILITIES.....</b>                               | <b><u>1,340,422,969</u></b>    | <b><u>5,592,373</u></b>         | <b><u>1,346,015,342</u></b>    | <b><u>5,848,079</u></b>                    | <b><u>5,269,304</u></b>                |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                        |                                |                                 |                                |  |  |
| Unavailable revenue.....                                    | -                              | -                               | -                              | 29,834,748                                 | -                                      |
| <b>NET POSITION</b>   |                                |                                 |                                |  |  |
| Net investment in capital assets.....                       | 464,426,535                    | 874,405                         | 465,300,940                    | 60,004,634                                 | 12,252,525                             |
| Restricted for:   |                                |                                 |                                |  |  |
| Chapter 656 Reserve.....                                    | 5,704,886                      | -                               | 5,704,886                      | -  | -                                      |
| Debt service.....   | 5,169,309                      | -                               | 5,169,309                      | -  | -                                      |
| Loans.....  | 228,016                        | -                               | 228,016                        | -  | -                                      |
| Permanent funds:  |                                |                                 |                                |  |  |
| Nonexpendable.....  | -                              | -                               | -                              | -  | 25,545,109                             |
| Grants and gifts.....                                       | 7,019,135                      | -                               | 7,019,135                      | 841,352                                    | -                                      |
| Unrestricted.....   | (838,399,784)                  | (1,240,585)                     | (839,640,369)                  | 273,170                                    | 23,804,442                             |
| <b>TOTAL NET POSITION.....</b>                              | <b><u>\$ (355,851,903)</u></b> | <b><u>\$ (366,180)</u></b>      | <b><u>\$ (356,218,083)</u></b> | <b><u>\$ 61,119,156</u></b>                | <b><u>\$ 61,602,076</u></b>            |

See notes to basic financial statements.



**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2016

| Functions/Programs                         | Expenses              | Program Revenues        |  |  | Net (Expense)<br>Revenue |
|--|-----------------------|-------------------------|--|--|--------------------------|
|  |                       | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |                          |
| <b>Primary Government:</b>                 |                       |                         |  |  |                          |
| <i>Governmental Activities:</i>            |                       |                         |  |  |                          |
| General government.....                    | \$ 58,886,621         | \$ 11,547,193           | \$ 15,785,141                            | \$ 1,978,985                           | \$ (29,575,302)          |
| Public safety.....                         | 133,631,995           | 11,421,926              | 3,582,387                                | -                                      | (118,627,682)            |
| Education.....                             | 547,408,081           | 7,366,602               | 432,154,446                              | 6,882,842                              | (101,004,191)            |
| Public works.....                          | 30,294,896            | 1,395,809               | 61,746                                   | 6,127,706                              | (22,709,635)             |
| Health and welfare.....                    | 9,823,540             | 468,406                 | 7,287,927                                | -                                      | (2,067,207)              |
| Culture and recreation.....                | 21,575,179            | 2,721,937               | 3,986,141                                | -                                      | (14,867,101)             |
| Community development - Union Station..... | 2,904,953             | -                       | -  | -                                      | (2,904,953)              |
| Interest.....                              | 8,540,037             | -                       | 3,877,770                                | -                                      | (4,662,267)              |
| Total Governmental Activities.....         | <u>813,065,302</u>    | <u>34,921,873</u>       | <u>466,735,558</u>                       | <u>14,989,533</u>                      | <u>(296,418,338)</u>     |
| <i>Business-Type Activities:</i>           |                       |                         |  |  |                          |
| Trash.....                                 | <u>9,352,645</u>      | <u>4,278,954</u>        | <u>-</u>                                 | <u>-</u>                               | <u>(5,073,691)</u>       |
| Total Primary Government.....              | <u>\$ 822,417,947</u> | <u>\$ 39,200,827</u>    | <u>\$ 466,735,558</u>                    | <u>\$ 14,989,533</u>                   | <u>\$ (301,492,029)</u>  |
| <b>Component Units:</b>                    |                       |                         |  |  |                          |
| Springfield Redevelopment Authority.....   | \$ 1,011,850          | \$ 3,264,172            | \$ 35,435,480                            | \$ -                                   | \$ 37,687,802            |
| Springfield Museums Corporation.....       | <u>7,596,559</u>      | <u>1,598,096</u>        | <u>12,434,609</u>                        | <u>-</u>                               | <u>6,436,146</u>         |
| Total Component Units.....                 | <u>\$ 8,608,409</u>   | <u>\$ 4,862,268</u>     | <u>\$ 47,870,089</u>                     | <u>\$ -</u>                            | <u>\$ 44,123,948</u>     |

See notes to basic financial statements.

(Continued)

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2016

|  | <i>Primary Government</i> |                |                  | <i>Component Units</i> |               |
|--|---------------------------|----------------|------------------|------------------------|---------------|
|  | Governmental              | Business-Type  | Total            | Springfield            | Springfield   |
|  | Activities                | Activities     |                  | Redevelopment          | Library and   |
|  |                           |                |                  | Authority              | Museums       |
|  |                           |                |                  |                        | Association   |
| <b>Changes in net position:</b>  |                           |                |                  |                        |               |
| Net (expense) revenue from previous page.....                                    | \$ (296,418,338)          | \$ (5,073,691) | \$ (301,492,029) | \$ 37,687,802          | \$ 6,436,146  |
| <i>General revenues:</i>   |                           |                |                  |                        |               |
| Real estate and personal property taxes,<br>net of tax refunds payable.....      | 174,690,242               | -              | 174,690,242      | -                      | -             |
| Tax liens.....   | 2,108,728                 | -              | 2,108,728        | -                      | -             |
| Motor vehicle and other excise taxes.....  | 10,328,923                | -              | 10,328,923       | -                      | -             |
| Hotel/motel tax.....   | 1,276,054                 | -              | 1,276,054        | -                      | -             |
| Local meals tax.....   | 1,792,212                 | -              | 1,792,212        | -                      | -             |
| Penalties and interest on taxes.....   | 1,587,998                 | -              | 1,587,998        | -                      | -             |
| Payments in lieu of taxes.....   | 1,489,346                 | -              | 1,489,346        | -                      | -             |
| Chapter 121A - excise payments in lieu of taxes.....                             | 7,598,317                 | -              | 7,598,317        | -                      | -             |
| Grants and contributions not restricted to<br>specific programs.....             | 34,943,018                | -              | 34,943,018       | -                      | -             |
| Unrestricted investment income.....  | 989,345                   | -              | 989,345          | -                      | 540,336       |
| Miscellaneous.....   | 582,428                   | -              | 582,428          | -                      | 79            |
| <i>Extraordinary item - Tornado reimbursements</i> .....                         | 1,186,382                 | -              | 1,186,382        | -                      | -             |
| <i>Extraordinary item - Tornado expense</i> .....                                | (908,183)                 | -              | (908,183)        | -                      | -             |
| <i>Transfers, net</i> .....  | (4,042,175)               | 4,042,175      | -                | -                      | -             |
| Total general revenues, extraordinary items,<br>and transfers.....               | 233,622,635               | 4,042,175      | 237,664,810      | -                      | 540,415       |
| Change in net position.....  | (62,795,703)              | (1,031,516)    | (63,827,219)     | 37,687,802             | 6,976,561     |
| <i>Net Position:</i>   |                           |                |                  |                        |               |
| Beginning of year (as restated for the Springfield Redevelopment Authority)..... | (293,056,200)             | 665,336        | (292,390,864)    | 23,431,354             | 54,625,515    |
| End of year.....   | \$ (355,851,903)          | \$ (366,180)   | \$ (356,218,083) | \$ 61,119,156          | \$ 61,602,076 |

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2016

|  | General               | October 29, 2011<br>Snow Storm | Tornado<br>Relief | School<br>Capital<br>Projects | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-----------------------|--------------------------------|-------------------|-------------------------------|-----------------------------------|--------------------------------|
| <b>ASSETS</b>  |                       |                                |                   |                               |                                   |                                |
| Cash and cash equivalents.....   | \$ 126,822,423        | \$ 122,539                     | \$ 158,160        | \$ 8,768,885                  | \$ 53,127,562                     | \$ 188,999,569                 |
| Restricted cash and cash equivalents.....  | -                     | -                              | -                 | -                             | 1,226,765                         | 1,226,765                      |
| Restricted cash and cash equivalents held by custodian.....                        | -                     | -                              | -                 | -                             | 5,169,309                         | 5,169,309                      |
| Investments.....   | 1,783,337             | -                              | -                 | -                             | -                                 | 1,783,337                      |
| Receivables, net of uncollectibles:  |                       |                                |                   |                               |                                   |                                |
| Real estate and personal property taxes.....                                       | 9,474,304             | -                              | -                 | -                             | -                                 | 9,474,304                      |
| Tax liens .....  | 2,562,219             | -                              | -                 | -                             | -                                 | 2,562,219                      |
| Motor vehicle excise taxes.....  | 2,466,822             | -                              | -                 | -                             | -                                 | 2,466,822                      |
| Departmental and other.....  | 1,703,154             | -                              | -                 | -                             | 1,122,693                         | 2,825,847                      |
| Intergovernmental.....   | 28,177,635            | -                              | -                 | 3,813,668                     | 10,948,861                        | 42,940,164                     |
| Loans.....   | -                     | -                              | -                 | -                             | 5,182,016                         | 5,182,016                      |
| Due from other funds.....  | 1,277,002             | -                              | -                 | -                             | -                                 | 1,277,002                      |
| Tax foreclosures.....  | 2,138,232             | -                              | -                 | -                             | -                                 | 2,138,232                      |
| Working capital deposit.....   | 100,000               | -                              | -                 | -                             | -                                 | 100,000                        |
| <b>TOTAL ASSETS.....</b>   | <b>\$ 176,505,128</b> | <b>\$ 122,539</b>              | <b>\$ 158,160</b> | <b>\$ 12,582,553</b>          | <b>\$ 76,777,206</b>              | <b>\$ 266,145,586</b>          |
| <b>LIABILITIES</b>   |                       |                                |                   |                               |                                   |                                |
| Warrants payable.....  | \$ 5,977,294          | \$ -                           | \$ 2,500          | \$ 1,430,968                  | \$ 5,821,279                      | \$ 13,232,041                  |
| Accrued unemployment liability.....  | 53,000                | -                              | -                 | -                             | -                                 | 53,000                         |
| Accrued payroll and withholdings.....  | 21,708,708            | -                              | -                 | -                             | 1,685,886                         | 23,394,594                     |
| Tax refunds payable.....   | 17,590,644            | -                              | -                 | -                             | -                                 | 17,590,644                     |
| Due to granting agencies.....  | -                     | -                              | -                 | -                             | 7,098,000                         | 7,098,000                      |
| Other liabilities.....   | 2,156,899             | -                              | -                 | -                             | 4,310,454                         | 6,467,353                      |
| Due to other funds.....  | -                     | -                              | -                 | -                             | 1,277,002                         | 1,277,002                      |
| Notes payable.....   | -                     | 4,689,430                      | -                 | 6,983,043                     | 16,635,200                        | 28,307,673                     |
| <b>TOTAL LIABILITIES.....</b>  | <b>47,486,545</b>     | <b>4,689,430</b>               | <b>2,500</b>      | <b>8,414,011</b>              | <b>36,827,821</b>                 | <b>97,420,307</b>              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                       |                                |                   |                               |                                   |                                |
| Unavailable revenues.....  | 45,380,708            | -                              | -                 | -                             | 5,138,001                         | 50,518,709                     |
| <b>FUND BALANCES</b>   |                       |                                |                   |                               |                                   |                                |
| Restricted.....  | 22,187,043            | -                              | 155,660           | 4,168,542                     | 42,750,170                        | 69,261,415                     |
| Assigned.....  | 1,957,909             | -                              | -                 | -                             | -                                 | 1,957,909                      |
| Unassigned.....  | 59,492,923            | (4,566,891)                    | -                 | -                             | (7,938,786)                       | 46,987,246                     |
| <b>TOTAL FUND BALANCES.....</b>  | <b>83,637,875</b>     | <b>(4,566,891)</b>             | <b>155,660</b>    | <b>4,168,542</b>              | <b>34,811,384</b>                 | <b>118,206,570</b>             |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES.....</b> | <b>\$ 176,505,128</b> | <b>\$ 122,539</b>              | <b>\$ 158,160</b> | <b>\$ 12,582,553</b>          | <b>\$ 76,777,206</b>              | <b>\$ 266,145,586</b>          |

See notes to basic financial statements.

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

JUNE 30, 2016

|   |                      |                         |
|---|----------------------|-------------------------|
| Total governmental fund balances.....   |                      | \$ 118,206,570          |
| Capital assets (net) used in governmental activities are not financial resources<br>and, therefore, are not reported in the funds.....  |                      | 646,733,713             |
| Accounts receivable are not available to pay for current-period<br>expenditures and, therefore, are unavailable in the funds.....   |                      | 50,518,709              |
| Certain changes in the net pension liability are required to be included in pension<br>expense over future periods. These changes are reported as deferred outflows of<br>resources of (deferred inflows of resources) related to pensions..... |                      | 62,836,096              |
| Internal service funds are used by management to account for health<br>insurance and parts inventory.   |                      |                         |
| The assets and liabilities of the internal service funds are included in<br>the governmental activities in the statement of net position.....   |                      | 7,633,894               |
| In the statement of activities, interest is accrued on outstanding long-term debt,<br>whereas in governmental funds interest is not reported until due.....   |                      | (2,557,249)             |
| Long-term liabilities are not due and payable in the current period and, therefore,<br>are not reported in the governmental funds:  |                      |                         |
| Bonds payable.....  | (208,019,602)        |                         |
| Capital lease obligations.....  | (7,246,084)          |                         |
| Landfill closure liability.....   | (4,250,000)          |                         |
| Accrued unemployment liability.....   | (991,000)            |                         |
| Workers compensation liability.....   | (5,389,000)          |                         |
| Compensated absences.....   | (19,882,603)         |                         |
| Other postemployment benefits.....  | (272,809,231)        |                         |
| Net pension liability.....  | <u>(720,636,116)</u> |                         |
| Net effect of reporting long-term liabilities.....  |                      | <u>(1,239,223,636)</u>  |
| Net position of governmental activities.....  |                      | <u>\$ (355,851,903)</u> |

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2016

|   | General              | October 29, 2011<br>Snow Storm | Tornado<br>Relief | School<br>Capital<br>Projects | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|--------------------------------|-------------------|-------------------------------|-----------------------------------|--------------------------------|
| <b>REVENUES:</b>  |                      |                                |                   |                               |                                   |                                |
| Real estate and personal property taxes,<br>net of tax refunds.....       | \$ 173,395,907       | \$ -                           | \$ -              | \$ -                          | \$ -                              | \$ 173,395,907                 |
| Tax liens.....  | 2,679,712            | -                              | -                 | -                             | -                                 | 2,679,712                      |
| Motor vehicle and other excise taxes.....                                 | 10,857,876           | -                              | -                 | -                             | -                                 | 10,857,876                     |
| Hotel/motel tax.....  | 1,276,054            | -                              | -                 | -                             | -                                 | 1,276,054                      |
| Local meals tax.....  | 1,792,212            | -                              | -                 | -                             | -                                 | 1,792,212                      |
| Charges for services.....   | 720,113              | -                              | -                 | -                             | 1,574,623                         | 2,294,736                      |
| Penalties and interest on taxes.....                                      | 1,587,998            | -                              | -                 | -                             | -                                 | 1,587,998                      |
| Payments in lieu of taxes.....  | 1,489,346            | -                              | -                 | -                             | -                                 | 1,489,346                      |
| Chapter 121A - excise payments in lieu of taxes.....                      | 7,598,317            | -                              | -                 | -                             | -                                 | 7,598,317                      |
| Licenses and permits.....   | 5,254,833            | -                              | -                 | -                             | -                                 | 5,254,833                      |
| Fines and forfeitures.....  | 6,083,287            | -                              | -                 | -                             | 31,084                            | 6,114,371                      |
| Intergovernmental.....  | 410,512,565          | -                              | -                 | 4,794,295                     | 108,106,136                       | 523,412,996                    |
| Departmental and other.....   | 12,043,208           | -                              | -                 | -                             | 8,161,113                         | 20,204,321                     |
| Contributions.....  | -                    | -                              | -                 | -                             | 1,358,925                         | 1,358,925                      |
| Investment income.....  | 890,199              | -                              | -                 | -                             | 233,570                           | 1,123,769                      |
| <b>TOTAL REVENUES.....</b>  | <b>636,181,627</b>   | <b>-</b>                       | <b>-</b>          | <b>4,794,295</b>              | <b>119,465,451</b>                | <b>760,441,373</b>             |
| <b>EXPENDITURES:</b>  |                      |                                |                   |                               |                                   |                                |
| Current:  |                      |                                |                   |                               |                                   |                                |
| General government.....   | 21,099,768           | -                              | -                 | -                             | 21,392,864                        | 42,492,632                     |
| Public safety.....  | 66,204,665           | -                              | -                 | -                             | 12,355,048                        | 78,559,713                     |
| Education.....  | 431,183,639          | -                              | -                 | 6,830,493                     | 73,911,824                        | 511,925,956                    |
| Public works.....   | 9,288,082            | -                              | -                 | -                             | 8,734,835                         | 18,022,917                     |
| Health and welfare.....   | 4,221,786            | -                              | -                 | -                             | 4,215,558                         | 8,437,344                      |
| Culture and recreation.....   | 12,977,381           | -                              | -                 | -                             | 4,951,985                         | 17,929,366                     |
| Community development - Union Station.....                                | -                    | -                              | -                 | -                             | 2,904,953                         | 2,904,953                      |
| Pension benefits.....   | 28,319,804           | -                              | -                 | -                             | -                                 | 28,319,804                     |
| Employee fringe benefits - non school.....                                | 578,686              | -                              | -                 | -                             | -                                 | 578,686                        |
| Employee health benefits - non school.....                                | 25,561,869           | -                              | -                 | -                             | -                                 | 25,561,869                     |
| State, county and district assessments.....                               | 3,219,435            | -                              | -                 | -                             | -                                 | 3,219,435                      |
| Debt service:   |                      |                                |                   |                               |                                   |                                |
| Principal.....  | 25,196,997           | -                              | -                 | -                             | -                                 | 25,196,997                     |
| Interest.....   | 10,023,853           | -                              | -                 | -                             | -                                 | 10,023,853                     |
| <b>TOTAL EXPENDITURES.....</b>  | <b>637,875,965</b>   | <b>-</b>                       | <b>-</b>          | <b>6,830,493</b>              | <b>128,467,067</b>                | <b>773,173,525</b>             |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES.....</b> | <b>(1,694,338)</b>   | <b>-</b>                       | <b>-</b>          | <b>(2,036,198)</b>            | <b>(9,001,616)</b>                | <b>(12,732,152)</b>            |
| <b>OTHER FINANCING SOURCES (USES):</b>                                    |                      |                                |                   |                               |                                   |                                |
| Issuance of refunding bonds.....  | 25,185,000           | -                              | -                 | -                             | -                                 | 25,185,000                     |
| Premium from issuance of refunding bonds.....                             | 1,979,298            | -                              | -                 | -                             | -                                 | 1,979,298                      |
| Payments to refunded bond escrow agent.....                               | (27,164,298)         | -                              | -                 | -                             | -                                 | (27,164,298)                   |
| Capital lease financing.....  | 6,937,497            | -                              | -                 | -                             | -                                 | 6,937,497                      |
| Transfers in.....   | 239,518              | -                              | -                 | 436,390                       | 6,223,436                         | 6,899,344                      |
| Transfers out.....  | (6,426,510)          | -                              | -                 | (3,957,898)                   | (557,111)                         | (10,941,519)                   |
| <b>TOTAL OTHER FINANCING SOURCES (USES).....</b>                          | <b>750,505</b>       | <b>-</b>                       | <b>-</b>          | <b>(3,521,508)</b>            | <b>5,666,325</b>                  | <b>2,895,322</b>               |
| <b>EXTRAORDINARY ITEMS:</b>   |                      |                                |                   |                               |                                   |                                |
| Intergovernmental tornado revenue.....                                    | -                    | -                              | 1,186,382         | -                             | -                                 | 1,186,382                      |
| Tornado relief expenditures.....  | -                    | -                              | (908,183)         | -                             | -                                 | (908,183)                      |
| <b>TOTAL EXTRAORDINARY ITEMS.....</b>                                     | <b>-</b>             | <b>-</b>                       | <b>278,199</b>    | <b>-</b>                      | <b>-</b>                          | <b>278,199</b>                 |
| <b>NET CHANGE IN FUND BALANCES.....</b>                                   | <b>(943,833)</b>     | <b>-</b>                       | <b>278,199</b>    | <b>(5,557,706)</b>            | <b>(3,335,291)</b>                | <b>(9,558,631)</b>             |
| <b>FUND BALANCES AT BEGINNING OF YEAR.....</b>                            | <b>84,581,708</b>    | <b>(4,566,891)</b>             | <b>(122,539)</b>  | <b>9,726,248</b>              | <b>38,146,675</b>                 | <b>127,765,201</b>             |
| <b>FUND BALANCES AT END OF YEAR.....</b>                                  | <b>\$ 83,637,875</b> | <b>\$ (4,566,891)</b>          | <b>\$ 155,660</b> | <b>\$ 4,168,542</b>           | <b>\$ 34,811,384</b>              | <b>\$ 118,206,570</b>          |

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**

YEAR ENDED JUNE 30, 2016

|  |    |                     |
|--|----|---------------------|
| Net change in fund balances - total governmental funds.....  | \$ | (9,558,631)         |
| <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.....  |    | 35,567,891          |
| Depreciation expense.....  |    | <u>(47,138,209)</u> |
| Net effect of reporting capital assets.....  |    | (11,570,318)        |
| <p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable 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 unavailable revenues.....</p>   |    |                     |
|  |    | (7,500,992)         |
| <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> |    |                     |
| Issuance of refunding bonds.....   |    | (25,185,000)        |
| Premium from issuance of refunding bonds.....  |    | (1,979,298)         |
| Capital lease financing.....   |    | (6,937,497)         |
| Capital lease principal payments.....  |    | 2,734,012           |
| Amortization of bond premiums.....   |    | 779,450             |
| Debt service principal payments.....   |    | 25,196,997          |
| Payments to refunded bond escrow agent.....  |    | <u>27,164,298</u>   |
| Net effect of reporting long-term debt.....  |    | 21,772,962          |
| <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.....  |    | (1,079,089)         |
| Net change in workers compensation accrual.....  |    | (1,621,000)         |
| Net change in accrued interest on long-term bonds.....   |    | 704,366             |
| Net change in unemployment liability accrual.....  |    | (309,000)           |
| Net change in landfill liability accrual.....  |    | 750,000             |
| Net change in other postemployment benefits.....   |    | (27,683,900)        |
| Net change in deferred outflows/(inflows) of resources related to pensions.....  |    | 61,539,176          |
| Net change in net pension liability.....   |    | <u>(86,793,478)</u> |
| Net effect of recording long-term liabilities.....   |    | (54,492,925)        |
| <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>(1,445,799)</u>  |
| Change in net position of governmental activities.....   | \$ | <u>(62,795,703)</u> |

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF NET POSITION

JUNE 30, 2016

|   | Business-type<br>Activities -<br>Trash Enterprise<br>Fund | Governmental<br>Activities -<br>Internal Service<br>Funds |
|---|---|---|
| <b>ASSETS</b>   |   |   |
| CURRENT:  |   |   |
| Cash and cash equivalents.....                          | \$ 1,965,759  | \$ 10,113,007   |
| Receivables, net of allowance for uncollectibles:       |   |   |
| Trash fees.....   | 1,300,903   | -   |
| Departmental and other.....                             | -   | 19,666  |
| Total current assets.....                               | <u>3,266,662</u>  | <u>10,132,673</u>   |
| NONCURRENT:   |   |   |
| Capital assets, net of accumulated depreciation.....    | <u>1,641,439</u>  | <u>-</u>  |
| TOTAL ASSETS.....                                       | <u>4,908,101</u>  | <u>10,132,673</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                   |   |   |
| Deferred outflows of resources related to pensions..... | <u>318,092</u>  | <u>-</u>  |
| <b>LIABILITIES</b>                                      |   |   |
| CURRENT:  |   |   |
| Warrants payable.....                                   | 185,777   | 74,557  |
| Accrued payroll and withholdings.....                   | 93,895  | 2,265,294   |
| Capital lease obligations.....                          | 364,963   | -   |
| Health claims payable.....                              | -   | 158,928   |
| Total current liabilities.....                          | <u>644,635</u>  | <u>2,498,779</u>  |
| NONCURRENT:   |   |   |
| Capital lease obligations.....                          | 402,071   | -   |
| Other postemployment benefits.....                      | 881,048   | -   |
| Net pension liability.....                              | <u>3,664,619</u>  | <u>-</u>  |
| Total noncurrent liabilities.....                       | <u>4,947,738</u>  | <u>-</u>  |
| TOTAL LIABILITIES.....                                  | <u>5,592,373</u>  | <u>2,498,779</u>  |
| <b>NET POSITION</b>                                     |   |   |
| Net investment in capital assets.....                   | 874,405   | -   |
| Unrestricted.....                                       | <u>(1,240,585)</u>  | <u>7,633,894</u>  |
| TOTAL NET POSITION.....                                 | <u>\$ (366,180)</u>                                       | <u>\$ 7,633,894</u>                                       |

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2016

|  | Business-type<br>Activities-<br>Trash Enterprise<br>Fund | Governmental<br>Activities -<br>Internal Service<br>Funds |
|--|--|---|
| <b>OPERATING REVENUES:</b>                     |  |   |
| Employee contributions .....                   | \$ -   | \$ 20,935,686   |
| Employer contributions .....                   | -  | 62,179,510  |
| Charges for services.....                      | 4,278,954  | 1,068,323   |
| <b>TOTAL OPERATING REVENUES .....</b>          | <b>4,278,954</b>   | <b>84,183,519</b>   |
| <b>OPERATING EXPENSES:</b>                     |  |   |
| Cost of services and administration .....      | 6,888,558  | 1,090,326   |
| Employee benefits .....                        | 1,645,225  | 84,563,863  |
| Depreciation.....                              | 818,862  | -   |
| <b>TOTAL OPERATING EXPENSES .....</b>          | <b>9,352,645</b>   | <b>85,654,189</b>   |
| <b>OPERATING INCOME (LOSS).....</b>            | <b>(5,073,691)</b>                                       | <b>(1,470,670)</b>  |
| <b>NONOPERATING REVENUES (EXPENSES):</b>       |  |   |
| Investment income.....                         | -  | 24,871  |
| <b>NET INCOME (LOSS) BEFORE TRANSFERS.....</b> | <b>(5,073,691)</b>                                       | <b>(1,445,799)</b>  |
| <b>TRANSFERS:</b>                              |  |   |
| Transfers in.....                              | 4,042,175  | -   |
| <b>CHANGE IN NET POSITION.....</b>             | <b>(1,031,516)</b>                                       | <b>(1,445,799)</b>  |
| <b>NET POSITION AT BEGINNING OF YEAR.....</b>  | <b>665,336</b>   | <b>9,079,693</b>  |
| <b>NET POSITION AT END OF YEAR.....</b>        | <b>\$ (366,180)</b>                                      | <b>\$ 7,633,894</b>                                       |

See notes to basic financial statements.



**PROPRIETARY FUNDS**  
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2016

|  | Business-type<br>Activities-<br>Trash Enterprise<br>Fund | Governmental<br>Activities -<br>Internal Service<br>Funds |
|--|--|---|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>  |  |   |
| Receipts from customers and users.....   | \$ 4,396,533   | \$ 20,979,295   |
| Receipts from interfund services provided.....   | -  | 63,245,355  |
| Payments to vendors.....   | (4,533,183)  | -   |
| Payments to employees.....   | (2,820,551)  | -   |
| Payments for interfund services used.....  | -  | (85,579,632)  |
| <b>NET CASH FROM OPERATING ACTIVITIES.....</b>   | <b><u>(2,957,201)</u></b>                                | <b><u>(1,354,982)</u></b>                                 |
| <b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>                                     |  |   |
| Transfers in.....  | <u>4,042,175</u>   | <u>-</u>  |
| <b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>                            |  |   |
| Capital lease payments.....  | <u>(533,629)</u>   | <u>-</u>  |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>  |  |   |
| Investment income.....   | <u>-</u>   | <u>24,871</u>   |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>  | <b>551,345</b>   | <b>(1,330,111)</b>  |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>   | <b><u>1,414,414</u></b>                                  | <b><u>11,443,118</u></b>                                  |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>   | <b>\$ <u>1,965,759</u></b>                               | <b>\$ <u>10,113,007</u></b>                               |
| <b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH<br/>FROM OPERATING ACTIVITIES:</u></b> |  |   |
| Operating income (loss).....   | \$ <u>(5,073,691)</u>                                    | \$ <u>(1,470,670)</u>                                     |
| Adjustments to reconcile operating income to net<br>cash from operating activities:                |  |   |
| Depreciation.....  | 818,862  | -   |
| Deferred (outflows)/inflows related to pensions.....   | (314,383)  | -   |
| Changes in assets and liabilities:   |  |   |
| Trash fees.....  | 117,579  | -   |
| Departmental and other.....  | -  | (1,445)   |
| Warrants payable.....  | 31,961   | 74,557  |
| Accrued payroll and withholdings.....  | 19,297   | 43,609  |
| Other postemployment benefits.....   | 100,022  | -   |
| Health claims payable.....   | -  | (1,033)   |
| Net pension liability.....   | 1,343,152  | -   |
| Total adjustments.....   | <u>2,116,490</u>   | <u>115,688</u>  |
| <b>NET CASH FROM OPERATING ACTIVITIES.....</b>   | <b>\$ <u>(2,957,201)</u></b>                             | <b>\$ <u>(1,354,982)</u></b>                              |

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2016

|   | Pension<br>Trust Fund<br>(as of December<br>31, 2015) | Other<br>Postemployment<br>Benefit<br>Trust Fund | Private<br>Purpose<br>Trust Funds | Agency<br>Funds  |
|---|---|--|-----------------------------------|------------------|
| <b>ASSETS</b>   |   |  |                                   |                  |
| <b>CURRENT:</b>   |   |  |                                   |                  |
| Cash and cash equivalents.....                          | \$ 1,822,030  | \$ 480,991                                       | \$ 135,516                        | \$ 2,046,873     |
| Investments:  |   |  |                                   |                  |
| Alternative investments.....                            | 1,382,549   | -  | -                                 | -                |
| Pension Reserve Investment Trust (PRIT) funds.....      | 284,154,070   | -  | -                                 | -                |
| Receivables, net of allowance for uncollectibles:       |   |  |                                   |                  |
| Departmental and other.....                             | 880,092   | -  | -                                 | -                |
| <b>TOTAL ASSETS.....</b>                                | <b>288,238,741</b>                                    | <b>480,991</b>                                   | <b>135,516</b>                    | <b>2,046,873</b> |
| <b>LIABILITIES</b>                                      |   |  |                                   |                  |
| Warrants payable.....                                   | 77,850  | -  | -                                 | -                |
| Liabilities due depositors.....                         | -   | -  | -                                 | 2,046,873        |
| <b>TOTAL LIABILITIES.....</b>                           | <b>77,850</b>   | <b>-</b>   | <b>-</b>                          | <b>2,046,873</b> |
| <b>NET POSITION</b>                                     |   |  |                                   |                  |
| Restricted for pension benefits.....                    | 288,160,891   | -  | -                                 | -                |
| Held in trust for OPEB benefits and other purposes..... | -   | 480,991  | 135,516                           | -                |
| <b>TOTAL NET POSITION.....</b>                          | <b>\$ 288,160,891</b>                                 | <b>\$ 480,991</b>                                | <b>\$ 135,516</b>                 | <b>\$ -</b>      |

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**YEAR ENDED JUNE 30, 2016**

|  | Pension<br>Trust Fund<br>(as of December<br>31, 2015) | Other<br>Postemployment<br>Benefit<br>Trust Fund | Private<br>Purpose<br>Trust Funds |
|--|---|--|-----------------------------------|
| <b>ADDITIONS:</b>                            |   |  |                                   |
| Contributions:                               |   |  |                                   |
| Employer.....                                | \$ 47,710,101   | \$ 480,991                                       | \$ -                              |
| Plan members.....                            | 13,931,962  | -  | -                                 |
| Total contributions.....                     | <u>61,642,063</u>                                     | <u>480,991</u>                                   | <u>-</u>                          |
| Net investment income:                       |   |  |                                   |
| Net change in fair value of investments..... | (4,143,280)   | -  | -                                 |
| PRIT investment income.....                  | 7,521,713   | -  | -                                 |
| Other investment income.....                 | -   | -  | 972                               |
| Total investment income.....                 | <u>3,378,433</u>                                      | <u>-</u>   | <u>972</u>                        |
| Less: investment expense.....                | <u>(1,488,222)</u>                                    | <u>-</u>   | <u>-</u>                          |
| Net investment income.....                   | <u>1,890,211</u>                                      | <u>-</u>   | <u>972</u>                        |
| Intergovernmental.....                       | <u>918,971</u>  | <u>-</u>   | <u>-</u>                          |
| Transfers from other systems.....            | <u>1,528,305</u>                                      | <u>-</u>   | <u>-</u>                          |
| Other receipts.....                          | <u>785,488</u>  | <u>-</u>   | <u>-</u>                          |
| TOTAL ADDITIONS.....                         | <u>66,765,038</u>                                     | <u>480,991</u>                                   | <u>972</u>                        |
| <b>DEDUCTIONS:</b>                           |   |  |                                   |
| Administration.....                          | 722,933   | -  | -                                 |
| Transfers to other systems.....              | 3,354,048   | -  | -                                 |
| Retirement benefits and refunds.....         | 70,933,480  | -  | -                                 |
| Educational scholarships.....                | -   | -  | 1,750                             |
| TOTAL DEDUCTIONS.....                        | <u>75,010,461</u>                                     | <u>-</u>   | <u>1,750</u>                      |
| CHANGE IN NET POSITION.....                  | (8,245,423)   | 480,991  | (778)                             |
| NET POSITION AT BEGINNING OF YEAR.....       | <u>296,406,314</u>                                    | <u>-</u>   | <u>136,294</u>                    |
| NET POSITION AT END OF YEAR.....             | <u>\$ 288,160,891</u>                                 | <u>\$ 480,991</u>                                | <u>\$ 135,516</u>                 |

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, the Springfield Housing Authority employees, the Springfield Water and Sewer Commission 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 Museums Corporation (SMC) 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 SMC 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 issues a separately audited financial statement. That report may be obtained by contacting the System located at 70 Tapley Street, Springfield, MA 01104, or via the internet at <http://www.springfieldretirement.com>.

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 SMC issues a separate audited financial report. That report may be obtained by contacting the SMC located at 21 Edwards 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 and deferred outflows, liabilities and deferred inflows, 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 and deferred outflows, liabilities and deferred inflows, 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 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 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 *school capital projects fund* is used to account for the construction and renovation of various school buildings.

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 *other postemployment benefit trust fund* accumulates resources to provide funding for future OPEB (other postemployment benefits) liabilities.

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 traded on national stock exchanges and at an average bid-and-asked quotation for those securities traded in the over-the-counter market.

#### E. Fair Value Measurements

The City reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date.



Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2.

#### F. 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 1<sup>st</sup> 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 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> 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 year of the levy.

Real estate tax liens are processed on delinquent properties and are recorded as receivables in the 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 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 year the revenue is earned. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

**G. 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.

**H. 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 \$50,000 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 year of the purchase.

I. 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 has reported deferred outflows of resources related to debt and pensions in 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 elements that qualify for this reporting category.

*Governmental Fund Financial Statements*

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents assets that have been recorded in the governmental fund financial statements but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The City has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

J. Unavailable Revenue

*Fund Financial Statements*

Unavailable 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, i.e. receivables that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

### K. 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.

### L. 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.

### M. 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.

## N. 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. Funds are assigned when the City has an obligation to purchase goods or services from the current years’ appropriation. 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.

#### O. 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.

#### P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of both the Springfield Contributory Retirement System and the Massachusetts Teachers Retirement System and additions to/Deductions from the System’s fiduciary net position have been determined on the same basis as they have been reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### Q. 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).

#### R. 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.

S. 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 future years.

T. 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 year. Actual results could vary from estimates that were used.

U. 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, 2016 amounted to \$28.9 million, of which the City has received federal and state assistance in the amount of approximately \$24.3 million. The fund has an accumulated deficit of \$4.6 million at June 30, 2016. This deficit will be funded with future bond proceeds.

As of June 30, 2016, the City has \$4.6 million of bond anticipation notes outstanding with a maturity date of February 24, 2017 at a rate of 0.70%. The notes were issued to temporarily finance the deficit.

*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. Total fund expenditures as of June 30, 2016 amounted to \$25.3 million, of which the City has received federal and state assistance of approximately \$24.7 million and \$809,000 was transferred from the City's general fund. The fund has an accumulated surplus of \$156,000 at June 30, 2016.

**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.

MMDT maintains a cash portfolio and a short-term bond portfolio. The cash portfolio had a weighted average maturity of 51 days and the short term bond portfolio had a weighted average maturity of approximately 2.7 years. Credit ratings associated with the short-term bond portfolio ranged from BBB to AAA. Approximately 67% of the total was rated AAA, approximately 16% of the total was rated A/AA and approximately 17% rated BBB.

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 .14 to 24.23 years. There is no credit quality rating for the fund.

**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's deposit policy for mitigating custodial credit risk is to utilize institutions that are financially sound and stable. To meet this goal the City uses the Veribanc Rating Service. The City's policy allows for deposits at institutions rated green by Veribanc. If the rating drops to yellow, the policy is to consider moving funds from the banking institution that are not collateralized or covered by another form of depositors insurance. If the rating drops to red, all deposits should be immediately collateralized or covered by some form of depositors insurance or be removed from the banking institution.

At year-end, the carrying amount of deposits totaled \$149,900,973 and the bank balance totaled \$155,495,363. Of the bank balance, \$1,549,837 was covered by Federal Depository Insurance, \$153,522,946 was covered by the Depositors Insurance Fund, and \$422,580 was collateralized.

At December 31, 2015, the carrying amount of deposits for the Retirement System totaled \$1,822,030 and the bank balance totaled \$1,916,057. The entire bank balance of \$1,916,057 was covered by Federal Depository Insurance.



Investments

As of June 30, 2016, the City had the following investments:

| <b>Investment Type</b>                | <b>Fair Value</b>    | <b>6-10 Years</b>   |
|---------------------------------------|----------------------|---------------------|
| <u>Debt Securities</u>                |                      |                     |
| Government Sponsored Enterprises..... | \$ 771,363           | \$ 771,363          |
| Municipal Bonds.....                  | <u>1,011,974</u>     | <u>1,011,974</u>    |
| Total Debt Securities.....            | 1,783,337            | <u>\$ 1,783,337</u> |
| <u>Other Investments</u>              |                      |                     |
| Money Market Mutual Funds.....        | 1,184,302            |                     |
| MMDT.....                             | <u>59,052,514</u>    |                     |
| Total Investments.....                | <u>\$ 62,020,153</u> |                     |

As of June 30, 2016, the City's investments had the following ratings:

| <b>Investment Type</b>                | <u>Quality Ratings</u> |                   |                   |                   |                   | <u>Total</u>        |
|---------------------------------------|------------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
|                                       | <u>AAA</u>             | <u>AA2</u>        | <u>AA1</u>        | <u>A2</u>         | <u>A3</u>         |                     |
| <u>Debt Securities</u>                |                        |                   |                   |                   |                   |                     |
| Government Sponsored Enterprises..... | \$ 771,363             | \$ -              | \$ -              | \$ -              | \$ -              | \$ 771,363          |
| Municipal Bonds.....                  | <u>-</u>               | <u>117,514</u>    | <u>428,734</u>    | <u>237,306</u>    | <u>228,420</u>    | <u>1,011,974</u>    |
| Total Debt Securities.....            | <u>\$ 771,363</u>      | <u>\$ 117,514</u> | <u>\$ 428,734</u> | <u>\$ 237,306</u> | <u>\$ 228,420</u> | <u>\$ 1,783,337</u> |

As of December 31, 2015, the Retirement System had the following investments:

| <b>Investment Type</b>                       | <b>Fair Value</b>     |
|--|-----------------------|
| <u>Other Investments</u>                     |                       |
| Alternative Investments.....                 | \$ 1,382,549          |
| Pension Reserve Investment Trust (PRIT)..... | <u>284,154,070</u>    |
| Total Investments.....                       | <u>\$ 285,536,619</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's policy is to review the financial institution's financial statements and the background of the Advisor. The intent of this qualification is to limit the City's exposure to only those institutions with a proven financial strength, capital adequacy of the firm, and overall affirmative reputation in the municipal industry. Further, all securities not held directly by the City, will be held in the City's name and tax identification number by a third-party custodian approved by the Treasurer and evidenced by safekeeping receipts showing individual CUSIP numbers for each security.

Of the Retirement System's total investments of \$285,536,619 there was custodial credit risk exposure of \$1,382,549 in alternative investments because the related securities are uninsured, unregistered and held by the counterparty.

#### Investment Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy is to manage interest rate risk by managing duration in the accounts.

#### Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to meet its obligations. The City's policy to manage credit risk includes investment in United States Treasury and United States Government Agency obligations without limit. In regards to other investments, the City will only purchase investment grade securities with a high concentration in securities rated A or better. The City may invest in the Massachusetts Municipal Depository Trust (MMDT) with no limit to the amount of funds placed in the fund.

#### Concentration Credit Risk

The City will minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

#### Fair Value Measurement

The City holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the City's mission, the City determines that the disclosures related to these investments only need to be disaggregated by major type. The City chooses a tabular format for disclosing the levels within the fair value hierarchy.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following table presents financial assets at June 30, 2016, that the City measures fair value on a recurring basis, by level, within the fair value hierarchy:

| Investment Type                                  | June 30,<br>2016 | Fair Value Measurements Using  |   |  |
|--|------------------|--|---|--|
|  |                  | Quoted<br>Prices in<br>Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <b>Investments measured at fair value level:</b> |                  |  |   |  |
| <u>Debt Securities:</u>                          |                  |  |   |  |
| Government Sponsored Enterprises.....            | \$ 771,363       | \$ 771,363   | \$ -  | \$ -   |
| Municipal Bonds.....                             | 1,011,974        | -  | 1,011,974   | -  |
| Total Debt Securities.....                       | 1,783,337        | 771,363  | 1,011,974   | -  |
| <u>Other investments:</u>                        |                  |  |   |  |
| Money market mutual funds.....                   | 1,184,302        | 1,184,302  | -   | -  |
| Total investments measured at fair value.....    | 2,967,639        | \$ 1,955,665   | \$ 1,011,974  | \$ -   |
| <b>Investments measured at amortized cost:</b>   |                  |  |   |  |
| MMDT.....  | 59,052,514       |  |   |  |
| Total investments.....                           | \$ 62,020,153    |  |   |  |

Government Sponsored Enterprises and Money Mutual Funds are classified in Level 1 of the fair value hierarchy using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

MMDT investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

**Retirement System**

The retiree pension defined benefit plan holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the plan's activities, the plan shows greater disaggregation in its disclosures.

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The System has the following recurring fair value measurements as of December 31, 2015.

| Investment Type              | June 30,<br>2016 | Fair Value Measurements Using  |   |  |
|------------------------------|------------------|--|---|--|
|                              |                  | Quoted<br>Prices in<br>Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <u>Other investments:</u>    |                  |  |   |  |
| Alternative investments..... | \$ 1,382,549     | \$ -   | \$ -  | \$ 1,382,549                                       |

**Investments measured at net asset value (NAV):**

|                        |                       |
|------------------------|-----------------------|
| PRIT Investments.....  | 284,154,070           |
| Total investments..... | \$ <u>285,536,619</u> |

Alternative investments consist of investments in limited partnerships that are classified in Level 3. These investments are valued at market value using the net asset value per share as provided by the Partnerships.

PRIT Investments are valued using the net asset value method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool's shares. The City does not have the ability to control any of the investment decisions relative to its funds in PRIT.

**NOTE 4 – RECEIVABLES**

At June 30, 2016, receivables for the individual major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

|  | Gross<br>Amount      | Allowance<br>for<br>Uncollectibles | Net<br>Amount        |
|--|----------------------|------------------------------------|----------------------|
| <u>Receivables:</u>                          |                      |                                    |                      |
| Real estate and personal property taxes..... | \$ 17,598,394        | \$ (8,124,090)                     | \$ 9,474,304         |
| Tax liens.....                               | 5,124,439            | (2,562,220)                        | 2,562,219            |
| Motor vehicle and other excise taxes.....    | 8,636,430            | (6,169,608)                        | 2,466,822            |
| Departmental and other .....                 | 2,825,847            | -                                  | 2,825,847            |
| Intergovernmental.....                       | 42,940,164           | -                                  | 42,940,164           |
| Loans.....                                   | 5,182,016            | -                                  | 5,182,016            |
| Total.....                                   | \$ <u>82,307,290</u> | \$ <u>(16,855,918)</u>             | \$ <u>65,451,372</u> |

The internal service fund has \$19,666 of departmental and other receivables at June 30, 2016.

At June 30, 2016 receivables for the trash enterprise fund consist of the following:

|                     | <u>Gross<br/>Amount</u> | <u>Allowance<br/>for<br/>Uncollectibles</u> | <u>Net<br/>Amount</u> |
|---------------------|-------------------------|---|-----------------------|
| <u>Receivables:</u> |                         |   |                       |
| Trash fees.....     | \$ 1,300,903            | \$ -  | \$ 1,300,903          |

Governmental funds report *unavailable revenue of resources* 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 year, the various components of *unavailable revenue* reported in the governmental funds were as follows:

|  | <u>General<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total</u>  |
|--|-------------------------|---|---------------|
| <u>Receivable type:</u>                      |                         |   |               |
| Real estate and personal property taxes..... | \$ 8,895,875            | \$ -                                    | \$ 8,895,875  |
| Tax liens.....                               | 2,562,219               | -                                       | 2,562,219     |
| Motor vehicle excise.....                    | 2,466,823               | -                                       | 2,466,823     |
| Departmental and other.....                  | 1,703,624               | 1,113,354                               | 2,816,978     |
| Intergovernmental.....                       | 27,613,935              | 3,796,631                               | 31,410,566    |
| Loans.....                                   | -                       | 228,016                                 | 228,016       |
| <u>Other asset type:</u>                     |                         |   |               |
| Tax foreclosures.....                        | 2,138,232               | -                                       | 2,138,232     |
| Total.....                                   | \$ 45,380,708           | \$ 5,138,001                            | \$ 50,518,709 |

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016, was as follows:

|   | Beginning<br>Balance  | Increases              | Decreases   | Ending<br>Balance     |
|---|-----------------------|------------------------|-------------|-----------------------|
| <b>Governmental Activities:</b>                         |                       |                        |             |                       |
| <u>Capital assets not being depreciated:</u>            |                       |                        |             |                       |
| Land.....   | \$ 27,817,539         | \$ -                   | \$ -        | \$ 27,817,539         |
| Construction in progress.....                           | -                     | 4,794,958              | -           | 4,794,958             |
| Total capital assets not being depreciated.....         | <u>27,817,539</u>     | <u>4,794,958</u>       | <u>-</u>    | <u>32,612,497</u>     |
| <u>Capital assets being depreciated:</u>                |                       |                        |             |                       |
| Land improvements.....                                  | 60,627,795            | 2,140,487              | -           | 62,768,282            |
| Buildings and improvements.....                         | 663,980,126           | 13,705,505             | -           | 677,685,631           |
| Machinery and equipment.....                            | 146,797,520           | 9,671,794              | -           | 156,469,314           |
| Infrastructure.....                                     | <u>428,179,107</u>    | <u>5,255,147</u>       | <u>-</u>    | <u>433,434,254</u>    |
| Total capital assets being depreciated.....             | <u>1,299,584,548</u>  | <u>30,772,933</u>      | <u>-</u>    | <u>1,330,357,481</u>  |
| <u>Less accumulated depreciation for:</u>               |                       |                        |             |                       |
| Land improvements.....                                  | (25,394,507)          | (2,611,678)            | -           | (28,006,185)          |
| Buildings and improvements.....                         | (217,667,730)         | (26,994,578)           | -           | (244,662,308)         |
| Machinery and equipment.....                            | (115,219,089)         | (9,331,081)            | -           | (124,550,170)         |
| Infrastructure.....                                     | <u>(310,816,730)</u>  | <u>(8,200,872)</u>     | <u>-</u>    | <u>(319,017,602)</u>  |
| Total accumulated depreciation.....                     | <u>(669,098,056)</u>  | <u>(47,138,209)</u>    | <u>-</u>    | <u>(716,236,265)</u>  |
| Total capital assets being depreciated, net.....        | <u>630,486,492</u>    | <u>(16,365,276)</u>    | <u>-</u>    | <u>614,121,216</u>    |
| Total governmental activities capital assets, net.....  | <u>\$ 658,304,031</u> | <u>\$ (11,570,318)</u> | <u>\$ -</u> | <u>\$ 646,733,713</u> |
| <br>  |                       |                        |             |                       |
|   | Beginning<br>Balance  | Increases              | Decreases   | Ending<br>Balance     |
| <b>Business-Type Activities:</b>                        |                       |                        |             |                       |
| <u>Capital assets being depreciated:</u>                |                       |                        |             |                       |
| Machinery and equipment.....                            | \$ 6,112,161          | \$ -                   | \$ -        | \$ 6,112,161          |
| <u>Less accumulated depreciation for:</u>               |                       |                        |             |                       |
| Machinery and equipment.....                            | (3,651,860)           | (818,862)              | -           | (4,470,722)           |
| Total business-type activities capital assets, net..... | <u>\$ 2,460,301</u>   | <u>\$ (818,862)</u>    | <u>\$ -</u> | <u>\$ 1,641,439</u>   |

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

**Governmental Activities:**

|                             |                  |
|-----------------------------|------------------|
| General government.....     | \$ 4,862,389     |
| Public safety.....          | 2,155,291        |
| Education.....              | 28,497,102       |
| Public works.....           | 9,261,437        |
| Human services.....         | 39,429           |
| Culture and recreation..... | <u>2,322,561</u> |

Total depreciation expense - governmental activities..... \$ 47,138,209

**Business-Type Activities:**

|            |                   |
|------------|-------------------|
| Trash..... | <u>\$ 818,862</u> |
|------------|-------------------|

**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables and payables between funds at June 30, 2016, are summarized as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u>   | <u>Amount</u>       |
|------------------------|-----------------------|---------------------|
| General Fund           | Highway Improvements  | \$ 1,040,543 (1)    |
| General Fund           | Federal Grants School | <u>236,459 (1)</u>  |
|                        |                       | <u>\$ 1,277,002</u> |

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

Interfund transfers for the year ended June 30, 2016, are summarized as follows:

| <u>Transfers Out</u>             | <u>Transfers In</u> |                                |                                    |                              | <u>Total</u>         |
|----------------------------------|---------------------|--------------------------------|------------------------------------|------------------------------|----------------------|
|                                  | <u>General Fund</u> | <u>School Capital Projects</u> | <u>Nonmajor Governmental Funds</u> | <u>Trash Enterprise Fund</u> |                      |
| General Fund.....                | \$ -                | \$ 436,390                     | \$ 1,947,945                       | \$ 4,042,175                 | \$ 6,426,510 (1)     |
| School Capital Projects.....     | -                   | -                              | 3,957,898                          | -                            | 3,957,898 (2)        |
| Nonmajor Governmental Funds..... | <u>239,518</u>      | -                              | <u>317,593</u>                     | -                            | <u>557,111 (3)</u>   |
| Total.....                       | <u>\$ 239,518</u>   | <u>\$ 436,390</u>              | <u>\$ 6,223,436</u>                | <u>\$ 4,042,175</u>          | <u>\$ 10,941,519</u> |

(1) Represents budgeted transfers to capital projects and to the Trash enterprise fund for operations.

(2) Budgeted transfers from the School Capital Projects fund to non-major capital project.

(3) Budgeted transfers from the nonmajor funds to the General fund and transfers within nonmajor capital projects for the demolition and asbestos remediation of a City owned building.

**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:

| <u>Asset description:</u>           | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> |
|-------------------------------------|------------------------------------|-------------------------------------|
| Machinery and equipment.....        | \$ 16,333,184                      | \$ 5,088,523                        |
| Less: accumulated depreciation..... | <u>(7,618,136)</u>                 | <u>(3,691,884)</u>                  |
| Total.....                          | <u>\$ 8,715,048</u>                | <u>\$ 1,396,639</u>                 |

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

| <u>Years<br/>Ending June 30</u>              | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> |
|--|------------------------------------|-------------------------------------|
| 2017.....                                    | \$ 2,670,392                       | \$ 375,789                          |
| 2018.....                                    | 2,449,881                          | 205,630                             |
| 2019.....                                    | 2,087,420                          | 205,631                             |
| 2020.....                                    | 116,264                            | -                                   |
| 2021.....                                    | <u>116,263</u>                     | <u>-</u>                            |
| Total minimum lease payments.....            | 7,440,220                          | 787,050                             |
| Less: amounts representing interest.....     | <u>(194,136)</u>                   | <u>(20,016)</u>                     |
| Present value of minimum lease payments..... | <u>\$ 7,246,084</u>                | <u>\$ 767,034</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 2035. The cost of the leases for the year ended June 30, 2016, totaled approximately \$2,966,000 and is reported as educational, public works, and general governmental expenditures in the general fund and special revenue funds.



The future minimum lease payments under operating leases are as follows:

| Years<br>Ending June 30 | Governmental<br>Activities |
|-------------------------|----------------------------|
| 2017.....               | \$ 3,009,739               |
| 2018.....               | 2,758,517                  |
| 2019.....               | 2,643,940                  |
| 2020 to 2024.....       | 2,199,047                  |
| 2025 to 2029.....       | 1,624,425                  |
| 2030 to 2035.....       | 1,786,868                  |
|                         | <u>\$ 14,022,536</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, State and Federal aid, or tax anticipation notes (RANS, SAANS, FAANS, 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 year ended June 30, 2016, are as follows:

| Type       | Purpose                         | Rate (%)     | Due Date  | Balance at June 30, 2015 | Renewed/ Issued      | Retired/ Redeemed    | Balance at June 30, 2016 |
|------------|---------------------------------|--------------|-----------|--------------------------|----------------------|----------------------|--------------------------|
| BAN        | Tornado and Storm Damage.....   | 1.25%        | 6/10/2016 | \$ 4,689,430             | \$ -                 | 4,689,430            | -                        |
| BAN        | School Construction.....        | 1.25%        | 6/10/2016 | 5,719,587                | -                    | 5,719,587            | -                        |
| BAN        | Demolition.....                 | 1.25%        | 6/10/2016 | 500,000                  | -                    | 500,000              | -                        |
| BAN        | Planning.....                   | 1.25%        | 6/10/2016 | 734,481                  | -                    | 734,481              | -                        |
| SAAN       | State Aid Reimbursements.....   | 1.25%        | 6/10/2016 | 808,580                  | -                    | 808,580              | -                        |
| SAAN       | State Aid Reimbursements.....   | 0.75%        | 6/10/2016 | 880,912                  | -                    | 880,912              | -                        |
| FAAN       | Federal Aid Reimbursements..... | 1.45%        | 6/10/2016 | 324,000                  | -                    | 324,000              | -                        |
| BAN        | Tornado and Storm Damage.....   | 0.70%        | 2/24/2017 | -                        | 4,689,430            | -                    | 4,689,430                |
| BAN        | School Construction.....        | 0.70%        | 2/24/2017 | -                        | 9,781,368            | -                    | 9,781,368                |
| BAN        | Demolition.....                 | 0.70 - 1.10% | 2/24/2017 | -                        | 3,734,166            | -                    | 3,734,166                |
| BAN        | Planning.....                   | 0.70%        | 2/24/2017 | -                        | 2,188,706            | -                    | 2,188,706                |
| BAN        | City Construction.....          | 0.70 - 1.10% | 2/24/2017 | -                        | 3,657,984            | -                    | 3,657,984                |
| BAN        | City Vehicles.....              | 0.70%        | 2/24/2017 | -                        | 2,048,925            | -                    | 2,048,925                |
| SAAN       | State Aid Reimbursements.....   | 1.80%        | 6/9/2017  | -                        | 1,591,332            | -                    | 1,591,332                |
| FAAN       | Federal Aid Reimbursements..... | 1.35%        | 6/9/2017  | -                        | 615,762              | -                    | 615,762                  |
| Total..... |                                 |              |           | <u>\$ 13,656,990</u>     | <u>\$ 28,307,673</u> | <u>\$ 13,656,990</u> | <u>\$ 28,307,673</u>     |

**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."

Advance Refunding and Defeased Bonds

In order to take advantage of favorable interest rates, the City issued \$25,185,000 of general obligation refunding bonds to refund \$26,880,000 of general obligation bonds that were defeased by placing the proceeds of the refunding bonds, including the \$2.0 million premium, in an irrevocable trust to provide for the full debt service payments on the refunded bonds. Accordingly, the trust's accounts assets and liabilities for the defeased bonds are not included in the City's basic financial statements. The transaction resulted in an economic gain of \$1,966,165 and a reduction of \$2,017,619 in future debt service payments.

In prior years, in order to take advantage of favorable interest rates, certain general obligation bonds were defeased by placing the proceeds of the 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 financial statements. At June 30, 2016, \$4,035,000 of the bonds refunded remain outstanding and are considered defeased.

Details related to the City's outstanding general obligation indebtedness at June 30, 2016, 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, 2015 | Issued        | Redeemed      | Outstanding at June 30, 2016 |
|---|--------------------|----------------------|-------------------|------------------------------|---------------|---------------|------------------------------|
| Qualified Zone Academy Bonds Dated July 25, 2002.....                         | 2017               | \$ 7,014,000         | 1.28              | \$ 1,000,000                 | \$ -          | \$ 500,000    | \$ 500,000                   |
| State Qualified Refunding Bonds Dated July 7, 2005.....                       | 2020               | 98,274,000           | 3.0 - 5.25        | 37,205,000                   | -             | 37,205,000    | -                            |
| State Qualified New Money Bonds Dated July 7, 2005.....                       | 2024               | 49,236,000           | 3.0 - 5.25        | 2,809,998                    | -             | 2,809,998     | -                            |
| State Qualified New Money Bonds Dated February 7, 2007.....                   | 2027               | 53,605,000           | 4.5 - 5.75        | 7,495,000                    | -             | 3,225,000     | 4,270,000                    |
| State Qualified Refunding Bonds Dated February 7, 2007.....                   | 2023               | 73,795,000           | 4.5 - 5.75        | 63,365,001                   | -             | 7,269,999     | 56,095,002                   |
| State Qualified New Money Bonds Dated April 15, 2009.....                     | 2024               | 19,500,000           | 2.0 - 4.0         | 4,075,000                    | -             | 915,000       | 3,160,000                    |
| State Qualified General Obligation School Bonds Dated June 24, 2010.....      | 2027               | 17,864,000           | 6.00              | 17,864,000                   | -             | -             | 17,864,000                   |
| Advance Refunding Bonds Dated December 12, 2012.....                          | 2024               | 26,355,000           | 2.5 - 4.0         | 26,255,000                   | -             | 110,000       | 26,145,000                   |
| State Qualified School Project Loan, Chapter 70B Bonds February 12, 2015..... | 2020               | 1,281,000            | 1.0 - 2.0         | 1,281,000                    | -             | -             | 1,281,000                    |
| State Qualified Bonds, Series A Dated February 12, 2015.....                  | 2035               | 49,262,000           | 2.0 - 4.0         | 49,262,000                   | -             | 2,000         | 49,260,000                   |
| State Qualified Refunding Bonds, Series C Dated February 12, 2015.....        | 2027               | 18,245,000           | 2.0 - 4.0         | 18,245,000                   | -             | 40,000        | 18,205,000                   |
| State Qualified Refunding Bonds, Dated September 15, 2015.....                | 2019               | 25,185,000           | 2.0 - 5.00        | -                            | 25,185,000    | -             | 25,185,000                   |
| Total General Obligation Bonds.....   |                    |                      |                   | 228,856,999                  | 25,185,000    | 52,076,997    | 201,965,002                  |
| Unamortized Premiums on Bonds.....  |                    |                      |                   | 4,854,752                    | 1,979,298     | 779,450       | 6,054,600                    |
| Total Long Term Debt.....   |                    |                      |                   | \$ 233,711,751               | \$ 27,164,298 | \$ 52,856,447 | \$ 208,019,602               |

The bonds outstanding at June 30, 2016 relate to the following projects:

|                                       |                |
|---------------------------------------|----------------|
| Public education.....                 | \$ 102,958,942 |
| City-wide non-school buildings.....   | 15,230,905     |
| Parks and recreation.....             | 9,032,650      |
| Infrastructure.....                   | 13,414,175     |
| Equipment and other.....              | 61,328,330     |
| Total long-term debt outstanding..... | \$ 201,965,002 |

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

| <u>Year</u> | <u>Principal</u>      | <u>Interest</u>      | <u>Total</u>          |
|-------------|-----------------------|----------------------|-----------------------|
| 2017.....   | \$ 24,326,000         | \$ 8,555,112         | \$ 32,881,112         |
| 2018.....   | 23,075,000            | 7,421,971            | 30,496,971            |
| 2019.....   | 23,979,999            | 6,209,783            | 30,189,782            |
| 2020.....   | 20,855,000            | 5,155,571            | 26,010,571            |
| 2021.....   | 20,789,999            | 4,274,723            | 25,064,722            |
| 2022.....   | 18,084,999            | 3,451,148            | 21,536,147            |
| 2023.....   | 13,735,005            | 2,778,559            | 16,513,564            |
| 2024.....   | 7,085,000             | 2,349,646            | 9,434,646             |
| 2025.....   | 4,490,000             | 2,118,146            | 6,608,146             |
| 2026.....   | 4,520,000             | 1,937,946            | 6,457,946             |
| 2027.....   | 22,394,000            | 1,756,946            | 24,150,946            |
| 2028.....   | 2,775,000             | 539,006              | 3,314,006             |
| 2029.....   | 2,775,000             | 441,881              | 3,216,881             |
| 2030.....   | 2,395,000             | 364,331              | 2,759,331             |
| 2031.....   | 2,205,000             | 295,331              | 2,500,331             |
| 2032.....   | 2,195,000             | 229,331              | 2,424,331             |
| 2033.....   | 2,195,000             | 162,109              | 2,357,109             |
| 2034.....   | 2,050,000             | 95,781               | 2,145,781             |
| 2035.....   | 2,040,000             | 31,882               | 2,071,882             |
| Total.....  | <u>\$ 201,965,002</u> | <u>\$ 48,169,203</u> | <u>\$ 250,134,205</u> |

#### Qualified School Construction

On June 24, 2010, the City issued \$17,864,000 of 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, 2016, the Bond Sinking Fund has a balance of \$5,169,309 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 2016. The City expects to receive future interest subsidies totaling approximately \$10.6 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 2016, approximately \$12.8 million of such assistance was received. Approximately \$35.8 million is expected to be received in future years. Of this amount, \$8.1 million represents reimbursement of long-term interest costs, and \$27.6 million represents reimbursement of approved construction costs. Accordingly, a \$27.6 million intergovernmental receivable and corresponding deferred inflow have been reported in governmental fund financial statements. The deferred inflow for the entire grant has been recognized as revenue in the conversion to the government-wide financial statements for prior 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. The City has been approved for a grant of up to 100% or \$26.4 million of eligible construction costs towards the construction of the new Elias Brookings School, and 80% or \$19.2 million for the Springfield Central High science lab initiative. To date the City has received \$41.8 million for these projects and has recognized a receivable for \$3.8 million.

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, 2016, the City has \$188.1 million of authorized and unissued debt for various City-wide projects.

Changes in Long-term Liabilities

During the year ended June 30, 2016, the following changes occurred in long-term liabilities:

|  | Balance<br>June 30,<br>2015 | Bonds and<br>Notes<br>Issued | Bonds and<br>Notes<br>Redeemed | Other<br>Increases    | Other<br>Decreases     | Balance<br>June 30,<br>2016 | Current<br>Amount<br>Due |
|--|-----------------------------|------------------------------|--------------------------------|-----------------------|------------------------|-----------------------------|--------------------------|
| <b><u>Governmental Activities:</u></b>                     |                             |                              |                                |                       |                        |                             |                          |
| Long-Term Bonds Payable.....                               | \$ 228,856,999              | \$ 25,185,000                | \$ (52,076,997)                | \$ -                  | \$ -                   | \$ 201,965,002              | \$ 24,326,000            |
| Capital Lease Obligations.....                             | 3,042,599                   | -                            | -                              | 6,937,497             | (2,734,012)            | 7,246,084                   | 2,569,588                |
| Unamortized Bond Premium.....                              | 4,854,752                   | 1,979,298                    | (779,450)                      | -                     | -                      | 6,054,600                   | 669,780                  |
| Compensated Absences.....                                  | 18,803,514                  | -                            | -                              | 8,237,275             | (7,158,186)            | 19,882,603                  | 2,569,588                |
| Workers' Compensation.....                                 | 3,768,000                   | -                            | -                              | 2,751,000             | (1,130,000)            | 5,389,000                   | 750,000                  |
| Due to Granting Agencies.....                              | 8,034,000                   | -                            | -                              | -                     | (936,000)              | 7,098,000                   | 936,000                  |
| Landfill Closure.....                                      | 5,000,000                   | -                            | -                              | -                     | (750,000)              | 4,250,000                   | 750,000                  |
| Other Postemployment Benefits.....                         | 245,125,331                 | -                            | -                              | 54,616,100            | (26,932,200)           | 272,809,231                 | -                        |
| Net Pension Liability.....                                 | 633,842,638                 | -                            | -                              | 86,793,478            | -                      | 720,636,116                 | -                        |
| Total governmental activity<br>long-term liabilities.....  | <u>1,151,327,833</u>        | <u>27,164,298</u>            | <u>(52,856,447)</u>            | <u>159,335,350</u>    | <u>\$ (39,640,398)</u> | <u>1,245,330,636</u>        | <u>32,570,956</u>        |
| <b><u>Business-Type Activities:</u></b>                    |                             |                              |                                |                       |                        |                             |                          |
| Capital Lease Obligations.....                             | 1,300,663                   | -                            | -                              | -                     | (533,629)              | 767,034                     | 364,963                  |
| Other Postemployment Benefits.....                         | 781,026                     | -                            | -                              | 197,328               | (97,306)               | 881,048                     | -                        |
| Net Pension Liability.....                                 | 2,321,467                   | -                            | -                              | 1,343,152             | -                      | 3,664,619                   | -                        |
| Total business-type activity<br>long-term liabilities..... | <u>4,403,156</u>            | <u>-</u>                     | <u>-</u>                       | <u>1,540,480</u>      | <u>(630,935)</u>       | <u>5,312,701</u>            | <u>364,963</u>           |
| Total.....   | <u>\$ 1,155,730,989</u>     | <u>\$ 27,164,298</u>         | <u>\$ (52,856,447)</u>         | <u>\$ 160,875,830</u> | <u>\$ (40,271,333)</u> | <u>\$ 1,250,643,337</u>     | <u>\$ 32,935,919</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.

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 year end the balance of the Stabilization Funds is \$44.5 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 |                |                |                         |                             | Total Governmental Funds |
|---|--------------------|----------------|----------------|-------------------------|-----------------------------|--------------------------|
|   | General            | Snow Storm     | Tornado Relief | School Capital Projects | Nonmajor Governmental Funds |                          |
| Fund Balances                           |                    |                |                |                         |                             |                          |
| Restricted for:                         |                    |                |                |                         |                             |                          |
| Utility/Telephone.....\$                | - \$               | - \$           | -              | - \$                    | 1,378,441                   | \$ 1,378,441             |
| Receipts reserved.....                  | -                  | -              | -              | -                       | 67,711                      | 67,711                   |
| School Lunch.....                       | -                  | -              | 155,660        | -                       | 4,583,031                   | 4,738,691                |
| Revolving Funds.....                    | -                  | -              | -              | -                       | 2,891,547                   | 2,891,547                |
| Federal Grants School.....              | -                  | -              | -              | -                       | 906,498                     | 906,498                  |
| State Grants School.....                | -                  | -              | -              | -                       | 3,375,444                   | 3,375,444                |
| State Grants City.....                  | -                  | -              | -              | -                       | 1,718,413                   | 1,718,413                |
| Promise Fund.....                       | -                  | -              | -              | -                       | 6,055,466                   | 6,055,466                |
| Expendable Governmental Trusts.....     | -                  | -              | -              | -                       | 2,299,454                   | 2,299,454                |
| Other Special Revenue Funds.....        | -                  | -              | -              | -                       | 4,023,147                   | 4,023,147                |
| Bond Sinking Fund.....                  | -                  | -              | -              | -                       | 5,169,309                   | 5,169,309                |
| Debt Service Reserve.....               | -                  | -              | -              | -                       | 2,029,300                   | 2,029,300                |
| School Capital Projects.....            | -                  | -              | -              | 4,168,542               | -                           | 4,168,542                |
| Equipment Capital Projects.....         | -                  | -              | -              | -                       | 2,984,118                   | 2,984,118                |
| Other Capital Project Funds.....        | -                  | -              | -              | -                       | 4,021,495                   | 4,021,495                |
| Education.....                          | 16,482,157         | -              | -              | -                       | -                           | 16,482,157               |
| MGL Chapter 656.....                    | 5,704,886          | -              | -              | -                       | -                           | 5,704,886                |
| Assigned for carryover encumbrances to: |                    |                |                |                         |                             |                          |
| General government.....                 | 1,083,994          | -              | -              | -                       | -                           | 1,083,994                |
| Public safety.....                      | 203,935            | -              | -              | -                       | -                           | 203,935                  |
| Public works.....                       | 234,271            | -              | -              | -                       | -                           | 234,271                  |
| Human services.....                     | 4,843              | -              | -              | -                       | -                           | 4,843                    |
| Culture and recreation.....             | 410,866            | -              | -              | -                       | -                           | 410,866                  |
| Employee fringe benefits.....           | 20,000             | -              | -              | -                       | -                           | 20,000                   |
| Unassigned.....                         | 59,492,923         | (4,566,891)    | -              | -                       | (7,938,786)                 | 46,987,246               |
| Total Fund Balances.....                | \$ 83,637,875      | \$ (4,566,891) | \$ 155,660     | \$ 4,168,542            | \$ 34,811,384               | \$ 118,206,570           |

**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 \$6.9 million for both sites and has recorded an estimated \$4.3 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, deflation, 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, 2016, the liability for dental and eye care insurance claims totaled approximately \$159,000. This liability is the best estimate based on available information. Changes in the reported liability since July 1, 2014, are as follows:

|           | Balance at<br>Beginning of<br>Year | Current Year<br>Claims and<br>Changes in<br>Estimate | Claim<br>Payments | Balance at<br>Year-End<br>Currently Due |
|-----------|------------------------------------|--|-------------------|---|
| 2015..... | \$ 153,788                         | \$ 3,831,216   | \$ (3,825,043)    | \$ 159,961                              |
| 2016..... | 159,961                            | 3,800,074  | (3,801,107)       | 158,928                                 |

(b) *Workers' Compensation*

The estimated future workers' compensation liability is based on history and injury type. At June 30, 2016, the amount of the estimated liability for workers' compensation claims totaled approximately \$5.4 million. Changes in the reported liability since July 1, 2014 are as follows:

|           | Balance at<br>Beginning of<br>Year | Current Year<br>Claims and<br>Changes in<br>Estimate | Claim<br>Payments | Balance at<br>Year-End | Current<br>Portion |
|-----------|------------------------------------|--|-------------------|------------------------|--------------------|
| 2015..... | \$ 4,898,000                       | \$ 3,347,034   | \$ (4,477,034)    | \$ 3,768,000           | \$ 1,130,000       |
| 2016..... | 3,768,000                          | 6,098,033  | (4,477,033)       | 5,389,000              | 1,617,000          |

The liability for unemployment claims at June 30, 2016 is based on known claims reported to the Massachusetts Division of Unemployment Assistance and the future liability at year end was estimated to be approximately \$1.0 million.

**NOTE 13 – PENSION PLAN***Plan Descriptions*

The City is a member of the Springfield Contributory Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 3 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System is a component unit and is reported as a pension trust fund in the fiduciary fund financial statements.

The City is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

*Special Funding Situation*

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the City to the MTRS. Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the City does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2015. The City's portion of the collective pension expense, contributed by the Commonwealth, of \$43,327,731 is reported in the general fund as intergovernmental revenue and employee benefits in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the City is \$534,192,073 as of the measurement date.

*Benefits Provided*

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

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 Springfield Contributory Retirement Board and are borne by the System.



There have been no changes in benefit terms as of December 31, 2015.

At December 31, 2015, the System's membership consists of the following:

|  |                         |
|--|-------------------------|
| Active members.....  | 3,323                   |
| Inactive members.....  | 556                     |
| Retirees and beneficiaries currently receiving benefits..... | <u>2,803</u>            |
| <br>Total.....   | <br><u><u>6,682</u></u> |

*Contributions*

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the System a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2015 was \$47,710,100, 34.16% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City's proportionate share of the required contribution was \$41,493,606 which equaled its actual contribution.

*Pension Liabilities*

The components of the net pension liability of the participating member units at December 31, 2015, were as follows:

|  |                              |
|--|------------------------------|
| Total pension liability.....   | \$ 1,120,975,000             |
| The pension plan's fiduciary net position.....   | <u>288,160,891</u>           |
| The net pension liability.....   | <u><u>\$ 832,814,109</u></u> |
| <br>The pension plan's fiduciary net position as a percentage<br>of the total pension liability..... | <br><br>25.71%               |

At June 30, 2016, the City reported a liability of \$724,300,735 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2015, the City's proportion was 86.97%, which is an increase of .04% from its proportion measured at December 31, 2014.

Additional information regarding changes in the net pension liability can be found in the *Required Supplementary Information* section of these financial statements.

*Pension Expense*

For the year ended June 30, 2016, the City recognized pension expense of \$67,776,677. At June 30, 2016, the City reported deferred outflows of resources related to pensions of \$62,869,980 as detailed below.

| <u>Deferred category</u>                                | <u>Deferred<br/>Outflows<br/>of Resources</u> |
|---|---|
| Differences between expected and actual experience..... | \$ 8,847,486                                  |
| Changes of assumptions.....                             | 38,425,208                                    |
| Difference between projected and actual earnings.....   | 15,412,872                                    |
| Changes in proportionate share of contributions.....    | <u>184,324</u>                                |
| Total Deferred Outflows/(Inflows) of Resources.....     | \$ <u>62,869,890</u>                          |

The City’s deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

|            |                      |
|------------|----------------------|
| 2017.....  | \$ 14,464,689        |
| 2018.....  | 14,464,689           |
| 2019.....  | 14,464,689           |
| 2020.....  | 14,209,117           |
| 2021.....  | <u>5,266,706</u>     |
| Total..... | \$ <u>62,869,890</u> |

*Actuarial Assumptions*

The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2015:

|  |  |
|--|--|
| Valuation date.....                          | January 1, 2016. Actuarial liabilities were determined as of the December 31, 2015 measurement date.   |
| Actuarial cost method.....                   | Entry Age Normal Cost Method.  |
| Amortization method.....                     | Total annual payments increase 14.0% for 2 years, then 8.0% per year until FY33 with a final amortization payment in FY34.   |
| Remaining amortization period.....           | 18 years from July 1, 2016.  |
| Asset valuation method.....                  | Market value for GASB 67/68. For funding purposes, gains and losses each year are recognized over 5 years.   |
| Inflation rate.....                          | Not explicitly assumed.  |
| Projected salary increases.....              | Select and ultimate by job group; ultimate rates 4.25% for Group 1 and 4.75% for Group 4.  |
| Cost of living adjustments.....              | 3.0% of the first \$13,000 of retirement income.   |
| Rates of retirement.....                     | Varies based upon age for general employees, police and fire employees.  |
| Rates of disability.....                     | For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).  |
| Mortality Rates.....                         | Pre-retirement rates reflect the RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct). Post-Retirement rates reflect the RP-2000 Healthy Annuitant table projected generationally with scale BB and a base year of 2009 (gender distinct). For disabled retirees, the rates reflect the RP-2000 Health Annuitant table projected generationally with scale BB and a base year of 2012 (gender distinct). |
| Investment rate of return/Discount rate..... | 7.65%, net of pension plan investment expense, including inflation.  |

*Investment Policy*

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of January 1, 2016 are summarized in the following table:

| Asset Class                            | Long-Term Expected<br>Real Rate of Return | Long-Term Expected<br>Asset Allocation |
|--|---|--|
| Large Cap Equities.....                | 7.50%                                     | 14.50%                                 |
| Small/Mid Cap Equities.....            | 7.75%                                     | 3.50%                                  |
| International Equities (Unhedged)..... | 8.00%                                     | 16.00%                                 |
| Emerging International Equities.....   | 9.50%                                     | 6.00%                                  |
| High-Yield Bonds.....                  | 5.75%                                     | 1.50%                                  |
| Bank Loans.....                        | 6.00%                                     | 1.50%                                  |
| EMD (External).....                    | 6.00%                                     | 1.00%                                  |
| EMD (Local Currency).....              | 6.50%                                     | 2.00%                                  |
| TIPS.....                              | 4.00%                                     | 3.00%                                  |
| Long Treasuries.....                   | 3.50%                                     | 10.00%                                 |
| Private Equity.....                    | 9.50%                                     | 10.00%                                 |
| Private Debt.....                      | 8.00%                                     | 4.00%                                  |
| Real Estate (Core).....                | 6.50%                                     | 10.00%                                 |
| Hedge Funds.....                       | 6.50%                                     | 9.00%                                  |
| Timber/Natural Resources.....          | 7.07%                                     | 4.00%                                  |
| Portfolio Completion.....              | 6.18%                                     | 4.00%                                  |
|  |   | 100.00%                                |

*Rate of Return*

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.58%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability, calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65%) or 1-percentage-point higher (8.65%) than the current rate:

|  | 1% Decrease<br>(6.65%) | Current<br>Discount<br>(7.65%) | 1% Increase<br>(8.65%) |
|--|------------------------|--------------------------------|------------------------|
| The City's proportionate share of the net pension liability..... | \$ 828,814,561         | \$ 724,300,735                 | \$ 635,485,724         |
| The System's total net pension liability.....                    | \$ 952,986,000         | \$ 832,814,109                 | \$ 730,693,000         |

**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 July 1, 2015, the Plan’s membership consisted of the following:

|  |                     |
|--|---------------------|
| Current retirees, beneficiaries, and dependents..... | 3,901               |
| Current active members.....                          | <u>5,313</u>        |
| Total.....   | <u><u>9,214</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 \$27.0 million during 2016 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 2016, 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.....                | \$ 65,436,929                |
| Interest on net OPEB obligation.....             | 8,606,723                    |
| Adjustments to annual required contribution..... | <u>(19,230,224)</u>          |
| Annual OPEB cost/expense.....                    | 54,813,428                   |
| Contributions made.....                          | <u>(27,029,506)</u>          |
| Increase in net OPEB obligation.....             | 27,783,922                   |
| Net OPEB obligation - beginning of year.....     | <u>245,906,357</u>           |
| Net OPEB obligation - end of year.....           | <u><u>\$ 273,690,279</u></u> |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years is as follows:

| Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|------------|------------------|--|---------------------|
| 6/30/2016  | \$ 54,813,428    | 49.3%                                      | \$ 273,690,279      |
| 6/30/2015  | 60,672,770       | 38.3%                                      | 245,906,357         |
| 6/30/2014  | 56,635,785       | 40.7%                                      | 208,473,709         |

*Funded Status and Funding Progress* - The funded status of the Plan as of the most recent actuarial valuation date, July 1, 2015, 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) |
|--------------------------|-------------------------------|---------------------------------------|---------------------------|--------------------|---------------------|---|
| 7/1/2015                 | \$ -                          | \$ 936,508,134                        | \$ 936,508,134            | 0.00%              | \$ 277,466,376      | 337.52%   |

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:

|  |  |
|--|--|
| Valuation date.....                          | January 1, 2016. Actuarial liabilities were determined as of the December 31, 2015 measurement date.   |
| Actuarial cost method.....                   | Entry Age Normal Cost Method.  |
| Amortization method.....                     | Total annual payments increase 14.0% for 2 years, then 8.0% per year until FY33 with a final amortization payment in FY34.   |
| Remaining amortization period.....           | 18 years from July 1, 2016.  |
| Asset valuation method.....                  | Market value for GASB 67/68. For funding purposes, gains and losses each year are recognized over 5 years.   |
| Inflation rate.....                          | Not explicitly assumed.  |
| Projected salary increases.....              | Select and ultimate by job group; ultimate rates 4.25% for Group 1 and 4.75% for Group 4.  |
| Cost of living adjustments.....              | 3.0% of the first \$13,000 of retirement income.   |
| Rates of retirement.....                     | Varies based upon age for general employees, police and fire employees.  |
| Rates of disability.....                     | For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).  |
| Mortality Rates.....                         | Pre-retirement rates reflect the RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct). Post-Retirement rates reflect the RP-2000 Healthy Annuitant table projected generationally with scale BB and a base year of 2009 (gender distinct). For disabled retirees, the rates reflect the RP-2000 Health Annuitant table projected generationally with scale BB and a base year of 2012 (gender distinct). |
| Investment rate of return/Discount rate..... | 7.65%, net of pension plan investment expense, including inflation.  |

**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 Corporation (SMC) where the City has agreed to pay SMC \$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 year ending June 30, 2016, the City's costs under the Service Agreement were approximately \$2.95 million.

The City is committed to completing various projects throughout the City which will be funded with long-term debt totaling approximately \$188.1 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, 2016. 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 *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2016, 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 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 20, 2016, which is the date the financial statements were available to be issued.

## **NOTE 18 – RESTATEMENT OF BEGINNING NET POSITION OF COMPONENT UNIT**

The beginning net position of the Springfield Redevelopment Authority was increased in the amount of \$19,436,025 to capitalize certain transit center costs previously recorded as project expenses. In 2016, it was determined that the Springfield Redevelopment Authority would retain ownership of the project site.



**NOTE 19 – FUTURE IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2016, the following GASB pronouncements were implemented:

- GASB Statement #72, *Fair Value Measurement and Application*. Notes to the basic financial statements were changed to provide additional disclosure on fair value measurement.
- GASB Statement #73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This pronouncement did not impact the basic financial statements.
- GASB Statement #76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This pronouncement did not impact the basic financial statements.
- GASB Statement #79, *Certain External Investment Pools and Pool Participants*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in 2017.
- The GASB issued Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in 2018.
- The GASB issued Statement #77, *Tax Abatement Disclosures*, which is required to be implemented in 2017.
- The GASB issued Statement #78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which is required to be implemented in 2017.
- The GASB issued Statement #80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*, which is required to be implemented in 2017.
- The GASB issued Statement #81, *Irrevocable Split-Interest Agreements*, which is required to be implemented in 2018.
- The GASB issued Statement #82, *Pension Issues – an amendment of GASB Statements #67, #68, and #73*, which is required to be implemented in 2018.

Management is currently assessing the impact the implementation of these standards 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**

YEAR ENDED JUNE 30, 2016

|   | Budgeted Amounts   |                    | Actual<br>Budgetary<br>Amounts | Amounts<br>Carried Forward<br>To Next Year | Variance to<br>Final Budget |
|---|--------------------|--------------------|--------------------------------|--|-----------------------------|
|   | Original<br>Budget | Final<br>Budget    |                                |  |                             |
| <b>REVENUES:</b>  |                    |                    |                                |  |                             |
| Real estate and personal property taxes,<br>net of tax refunds..... | \$ 176,662,920     | \$ 177,910,553     | \$ 174,932,849                 | \$ -                                       | \$ (2,977,704)              |
| Tax liens.....  | -                  | -                  | 2,679,712                      | -  | 2,679,712                   |
| Motor vehicle and other excise taxes.....                           | 9,800,000          | 9,800,000          | 10,857,876                     | -  | 1,057,876                   |
| Hotel/motel tax.....  | 1,100,000          | 1,100,000          | 1,276,054                      | -  | 176,054                     |
| Local meals tax.....  | 1,650,000          | 1,650,000          | 1,792,212                      | -  | 142,212                     |
| Charges for services.....   | 962,513            | 869,513            | 720,113                        | -  | (149,400)                   |
| Penalties and interest on taxes.....                                | 1,920,000          | 1,920,000          | 1,587,998                      | -  | (332,002)                   |
| Payments in lieu of taxes.....                                      | 2,133,730          | 2,133,730          | 1,489,346                      | -  | (644,384)                   |
| Chapter 121A - excise payments in lieu of taxes.....                | 7,598,317          | 7,598,317          | 7,598,317                      | -  | -                           |
| Licenses and permits.....   | 8,332,133          | 7,227,500          | 5,254,833                      | -  | (1,972,667)                 |
| Fines and forfeitures.....  | 6,838,818          | 6,838,818          | 6,083,287                      | -  | (755,531)                   |
| Intergovernmental.....  | 367,856,275        | 367,778,365        | 367,184,834                    | -  | (593,531)                   |
| Departmental and other.....   | 9,607,097          | 9,557,097          | 12,043,208                     | -  | 2,486,111                   |
| Investment income.....  | 450,000            | 450,000            | 604,854                        | -  | 154,854                     |
| <b>TOTAL REVENUES.....</b>  | <b>594,911,803</b> | <b>594,833,893</b> | <b>594,105,493</b>             | <b>-</b>                                   | <b>(728,400)</b>            |
| <b>EXPENDITURES:</b>  |                    |                    |                                |  |                             |
| Current:  |                    |                    |                                |  |                             |
| <b>GENERAL GOVERNMENT</b>   |                    |                    |                                |  |                             |
| City Council  |                    |                    |                                |  |                             |
| Personal Services.....  | 414,969            | 414,969            | 406,463                        | -  | 8,506                       |
| Expenditures.....   | 11,538             | 11,538             | 10,825                         | -  | 713                         |
| <b>Total City Council.....</b>                                      | <b>426,507</b>     | <b>426,507</b>     | <b>417,288</b>                 | <b>-</b>                                   | <b>9,219</b>                |
| Mayor   |                    |                    |                                |  |                             |
| Personal Services.....  | 509,971            | 516,239            | 516,222                        | -  | 17                          |
| Expenditures.....   | 14,383             | 14,383             | 9,002                          | -  | 5,381                       |
| <b>Total Mayor.....</b>   | <b>524,354</b>     | <b>530,622</b>     | <b>525,224</b>                 | <b>-</b>                                   | <b>5,398</b>                |
| Department of Administration and Finance                            |                    |                    |                                |  |                             |
| Personal Services.....  | 574,456            | 552,256            | 543,815                        | -  | 8,441                       |
| Expenditures.....   | 106,554            | 113,754            | 95,981                         | 12,500                                     | 5,273                       |
| <b>Total Department of Administration and Finance.....</b>          | <b>681,010</b>     | <b>666,010</b>     | <b>639,796</b>                 | <b>12,500</b>                              | <b>13,714</b>               |
| 311 Call Center   |                    |                    |                                |  |                             |
| Personal Services.....  | 383,010            | 375,510            | 350,688                        | -  | 24,822                      |
| Expenditures.....   | 52,290             | 52,290             | 50,476                         | 357  | 1,457                       |
| <b>Total CITISTAT.....</b>  | <b>435,300</b>     | <b>427,800</b>     | <b>401,164</b>                 | <b>357</b>                                 | <b>26,279</b>               |
| Comptroller   |                    |                    |                                |  |                             |
| Personal Services.....  | 579,952            | 524,952            | 512,958                        | -  | 11,994                      |
| Expenditures.....   | 99,518             | 163,348            | 90,069                         | 72,993                                     | 286                         |
| <b>Total Comptroller.....</b>                                       | <b>679,470</b>     | <b>688,300</b>     | <b>603,027</b>                 | <b>72,993</b>                              | <b>12,280</b>               |
| Internal Audit  |                    |                    |                                |  |                             |
| Personal Services.....  | 267,923            | 242,923            | 232,519                        | -  | 10,404                      |
| Expenditures.....   | 205,235            | 205,235            | 175,149                        | 11,500                                     | 18,586                      |
| <b>Total Internal Audit.....</b>                                    | <b>473,158</b>     | <b>448,158</b>     | <b>407,668</b>                 | <b>11,500</b>                              | <b>28,990</b>               |
| Office of Procurement   |                    |                    |                                |  |                             |
| Personal Services.....  | 417,618            | 407,621            | 402,693                        | -  | 4,928                       |
| Expenditures.....   | 101,663            | 154,163            | 119,265                        | 20,334                                     | 14,564                      |
| <b>Total Office of Procurement.....</b>                             | <b>519,281</b>     | <b>561,784</b>     | <b>521,958</b>                 | <b>20,334</b>                              | <b>19,492</b>               |

(Continued)

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

YEAR ENDED JUNE 30, 2016

|   | Budgeted Amounts   |                  | Actual<br>Budgetary<br>Amounts | Amounts<br>Carried Forward<br>To Next Year | Variance to<br>Final Budget |
|---|--------------------|------------------|--------------------------------|--|-----------------------------|
|   | Original<br>Budget | Final<br>Budget  |                                |  |                             |
| <b>Board of Assessors</b>   |                    |                  |                                |  |                             |
| Personal Services.....  | 676,242            | 665,792          | 631,832                        | -  | 33,960                      |
| Expenditures.....   | 448,020            | 426,702          | 297,816                        | 23,507                                     | 105,379                     |
| <b>Total Board of Assessors.....</b>                                  | <b>1,124,262</b>   | <b>1,092,494</b> | <b>929,648</b>                 | <b>23,507</b>                              | <b>139,339</b>              |
| <b>Treasurer</b>  |                    |                  |                                |  |                             |
| Personal Services.....  | 486,298            | 486,298          | 485,018                        | -  | 1,280                       |
| Expenditures.....   | 1,522,970          | 1,437,859        | 1,302,512                      | 104,927                                    | 30,420                      |
| <b>Total Treasurer.....</b>   | <b>2,009,268</b>   | <b>1,924,157</b> | <b>1,787,530</b>               | <b>104,927</b>                             | <b>31,700</b>               |
| <b>Collector</b>  |                    |                  |                                |  |                             |
| Personal Services.....  | 330,844            | 323,344          | 319,668                        | -  | 3,676                       |
| Expenditures.....   | 124,199            | 144,073          | 126,209                        | 11,094                                     | 6,770                       |
| <b>Total Collector.....</b>   | <b>455,043</b>     | <b>467,417</b>   | <b>445,877</b>                 | <b>11,094</b>                              | <b>10,446</b>               |
| <b>Law</b>  |                    |                  |                                |  |                             |
| Personal Services.....  | 1,543,487          | 1,523,487        | 1,429,985                      | -  | 93,502                      |
| Expenditures.....   | 468,490            | 958,725          | 892,152                        | 11,932                                     | 54,641                      |
| <b>Total Law.....</b>   | <b>2,011,977</b>   | <b>2,482,212</b> | <b>2,322,137</b>               | <b>11,932</b>                              | <b>148,143</b>              |
| <b>Department of Humans Resources &amp; Labor Relations</b>           |                    |                  |                                |  |                             |
| Personal Services.....  | 1,085,473          | 1,060,473        | 1,039,577                      | -  | 20,896                      |
| Expenditures.....   | 648,010            | 598,732          | 482,746                        | 59,114                                     | 56,872                      |
| <b>Total Department of Humans Resources &amp; Labor Relations....</b> | <b>1,733,482</b>   | <b>1,659,205</b> | <b>1,522,323</b>               | <b>59,114</b>                              | <b>77,768</b>               |
| <b>Medical &amp; Dental</b>   |                    |                  |                                |  |                             |
| Expenditures.....   | 1,000,000          | 1,000,000        | 962,522                        | -  | 37,478                      |
| <b>Payroll</b>  |                    |                  |                                |  |                             |
| Expenditures.....   | 148,350            | 148,350          | 132,235                        | -  | 16,115                      |
| <b>Information Technology</b>   |                    |                  |                                |  |                             |
| Personal Services.....  | 997,533            | 997,533          | 992,527                        | -  | 5,006                       |
| Expenditures.....   | 2,050,571          | 2,048,563        | 2,028,385                      | 12,815                                     | 7,363                       |
| Capital.....  | 40,000             | 40,000           | 36,769                         | 1,996                                      | 1,235                       |
| <b>Total Information Technology .....</b>                             | <b>3,088,104</b>   | <b>3,086,096</b> | <b>3,057,681</b>               | <b>14,811</b>                              | <b>13,604</b>               |
| <b>City Clerk</b>   |                    |                  |                                |  |                             |
| Personal Services.....  | 475,206            | 538,307          | 530,398                        | -  | 7,909                       |
| Expenditures.....   | 34,153             | 31,532           | 30,337                         | 146  | 1,049                       |
| <b>Total City Clerk.....</b>  | <b>509,359</b>     | <b>569,839</b>   | <b>560,735</b>                 | <b>146</b>                                 | <b>8,958</b>                |
| <b>Board of Election Commission</b>                                   |                    |                  |                                |  |                             |
| Personal Services.....  | 431,789            | 431,789          | 413,209                        | -  | 18,580                      |
| Expenditures.....   | 200,736            | 194,726          | 172,888                        | 1,989                                      | 19,849                      |
| <b>Total Board of Election Commission.....</b>                        | <b>632,525</b>     | <b>626,515</b>   | <b>586,097</b>                 | <b>1,989</b>                               | <b>38,429</b>               |
| <b>Planning</b>   |                    |                  |                                |  |                             |
| Personal Services.....  | 945,279            | 911,679          | 893,831                        | -  | 17,848                      |
| Expenditures.....   | 357,074            | 350,377          | 299,806                        | 37,966                                     | 12,605                      |
| <b>Total Planning.....</b>  | <b>1,302,353</b>   | <b>1,262,056</b> | <b>1,193,637</b>               | <b>37,966</b>                              | <b>30,453</b>               |
| <b>Facilities Management</b>  |                    |                  |                                |  |                             |
| Personal Services.....  | 1,272,267          | 1,271,167        | 1,245,437                      | -  | 25,730                      |
| Expenditures.....   | 1,703,190          | 1,616,301        | 1,530,298                      | 75,387                                     | 10,616                      |
| <b>Total Facilities Management.....</b>                               | <b>2,975,458</b>   | <b>2,887,468</b> | <b>2,775,735</b>               | <b>75,387</b>                              | <b>36,346</b>               |
| <b>Capital Asset Construction</b>                                     |                    |                  |                                |  |                             |
| Personal Services.....  | 361,103            | 357,489          | 357,469                        | -  | 20                          |
| Expenditures.....   | 138,585            | 136,191          | 89,994                         | 28,716                                     | 17,481                      |
| <b>Total Capital Asset Construction.....</b>                          | <b>499,688</b>     | <b>493,680</b>   | <b>447,463</b>                 | <b>28,716</b>                              | <b>17,501</b>               |

(Continued)

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

YEAR ENDED JUNE 30, 2016

|   | Budgeted Amounts   |                   | Actual<br>Budgetary<br>Amounts | Amounts<br>Carried Forward<br>To Next Year | Variance to<br>Final Budget |
|---|--------------------|-------------------|--------------------------------|--|-----------------------------|
|   | Original<br>Budget | Final<br>Budget   |                                |  |                             |
| Provisions for Uncompensated Absences         |                    |                   |                                |  |                             |
| Expenditures.....                             | (1,000,000)        | 514,700           | -                              | -  | 514,700                     |
| Reserve for Contingencies                     |                    |                   |                                |  |                             |
| Expenditures.....                             | 200,000            | 7,751             | -                              | -  | 7,751                       |
| Parking Contract                              |                    |                   |                                |  |                             |
| Expenditures.....                             | 1,148,765          | 1,143,826         | 875,278                        | 268,548                                    | -                           |
| Pay-As-You-Go Capital                         |                    |                   |                                |  |                             |
| Capital.....                                  | 2,046,082          | 1,125,032         | 771,713                        | 328,173                                    | 25,146                      |
| <b>TOTAL GENERAL GOVERNMENT.....</b>          | <b>23,623,798</b>  | <b>24,239,979</b> | <b>21,886,736</b>              | <b>1,083,994</b>                           | <b>1,269,249</b>            |
| <b>PUBLIC SAFETY</b>                          |                    |                   |                                |  |                             |
| <b>Police</b>                                 |                    |                   |                                |  |                             |
| Personal Services.....                        | 38,771,386         | 38,425,386        | 37,385,476                     | -  | 1,039,910                   |
| Expenditures.....                             | 2,710,034          | 2,950,205         | 2,835,738                      | 55,159                                     | 59,308                      |
| <b>Total Police.....</b>                      | <b>41,481,420</b>  | <b>41,375,591</b> | <b>40,221,214</b>              | <b>55,159</b>                              | <b>1,099,218</b>            |
| <b>Fire</b>                                   |                    |                   |                                |  |                             |
| Personal Services.....                        | 19,834,758         | 18,834,758        | 18,613,735                     | -  | 221,023                     |
| Expenditures.....                             | 1,632,531          | 1,617,894         | 1,383,070                      | 61,012                                     | 173,812                     |
| Capital.....                                  | 10,000             | 10,000            | 5,200                          | 4,800                                      | -                           |
| <b>Total Fire.....</b>                        | <b>21,477,288</b>  | <b>20,462,652</b> | <b>20,002,005</b>              | <b>65,812</b>                              | <b>394,835</b>              |
| <b>Building - Code Enforcement</b>            |                    |                   |                                |  |                             |
| Personal Services.....                        | 1,473,691          | 1,471,891         | 1,453,312                      | -  | 18,579                      |
| Expenditures.....                             | 57,120             | 58,920            | 43,387                         | -  | 15,533                      |
| <b>Total Building - Code Enforcement.....</b> | <b>1,530,811</b>   | <b>1,530,811</b>  | <b>1,496,699</b>               | <b>-</b>                                   | <b>34,112</b>               |
| <b>Housing - Code Enforcement</b>             |                    |                   |                                |  |                             |
| Personal Services.....                        | 681,306            | 630,106           | 605,197                        | -  | 24,909                      |
| Expenditures.....                             | 155,336            | 156,536           | 116,837                        | 35,513                                     | 4,186                       |
| <b>Total Housing - Code Enforcement.....</b>  | <b>836,642</b>     | <b>786,642</b>    | <b>722,034</b>                 | <b>35,513</b>                              | <b>29,095</b>               |
| <b>Centralized Dispatch</b>                   |                    |                   |                                |  |                             |
| Personal Services.....                        | 1,379,197          | 1,413,795         | 1,413,795                      | -  | -                           |
| Expenditures.....                             | 454,201            | 449,413           | 430,644                        | 7,880                                      | 10,889                      |
| Capital.....                                  | 2,500              | 2,500             | 2,185                          | -  | 315                         |
| <b>Total Centralized Dispatch.....</b>        | <b>1,835,898</b>   | <b>1,865,708</b>  | <b>1,846,624</b>               | <b>7,880</b>                               | <b>11,204</b>               |
| <b>Animal Control</b>                         |                    |                   |                                |  |                             |
| Personal Services.....                        | 574,818            | 514,818           | 495,054                        | -  | 19,764                      |
| Expenditures.....                             | 829,540            | 813,637           | 750,022                        | 39,571                                     | 24,044                      |
| <b>Total Animal Control.....</b>              | <b>1,404,358</b>   | <b>1,328,455</b>  | <b>1,245,076</b>               | <b>39,571</b>                              | <b>43,808</b>               |
| <b>TOTAL PUBLIC SAFETY.....</b>               | <b>68,566,418</b>  | <b>67,349,859</b> | <b>65,533,652</b>              | <b>203,935</b>                             | <b>1,612,272</b>            |
| <b>EDUCATION</b>                              |                    |                   |                                |  |                             |
| School Department.....                        | 396,710,220        | 397,241,529       | 380,722,917                    | 16,482,157                                 | 36,455                      |
| <b>PUBLIC WORKS</b>                           |                    |                   |                                |  |                             |
| Personal Services.....                        | 3,901,120          | 3,893,370         | 3,539,515                      | -  | 353,855                     |
| Expenditures.....                             | 6,184,294          | 6,127,528         | 5,748,567                      | 234,271                                    | 144,690                     |
| <b>TOTAL PUBLIC WORKS.....</b>                | <b>10,085,414</b>  | <b>10,020,898</b> | <b>9,288,082</b>               | <b>234,271</b>                             | <b>498,545</b>              |
| <b>HEALTH &amp; HUMAN SERVICES</b>            |                    |                   |                                |  |                             |
| <b>Health &amp; Human Services</b>            |                    |                   |                                |  |                             |
| Personal Services.....                        | 1,173,336          | 1,173,336         | 1,158,791                      | -  | 14,545                      |
| Expenditures.....                             | 314,690            | 313,377           | 300,192                        | 3,809                                      | 9,376                       |
| <b>Total Health &amp; Human Services.....</b> | <b>1,488,026</b>   | <b>1,486,713</b>  | <b>1,458,983</b>               | <b>3,809</b>                               | <b>23,921</b>               |

(Continued)

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

YEAR ENDED JUNE 30, 2016

|   | Budgeted Amounts     |                      | Actual<br>Budgetary<br>Amounts | Amounts<br>Carried Forward<br>To Next Year | Variance to<br>Final Budget |
|---|----------------------|----------------------|--------------------------------|--|-----------------------------|
|   | Original<br>Budget   | Final<br>Budget      |                                |  |                             |
| Department of Elder Affairs   |                      |                      |                                |  |                             |
| Personal Services.....  | 276,916              | 276,916              | 276,367                        | -  | 549                         |
| Expenditures.....   | 17,073               | 17,008               | 15,719                         | 55   | 1,234                       |
| Total Department of Elder Affairs.....                                    | 293,989              | 293,924              | 292,086                        | 55   | 1,783                       |
| Veterans Services   |                      |                      |                                |  |                             |
| Personal Services.....  | 283,224              | 268,224              | 261,350                        | -  | 6,874                       |
| Expenditures.....   | 2,853,575            | 2,853,190            | 2,209,367                      | 979  | 642,844                     |
| Veterans Services.....  | 3,136,799            | 3,121,414            | 2,470,717                      | 979  | 649,718                     |
| <b>TOTAL HEALTH &amp; HUMAN SERVICES.....</b>                             | <b>4,918,814</b>     | <b>4,902,051</b>     | <b>4,221,786</b>               | <b>4,843</b>                               | <b>675,422</b>              |
| <b>CULTURE &amp; RECREATION</b>   |                      |                      |                                |  |                             |
| Library   |                      |                      |                                |  |                             |
| Personal Services.....  | 2,772,576            | 2,772,276            | 2,642,021                      | -  | 130,255                     |
| Expenditures.....   | 1,366,017            | 1,356,901            | 1,183,931                      | 107,649                                    | 65,321                      |
| Capital.....  | 47,000               | 47,000               | 46,418                         | -  | 582                         |
| Total Library.....  | 4,185,593            | 4,176,177            | 3,872,370                      | 107,649                                    | 196,158                     |
| Museum  |                      |                      |                                |  |                             |
| Expenditures.....   | 1,320,000            | 1,320,000            | 1,320,000                      | -  | -                           |
| Parks   |                      |                      |                                |  |                             |
| Personal Services.....  | 4,388,467            | 4,409,747            | 4,341,558                      | -  | 68,189                      |
| Expenditures.....   | 3,539,020            | 3,593,449            | 3,272,216                      | 303,217                                    | 18,016                      |
| Capital.....  | 226,263              | 226,263              | 226,227                        | -  | 36                          |
| Total Parks.....  | 8,153,750            | 8,229,459            | 7,840,001                      | 303,217                                    | 86,241                      |
| <b>TOTAL CULTURE &amp; RECREATION.....</b>                                | <b>13,659,343</b>    | <b>13,725,636</b>    | <b>13,032,371</b>              | <b>410,866</b>                             | <b>282,399</b>              |
| <b>OTHER</b>  |                      |                      |                                |  |                             |
| Debt Service.....   | 35,618,551           | 35,618,551           | 35,343,703                     | -  | 274,848                     |
| State Assessments   |                      |                      |                                |  |                             |
| Expenditures.....   | 3,299,435            | 3,219,435            | 3,219,435                      | -  | -                           |
| Contribution Retirement Pension   |                      |                      |                                |  |                             |
| Expenditures.....   | 28,172,819           | 28,187,561           | 28,187,561                     | -  | -                           |
| Non-Contributory Pensions   |                      |                      |                                |  |                             |
| Expenditures.....   | 185,000              | 170,258              | 132,243                        | -  | 38,015                      |
| Unemployment  |                      |                      |                                |  |                             |
| Expenditures.....   | 163,069              | 158,285              | 71,593                         | 20,000                                     | 66,692                      |
| Workers Compensation  |                      |                      |                                |  |                             |
| Expenditures.....   | 585,069              | 585,069              | 484,093                        | -  | 100,976                     |
| Health Insurance - Non School   |                      |                      |                                |  |                             |
| Expenditures.....   | 24,516,679           | 24,316,679           | 24,118,356                     | -  | 198,323                     |
| <b>TOTAL EXPENDITURES.....</b>  | <b>610,104,629</b>   | <b>609,735,790</b>   | <b>586,242,528</b>             | <b>18,440,066</b>                          | <b>5,053,196</b>            |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES.....</b> | <b>(15,192,826)</b>  | <b>(14,901,897)</b>  | <b>7,862,965</b>               | <b>(18,440,066)</b>                        | <b>4,324,796</b>            |
| <b>OTHER FINANCING SOURCES (USES):</b>                                    |                      |                      |                                |  |                             |
| Prior year encumbrances funded through fund balance.....                  | 20,011,912           | 20,011,912           | -                              | -  | (20,011,912)                |
| Free cash used to fund transfer out.....                                  | -                    | 4,595,616            | -                              | -  | (4,595,616)                 |
| Transfers in.....   | -                    | 589,702              | 589,702                        | -  | -                           |
| Transfers out.....  | (4,819,086)          | (10,295,333)         | (10,295,333)                   | -  | -                           |
| <b>TOTAL OTHER FINANCING SOURCES (USES).....</b>                          | <b>15,192,826</b>    | <b>14,901,897</b>    | <b>(9,705,631)</b>             | <b>-</b>                                   | <b>(24,607,528)</b>         |
| <b>NET CHANGE IN FUND BALANCE.....</b>                                    | <b>-</b>             | <b>-</b>             | <b>(1,842,666)</b>             | <b>(18,440,066)</b>                        | <b>(20,282,732)</b>         |
| <b>BUDGETARY FUND BALANCE, Beginning of year.....</b>                     | <b>59,924,718</b>    | <b>59,924,718</b>    | <b>59,924,718</b>              | <b>-</b>                                   | <b>-</b>                    |
| <b>BUDGETARY FUND BALANCE, End of year.....</b>                           | <b>\$ 59,924,718</b> | <b>\$ 59,924,718</b> | <b>\$ 58,082,052</b>           | <b>\$ (18,440,066)</b>                     | <b>\$ (20,282,732)</b>      |

See notes to required supplementary information.

(Concluded)



# ***Pension Plan Schedules – Retirement System***

The Pension Plan's Schedule of Changes in the Net Pension Liability presents multi-year trend information on the net pension liability and related ratios.

The Pension Plan's Schedule of Contributions presents multi-year trend information on the required and actual contributions to the pension plan and related ratios.

The Pension Plan's Schedule of Investment Return presents multi-year trend information on the money-weighted investment return on retirement assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY  
AND RELATED RATIOS**

|  | December 31,            |                         |
|--|-------------------------|-------------------------|
|  | 2014                    | 2015                    |
| <b>Total pension liability:</b>  |                         |                         |
| Service cost.....  | \$ 17,151,000           | \$ 17,923,000           |
| Interest.....  | 77,538,000              | 79,578,000              |
| Changes in benefit terms.....  | -                       | -                       |
| Differences between expected and actual experience.....                            | -                       | 12,434,000              |
| Changes in assumptions.....  | -                       | 54,000,000              |
| Benefit payments, including refunds of employee contributions....                  | <u>(68,031,686)</u>     | <u>(71,092,314)</u>     |
| Net change in total pension liability.....   | 26,657,314              | 92,842,686              |
| Total pension liability, beginning.....  | <u>1,001,475,000</u>    | <u>1,028,132,314</u>    |
| Total pension liability, ending <b>(a)</b> .....                                   | <u>\$ 1,028,132,314</u> | <u>\$ 1,120,975,000</u> |
| <b>Plan fiduciary net position:</b>  |                         |                         |
| Member contributions.....  | \$ 12,150,386           | \$ 13,184,024           |
| Employer contributions.....  | 45,805,630              | 47,710,101              |
| Other additions.....   | -                       | 785,488                 |
| Net investment income (loss).....  | 20,681,621              | 1,890,211               |
| Retirement benefits and refunds.....   | (68,031,686)            | (71,092,314)            |
| Administrative expenses.....   | <u>(751,843)</u>        | <u>(722,933)</u>        |
| Net increase (decrease) in fiduciary net position.....                             | 9,854,108               | (8,245,423)             |
| Fiduciary net position at beginning of year.....                                   | <u>286,552,206</u>      | <u>296,406,314</u>      |
| Fiduciary net position at end of year <b>(b)</b> .....                             | <u>\$ 296,406,314</u>   | <u>\$ 288,160,891</u>   |
| <b>Net pension liability - ending (a) - (b)</b> .....                              | <u>\$ 731,726,000</u>   | <u>\$ 832,814,109</u>   |
| Plan fiduciary net position as a percentage of the total<br>pension liability..... | 28.83%                  | 25.71%                  |
| Covered-employee payroll.....  | \$ 139,681,000          | \$ 152,161,000          |
| Net pension liability as a percentage of covered-employee<br>payroll.....          | 523.86%                 | 547.32%                 |

This schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for  
which information is available.

See notes to required supplementary information.

**SCHEDULE OF CONTRIBUTIONS**

|  | December 31,<br>2014 | 2015              |
|--|----------------------|-------------------|
| Actuarially determined contribution (a).....                                 | \$ 45,009,537        | \$ 47,710,100     |
| Contributions in relation to the actuarially<br>determined contribution..... | <u>45,009,537</u>    | <u>47,710,100</u> |
| Contribution deficiency (excess).....  | <u>\$ -</u>          | <u>\$ -</u>       |
| Covered-employee payroll.....  | \$ 139,681,000       | \$ 152,161,000    |
| Contributions as a percentage of covered-<br>employee payroll.....           | 32.22%               | 31.36%            |

This schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those  
years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF INVESTMENT RETURN**

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|   | December 31,<br>2014 | 2015  |
|---|----------------------|-------|
| Annual money-weighted rate of return,<br>net of investment expense..... | 7.24%                | 0.58% |

This schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those  
years for which information is available.

The annual money-weighted rate of return has been calculated by the Pension  
Reserves Investment Management Board (PRIM).

See notes to required supplementary information.

# ***Pension Plan Schedules - City***

The Schedule of the City's Proportionate Share of the Net Pension Liability presents multi-year trend information on the City's net pension liability and related ratios.

The Schedule of City's Contributions presents multi-year trend information on the City's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the City along with related ratios.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
SPRINGFIELD CONTRIBUTORY RETIREMENT SYSTEM**

|  | December 31,<br>2014 | 2015        |
|--|----------------------|-------------|
| City's proportion of the net pension liability (asset).....                        | 86.94%               | 86.97%      |
| City's proportionate share of the net pension liability (asset)..... \$            | 636,164,105          | 724,300,735 |
| City's covered employee payroll..... \$  | 121,438,952          | 132,334,843 |
| Net pension liability as a percentage of covered-employee<br>payroll.....          | 523.86%              | 547.32%     |
| Plan fiduciary net position as a percentage of the<br>total pension liability..... | 28.83%               | 25.71%      |

This schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for  
which information is available.

See notes to required supplementary information.

**SCHEDULE OF CITY'S CONTRIBUTIONS**  
**SPRINGFIELD CONTRIBUTORY RETIREMENT SYSTEM**

|  | December 31,<br>2014 | 2015              |
|--|----------------------|-------------------|
| Actuarially determined contribution (a).....                                 | \$ 39,131,385        | \$ 41,493,606     |
| Contributions in relation to the actuarially<br>determined contribution..... | <u>39,131,385</u>    | <u>41,493,606</u> |
| Contribution deficiency (excess).....  | <u>\$ -</u>          | <u>\$ -</u>       |
| Covered-employee payroll .....   | \$ 121,438,952       | 132,334,843       |
| Contributions as a percentage of covered-<br>employee payroll.....           | 32.22%               | 31.36%            |

This schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those  
years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS  
OF THE NET PENSION LIABILITY  
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

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The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the City does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the City; the portion of the collective pension expense as both a revenue and pension expense recognized by the City; and the Plan's fiduciary net position as a percentage of the total liability.

| <u>Fiscal Year</u> | <u>Commonwealth's<br/>100% Share of the<br/>Net Pension<br/>Liability<br/>Associated with<br/>the City</u> | <u>City's Expense<br/>and Revenue<br/>Recognized for<br/>the<br/>Commonwealth's<br/>Support</u> | <u>Plan Fiduciary Net<br/>Position as a<br/>Percentage of the<br/>Total Liability</u> |
|--------------------|--|---|---|
| 2016.....          | \$ 534,192,073   | \$ 43,327,731   | 55.38%  |
| 2015.....          | 430,067,023  | 29,878,820  | 61.64%  |

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

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<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(A) | Actuarial<br>Accrued<br>Liability (AAL)<br>(B) | Unfunded<br>AAL<br>(UAAL)<br>(B-A) | Funded<br>Ratio<br>(A/B) | Covered<br>Payroll<br>(C) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((B-A)/C) |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|---|
| 7/1/2015                       | - \$                                   | 936,508,134                                    | \$ 936,508,134                     | 0.00%                    | \$ 277,466,376            | 337.52%   |
| 7/1/2013                       | -                                      | 873,436,035                                    | 873,436,035                        | 0.00%                    | 264,253,691               | 330.53%   |
| 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**

| Year<br>Ended | Annual<br>Required<br>Contribution (ARC) | Actual<br>Contributions<br>Made | Percentage of<br>the ARC<br>Contributed |
|---------------|--|---------------------------------|---|
| 2016          | \$ 65,436,929                            | \$ 27,029,506                   | 41.3%                                   |
| 2015          | 70,662,488                               | 23,240,122                      | 32.9%                                   |
| 2014          | 67,800,071                               | 23,076,721                      | 34.0%                                   |
| 2013          | 68,344,937                               | 31,172,202                      | 45.6%                                   |
| 2012          | 52,758,767                               | 22,491,469                      | 42.6%                                   |
| 2011          | 50,553,704                               | 20,932,337                      | 41.4%                                   |
| 2010          | 43,518,685                               | 25,004,396                      | 57.5%                                   |

See notes to required supplementary information.

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

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Actuarial Methods:

|                                    |   |
|------------------------------------|---|
| Valuation date.....                | July 1, 2015  |
| Actuarial cost method.....         | Projected Unit Credit   |
| Amortization method.....           | 30 year amortization period, level dollar open basis                            |
| Remaining amortization period..... | 30 years as of July 1, 2015   |
| Actuarial Assumptions:             |   |
| Investment rate of return.....     | 3.50%, pay-as-you-go scenario   |
| Inflation rate.....                | 3.0%  |
| Projected salary increases.....    | 3.0%  |
| Medical/drug cost trend rate.....  | 0% increasing by 0.5% in FY2017 to an ultimate level of 5.0% per year in FY2025 |

Plan Membership:

|  |                     |
|--|---------------------|
| Current retirees, beneficiaries, and dependents..... | 3,901               |
| Current active members.....                          | <u>5,313</u>        |
| Total.....   | <u><u>9,214</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 year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent 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 2016 approved budget authorized approximately \$614.9 million in appropriations and other amounts to be raised. During the year the City appropriated an additional \$5.1 million in of expenditures and transfers out mainly to stabilization funds. 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 year ended June 30, 2016, is presented below:

|   |                     |
|---|---------------------|
| Net change in fund balance - budgetary basis.....                                 | \$ (1,842,666)      |
| <u>Basis of accounting differences:</u>   |                     |
| Increase in revenues due to on-behalf payments.....                               | 43,327,731          |
| Increase in expenditures due to on-behalf payments.....                           | (43,327,731)        |
| Net change in recording 60 day receipts and other accrued revenues.....           | (15,318)            |
| Net change in recording other accrued expenses.....                               | (828,773)           |
| Net change in recording tax refunds payable.....                                  | (1,521,624)         |
| <u>Perspective difference:</u>  |                     |
| Activity of the stabilization funds recorded in the<br>general fund for GAAP..... | <u>3,264,548</u>    |
| Net change in fund balance - GAAP basis.....                                      | <u>\$ (943,833)</u> |

**NOTE B – PENSION PLAN*****Pension Plan Schedules – Retirement System*****A. Schedule of Changes in the Net Pension Liability and Related Ratios**

The Schedule of Changes in the Net Pension Liability and Related Ratios includes the detailed changes in the systems total pension liability, changes in the systems net position, and the ending net pension liability. It also demonstrates the plan's net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

Since the retirement system performs an actuarial valuation bi-annually, there are no reported amounts for the changes in benefit terms, differences between expected and actual experience and changes in assumptions as of December 31, 2015.

**B. Schedule of Contributions**

Governmental employers are required to pay an annual appropriation as established by PERAC. The total appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The total appropriations are payable on July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual employer contributions may be less than the "total appropriation". The pension fund appropriations are allocated amongst employers based on covered payroll.

**C. Schedule of Investment Return**

The money weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

***Pension Plan Schedules - City*****A. Schedule of the City's Proportionate Share of the Net Pension Liability**

The Schedule of the City's Proportionate Share of the Net Pension Liability details the City's allocated percentage of the net pension liability (asset), the City's proportionate share of the net pension liability, and the City's covered employee payroll. It also demonstrates the City's net position as a percentage of the City's pension liability and the City's net pension liability as a percentage of the City's covered payroll.

**B. Schedule of City's Contributions**

Governmental employers are required to pay an annual appropriation as established by PERAC. The City's appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The City's appropriations are payable on July 1 and January 1. The City may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual City contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the City based on covered payroll.

### C. Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the City does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the City; the portion of the collective pension expense as both revenue and pension expense recognized by the City; and the Plan's fiduciary net position as a percentage of the total liability.

### D. Changes in Assumptions

- The investment return assumption was reduced from 7.875% to 7.65%. A reduction in the investment return assumption increases the plan's liabilities.
- The mortality assumption was changed from the RP-2000 Employee and Annuitant Mortality Tables projected 22 years with Scale AA to the RP-2000 Employee and Annuitant Mortality Tables projected generationally with scale BB and a base year of 2009 (gender distinct).
- The mortality assumption for disabled participants was changed from the RP-2000 Healthy Employee and Annuitant Mortality Tables projected 17 years with Scale AA set forward 3 years for males to the to the RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB and a base year of 2012 (gender distinct).
- Rates of salary increases were changed from a flat 4% rate to rates of 4.25% for Group 1, 4.5% for Group 2, and 4.75% for Group 4.

### E. Changes in Plan Provisions

Chapter 176 of the Acts of 2011, An Act Providing for Pension Reform and Benefit Modernization made a number of changes to the Chapter 32 pension law. There are several changes that will have the most impact on decreasing plan liabilities over the longer term. These include an increase in the normal retirement age by two years (for example, from age 65 to age 67 for Group 1 members), an increase in the age (early retirement) reduction factor for ages below the maximum age (from a 4.0% to a 6.0% annual reduction), and an increase in the period for determining a member's average annual compensation (from 3 years to 5 years). Since these changes are effective only for members hired after April 1, 2012, this is the first actuarial valuation to reflect these changes.

### **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 and Individual Fund 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.

***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:

**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, 2016

|  | <i>Special Revenue Funds</i> |                      |                     |                         |                     |
|--|------------------------------|----------------------|---------------------|-------------------------|---------------------|
|  | Utility/<br>Telephone        | Receipts<br>Reserved | School<br>Lunch     | Highway<br>Improvements | Revolving           |
| <b>ASSETS</b>  |                              |                      |                     |                         |                     |
| Cash and cash equivalents.....   | \$ 1,640,151                 | \$ 67,711            | \$ 4,613,893        | \$ -                    | \$ 3,248,344        |
| Restricted cash and cash equivalents.....  | -                            | -                    | -                   | -                       | -                   |
| Restricted cash and cash equivalents held by custodian.....                        | -                            | -                    | -                   | -                       | -                   |
| Receivables, net of uncollectibles:  |                              |                      |                     |                         |                     |
| Departmental and other.....  | -                            | -                    | -                   | -                       | 1,120,498           |
| Intergovernmental.....   | -                            | -                    | -                   | 4,821,756               | -                   |
| Loans.....   | -                            | -                    | -                   | -                       | -                   |
| <b>TOTAL ASSETS.....</b>   | <b>\$ 1,640,151</b>          | <b>\$ 67,711</b>     | <b>\$ 4,613,893</b> | <b>\$ 4,821,756</b>     | <b>\$ 4,368,842</b> |
| <b>LIABILITIES</b>   |                              |                      |                     |                         |                     |
| Warrants payable.....  | \$ 256,926                   | \$ -                 | \$ 23,411           | \$ 83,604               | \$ 89,003           |
| Accrued payroll and withholdings.....  | 4,784                        | -                    | 7,451               | 9,477                   | 276,879             |
| Due to granting agencies.....  | -                            | -                    | -                   | -                       | -                   |
| Other liabilities.....   | -                            | -                    | -                   | -                       | 254                 |
| Due to other funds.....  | -                            | -                    | -                   | 1,040,543               | -                   |
| Notes payable.....   | -                            | -                    | -                   | -                       | -                   |
| <b>TOTAL LIABILITIES.....</b>  | <b>261,710</b>               | <b>-</b>             | <b>30,862</b>       | <b>1,133,624</b>        | <b>366,136</b>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                              |                      |                     |                         |                     |
| Unavailable revenues.....  | -                            | -                    | -                   | 3,688,132               | 1,111,159           |
| <b>FUND BALANCES</b>   |                              |                      |                     |                         |                     |
| Restricted.....  | 1,378,441                    | 67,711               | 4,583,031           | -                       | 2,891,547           |
| Unassigned.....  | -                            | -                    | -                   | -                       | -                   |
| <b>TOTAL FUND BALANCES.....</b>  | <b>1,378,441</b>             | <b>67,711</b>        | <b>4,583,031</b>    | <b>-</b>                | <b>2,891,547</b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES.....</b> | <b>\$ 1,640,151</b>          | <b>\$ 67,711</b>     | <b>\$ 4,613,893</b> | <b>\$ 4,821,756</b>     | <b>\$ 4,368,842</b> |

**Special Revenue Funds**

| Federal Grants<br>School | Federal Grants<br>City | State Grants<br>School | State Grants<br>City | Promise<br>Fund     | Expendable<br>Governmental<br>Trusts | Other               | Sub-total            |
|--------------------------|------------------------|------------------------|----------------------|---------------------|--------------------------------------|---------------------|----------------------|
| \$ -                     | \$ 2,032,513           | \$ 3,684,006           | \$ 3,424,354         | \$ 6,055,466        | \$ 2,378,490                         | \$ 8,394,529        | \$ 35,539,457        |
| -                        | 1,226,765              | -                      | -                    | -                   | -                                    | -                   | 1,226,765            |
| -                        | -                      | -                      | -                    | -                   | -                                    | -                   | -                    |
| -                        | -                      | -                      | -                    | -                   | -                                    | 2,195               | 1,122,693            |
| 3,809,603                | 1,575,824              | 436,273                | 305,405              | -                   | -                                    | -                   | 10,948,861           |
| -                        | 5,182,016              | -                      | -                    | -                   | -                                    | -                   | 5,182,016            |
| <u>\$ 3,809,603</u>      | <u>\$ 10,017,118</u>   | <u>\$ 4,120,279</u>    | <u>\$ 3,729,759</u>  | <u>\$ 6,055,466</u> | <u>\$ 2,378,490</u>                  | <u>\$ 8,396,724</u> | <u>\$ 54,019,792</u> |
| <br>                     |                        |                        |                      |                     |                                      |                     |                      |
| \$ 1,552,786             | \$ 601,898             | \$ 668,771             | \$ 367,439           | \$ -                | \$ 79,036                            | \$ 34,533           | \$ 3,757,407         |
| 1,113,860                | 118,147                | 76,064                 | 52,575               | -                   | -                                    | 26,649              | 1,685,886            |
| -                        | 7,098,000              | -                      | -                    | -                   | -                                    | -                   | 7,098,000            |
| -                        | -                      | -                      | -                    | -                   | -                                    | 4,310,200           | 4,310,454            |
| 236,459                  | -                      | -                      | -                    | -                   | -                                    | -                   | 1,277,002            |
| -                        | 615,762                | -                      | 1,591,332            | -                   | -                                    | -                   | 2,207,094            |
| <u>2,903,105</u>         | <u>8,433,807</u>       | <u>744,835</u>         | <u>2,011,346</u>     | <u>-</u>            | <u>79,036</u>                        | <u>4,371,382</u>    | <u>20,335,843</u>    |
| <br>                     |                        |                        |                      |                     |                                      |                     |                      |
| -                        | 336,515                | -                      | -                    | -                   | -                                    | 2,195               | 5,138,001            |
| <br>                     |                        |                        |                      |                     |                                      |                     |                      |
| 906,498                  | 1,246,796              | 3,375,444              | 1,718,413            | 6,055,466           | 2,299,454                            | 4,023,147           | 28,545,948           |
| -                        | -                      | -                      | -                    | -                   | -                                    | -                   | -                    |
| <u>906,498</u>           | <u>1,246,796</u>       | <u>3,375,444</u>       | <u>1,718,413</u>     | <u>6,055,466</u>    | <u>2,299,454</u>                     | <u>4,023,147</u>    | <u>28,545,948</u>    |
| <br>                     |                        |                        |                      |                     |                                      |                     |                      |
| <u>\$ 3,809,603</u>      | <u>\$ 10,017,118</u>   | <u>\$ 4,120,279</u>    | <u>\$ 3,729,759</u>  | <u>\$ 6,055,466</u> | <u>\$ 2,378,490</u>                  | <u>\$ 8,396,724</u> | <u>\$ 54,019,792</u> |

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2016

|  | <u>Debt Service</u>  |                         |                     | <u>Capital Projects</u> |                     |
|--|----------------------|-------------------------|---------------------|-------------------------|---------------------|
|  | Bond<br>Sinking Fund | Debt Service<br>Reserve | Sub-total           | Public<br>Buildings     | Parks               |
| <b>ASSETS</b>  |                      |                         |                     |                         |                     |
| Cash and cash equivalents.....   | \$ -                 | \$ 2,029,300            | \$ 2,029,300        | \$ 1,848,781            | \$ 1,793,334        |
| Restricted cash and cash equivalents.....  | -                    | -                       | -                   | -                       | -                   |
| Restricted cash and cash equivalents held by custodian.....                        | 5,169,309            | -                       | 5,169,309           | -                       | -                   |
| Receivables, net of uncollectibles:  |                      |                         |                     |                         |                     |
| Departmental and other.....  | -                    | -                       | -                   | -                       | -                   |
| Intergovernmental.....   | -                    | -                       | -                   | -                       | -                   |
| Loans.....   | -                    | -                       | -                   | -                       | -                   |
| <b>TOTAL ASSETS.....</b>   | <b>\$ 5,169,309</b>  | <b>\$ 2,029,300</b>     | <b>\$ 7,198,609</b> | <b>\$ 1,848,781</b>     | <b>\$ 1,793,334</b> |
| <b>LIABILITIES</b>   |                      |                         |                     |                         |                     |
| Warrants payable.....  | \$ -                 | \$ -                    | \$ -                | \$ 1,355,233            | \$ 422,131          |
| Accrued payroll and withholdings.....  | -                    | -                       | -                   | -                       | -                   |
| Due to granting agencies.....  | -                    | -                       | -                   | -                       | -                   |
| Other liabilities.....   | -                    | -                       | -                   | -                       | -                   |
| Due to other funds.....  | -                    | -                       | -                   | -                       | -                   |
| Notes payable.....   | -                    | -                       | -                   | 3,484,636               | 2,798,325           |
| <b>TOTAL LIABILITIES.....</b>  | <b>-</b>             | <b>-</b>                | <b>-</b>            | <b>4,839,869</b>        | <b>3,220,456</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                      |                         |                     |                         |                     |
| Unavailable revenues.....  | -                    | -                       | -                   | -                       | -                   |
| <b>FUND BALANCES</b>   |                      |                         |                     |                         |                     |
| Restricted.....  | 5,169,309            | 2,029,300               | 7,198,609           | -                       | -                   |
| Unassigned.....  | -                    | -                       | -                   | (2,991,088)             | (1,427,122)         |
| <b>TOTAL FUND BALANCES.....</b>  | <b>5,169,309</b>     | <b>2,029,300</b>        | <b>7,198,609</b>    | <b>(2,991,088)</b>      | <b>(1,427,122)</b>  |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES.....</b> | <b>\$ 5,169,309</b>  | <b>\$ 2,029,300</b>     | <b>\$ 7,198,609</b> | <b>\$ 1,848,781</b>     | <b>\$ 1,793,334</b> |

| <b>Capital Projects</b> |                     |                     |                      | <b>Total</b>                       |  |
|-------------------------|---------------------|---------------------|----------------------|------------------------------------|--|
| <b>Equipment</b>        | <b>Public Works</b> | <b>Other</b>        | <b>Sub-total</b>     | <b>Nonmajor Governmental Funds</b> |  |
| \$ 5,054,019            | \$ 2,841,176        | \$ 4,021,495        | \$ 15,558,805        | \$ 53,127,562                      |  |
| -                       | -                   | -                   | -                    | 1,226,765                          |  |
| -                       | -                   | -                   | -                    | 5,169,309                          |  |
| -                       | -                   | -                   | -                    | 1,122,693                          |  |
| -                       | -                   | -                   | -                    | 10,948,861                         |  |
| -                       | -                   | -                   | -                    | 5,182,016                          |  |
| <u>\$ 5,054,019</u>     | <u>\$ 2,841,176</u> | <u>\$ 4,021,495</u> | <u>\$ 15,558,805</u> | <u>\$ 76,777,206</u>               |  |
| <br>                    |                     |                     |                      |                                    |  |
| \$ 20,976               | \$ 265,532          | \$ -                | \$ 2,063,872         | \$ 5,821,279                       |  |
| -                       | -                   | -                   | -                    | 1,685,886                          |  |
| -                       | -                   | -                   | -                    | 7,098,000                          |  |
| -                       | -                   | -                   | -                    | 4,310,454                          |  |
| -                       | -                   | -                   | -                    | 1,277,002                          |  |
| <u>2,048,925</u>        | <u>6,096,220</u>    | <u>-</u>            | <u>14,428,106</u>    | <u>16,635,200</u>                  |  |
| <br>                    |                     |                     |                      |                                    |  |
| <u>2,069,901</u>        | <u>6,361,752</u>    | <u>-</u>            | <u>16,491,978</u>    | <u>36,827,821</u>                  |  |
| <br>                    |                     |                     |                      |                                    |  |
| <u>-</u>                | <u>-</u>            | <u>-</u>            | <u>-</u>             | <u>5,138,001</u>                   |  |
| <br>                    |                     |                     |                      |                                    |  |
| 2,984,118               | -                   | 4,021,495           | 7,005,613            | 42,750,170                         |  |
| -                       | (3,520,576)         | -                   | (7,938,786)          | (7,938,786)                        |  |
| <u>2,984,118</u>        | <u>(3,520,576)</u>  | <u>4,021,495</u>    | <u>(933,173)</u>     | <u>34,811,384</u>                  |  |
| <br>                    |                     |                     |                      |                                    |  |
| <u>\$ 5,054,019</u>     | <u>\$ 2,841,176</u> | <u>\$ 4,021,495</u> | <u>\$ 15,558,805</u> | <u>\$ 76,777,206</u>               |  |

(Concluded)

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

YEAR ENDED JUNE 30, 2016

**Special Revenue Funds**

|   | Utility/<br>Telephone | Receipts<br>Reserved | School<br>Lunch     | Highway<br>Improvements | Revolving           |
|---|-----------------------|----------------------|---------------------|-------------------------|---------------------|
| <b>REVENUES:</b>  |                       |                      |                     |                         |                     |
| Charges for services.....   | \$ -                  | \$ -                 | \$ 888,020          | \$ -                    | \$ 571,577          |
| Fines and forfeitures.....  | -                     | -                    | -                   | -                       | -                   |
| Intergovernmental.....  | -                     | -                    | 18,904,998          | 4,722,177               | 269,295             |
| Departmental and other.....   | 72,553                | -                    | -                   | -                       | 7,811,633           |
| Contributions.....  | -                     | -                    | -                   | -                       | -                   |
| Investment income.....  | -                     | -                    | 7,308               | 695                     | 717                 |
| <b>TOTAL REVENUES.....</b>  | <b>72,553</b>         | <b>-</b>             | <b>19,800,326</b>   | <b>4,722,872</b>        | <b>8,653,222</b>    |
| <b>EXPENDITURES:</b>  |                       |                      |                     |                         |                     |
| Current:  |                       |                      |                     |                         |                     |
| General government.....   | -                     | -                    | -                   | -                       | -                   |
| Public safety.....  | -                     | -                    | -                   | -                       | 7,431,776           |
| Education.....  | -                     | -                    | 17,095,300          | -                       | 1,463,202           |
| Public works.....   | -                     | -                    | -                   | 4,722,872               | 47,328              |
| Health and welfare.....   | -                     | -                    | -                   | -                       | -                   |
| Culture and recreation.....   | -                     | -                    | -                   | -                       | 135,307             |
| Community development - union station.....                                | -                     | -                    | -                   | -                       | -                   |
| <b>TOTAL EXPENDITURES.....</b>  | <b>-</b>              | <b>-</b>             | <b>17,095,300</b>   | <b>4,722,872</b>        | <b>9,077,613</b>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES.....</b> | <b>72,553</b>         | <b>-</b>             | <b>2,705,026</b>    | <b>-</b>                | <b>(424,391)</b>    |
| <b>OTHER FINANCING SOURCES (USES):</b>                                    |                       |                      |                     |                         |                     |
| Transfers in.....   | -                     | -                    | -                   | -                       | 5,318               |
| Transfers out.....  | -                     | -                    | -                   | -                       | -                   |
| <b>TOTAL OTHER FINANCING SOURCES (USES).....</b>                          | <b>-</b>              | <b>-</b>             | <b>-</b>            | <b>-</b>                | <b>5,318</b>        |
| <b>NET CHANGE IN FUND BALANCES.....</b>                                   | <b>72,553</b>         | <b>-</b>             | <b>2,705,026</b>    | <b>-</b>                | <b>(419,073)</b>    |
| <b>FUND BALANCES AT BEGINNING OF YEAR.....</b>                            | <b>1,305,888</b>      | <b>67,711</b>        | <b>1,878,005</b>    | <b>-</b>                | <b>3,310,620</b>    |
| <b>FUND BALANCES AT END OF YEAR.....</b>                                  | <b>\$ 1,378,441</b>   | <b>\$ 67,711</b>     | <b>\$ 4,583,031</b> | <b>\$ -</b>             | <b>\$ 2,891,547</b> |

**Special Revenue Funds**

| Federal Grants<br>School | Federal Grants<br>City | State Grants<br>School | State Grants<br>City | Promise<br>Fund     | Expendable<br>Governmental<br>Trusts | Other               | Sub-total            |
|--------------------------|------------------------|------------------------|----------------------|---------------------|--------------------------------------|---------------------|----------------------|
| \$ -                     | \$ -                   | \$ -                   | \$ -                 | \$ -                | \$ -                                 | \$ 115,026          | \$ 1,574,623         |
| -                        | -                      | -                      | -                    | -                   | -                                    | 31,084              | 31,084               |
| 44,361,260               | 16,542,454             | 8,691,380              | 11,747,235           | -                   | -                                    | 335,034             | 105,573,833          |
| -                        | -                      | -                      | -                    | -                   | -                                    | 104,931             | 7,989,117            |
| -                        | -                      | -                      | -                    | -                   | 464,390                              | 894,535             | 1,358,925            |
| -                        | 11,475                 | -                      | 234                  | 28,484              | 25,362                               | -                   | 74,275               |
| <u>44,361,260</u>        | <u>16,553,929</u>      | <u>8,691,380</u>       | <u>11,747,469</u>    | <u>28,484</u>       | <u>489,752</u>                       | <u>1,480,610</u>    | <u>116,601,857</u>   |
| -                        | 11,501,591             | -                      | 4,562,003            | -                   | -                                    | 248,709             | 16,312,303           |
| -                        | 1,275,051              | -                      | 2,267,079            | -                   | -                                    | 102,352             | 11,076,258           |
| 44,361,852               | -                      | 6,929,391              | -                    | 446,971             | -                                    | 650,946             | 70,947,662           |
| -                        | -                      | -                      | -                    | -                   | -                                    | -                   | 4,770,200            |
| -                        | 2,243,017              | -                      | 1,534,117            | -                   | -                                    | 97,677              | 3,874,811            |
| -                        | 287,474                | -                      | 1,987,868            | -                   | 573,761                              | 399,545             | 3,383,955            |
| -                        | -                      | -                      | -                    | -                   | -                                    | -                   | -                    |
| <u>44,361,852</u>        | <u>15,307,133</u>      | <u>6,929,391</u>       | <u>10,351,067</u>    | <u>446,971</u>      | <u>573,761</u>                       | <u>1,499,229</u>    | <u>110,365,189</u>   |
| (592)                    | 1,246,796              | 1,761,989              | 1,396,402            | (418,487)           | (84,009)                             | (18,619)            | 6,236,668            |
| -                        | -                      | -                      | 244,666              | -                   | -                                    | -                   | 249,984              |
| -                        | -                      | -                      | -                    | -                   | -                                    | -                   | -                    |
| -                        | -                      | -                      | 244,666              | -                   | -                                    | -                   | 249,984              |
| (592)                    | 1,246,796              | 1,761,989              | 1,641,068            | (418,487)           | (84,009)                             | (18,619)            | 6,486,652            |
| 907,090                  | -                      | 1,613,455              | 77,345               | 6,473,953           | 2,383,463                            | 4,041,766           | 22,059,296           |
| <u>\$ 906,498</u>        | <u>\$ 1,246,796</u>    | <u>\$ 3,375,444</u>    | <u>\$ 1,718,413</u>  | <u>\$ 6,055,466</u> | <u>\$ 2,299,454</u>                  | <u>\$ 4,023,147</u> | <u>\$ 28,545,948</u> |

(Continued)



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

YEAR ENDED JUNE 30, 2016

|   | <u>Debt Service</u>  |                         |                     | <u>Capital Projects</u> |                       |
|---|----------------------|-------------------------|---------------------|-------------------------|-----------------------|
|   | Bond<br>Sinking Fund | Debt Service<br>Reserve | Sub-total           | Public<br>Buildings     | Parks                 |
| <b>REVENUES:</b>  |                      |                         |                     |                         |                       |
| Charges for services.....   | \$ -                 | \$ -                    | \$ -                | \$ -                    | \$ -                  |
| Fines and forfeitures.....  | -                    | -                       | -                   | -                       | -                     |
| Intergovernmental.....  | -                    | -                       | -                   | -                       | 2,532,303             |
| Departmental and other.....   | -                    | 171,996                 | 171,996             | -                       | -                     |
| Contributions.....  | -                    | -                       | -                   | -                       | -                     |
| Investment income.....  | 159,295              | -                       | 159,295             | -                       | -                     |
| <b>TOTAL REVENUES.....</b>  | <b>159,295</b>       | <b>171,996</b>          | <b>331,291</b>      | <b>-</b>                | <b>2,532,303</b>      |
| <b>EXPENDITURES:</b>  |                      |                         |                     |                         |                       |
| Current:  |                      |                         |                     |                         |                       |
| General government.....   | -                    | -                       | -                   | 4,582,657               | -                     |
| Public safety.....  | -                    | -                       | -                   | 767,814                 | -                     |
| Education.....  | -                    | -                       | -                   | -                       | 2,964,162             |
| Public works.....   | -                    | -                       | -                   | -                       | -                     |
| Health and welfare.....   | -                    | -                       | -                   | 340,747                 | -                     |
| Culture and recreation.....   | -                    | -                       | -                   | 1,568,030               | -                     |
| Community development - union station.....                                | -                    | -                       | -                   | -                       | -                     |
| <b>TOTAL EXPENDITURES.....</b>  | <b>-</b>             | <b>-</b>                | <b>-</b>            | <b>7,259,248</b>        | <b>2,964,162</b>      |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES.....</b> | <b>159,295</b>       | <b>171,996</b>          | <b>331,291</b>      | <b>(7,259,248)</b>      | <b>(431,859)</b>      |
| <b>OTHER FINANCING SOURCES (USES):</b>                                    |                      |                         |                     |                         |                       |
| Transfers in.....   | 776,911              | -                       | 776,911             | -                       | -                     |
| Transfers out.....  | -                    | (239,518)               | (239,518)           | (59,971)                | -                     |
| <b>TOTAL OTHER FINANCING SOURCES (USES).....</b>                          | <b>776,911</b>       | <b>(239,518)</b>        | <b>537,393</b>      | <b>(59,971)</b>         | <b>-</b>              |
| <b>NET CHANGE IN FUND BALANCES.....</b>                                   | <b>936,206</b>       | <b>(67,522)</b>         | <b>868,684</b>      | <b>(7,319,219)</b>      | <b>(431,859)</b>      |
| <b>FUND BALANCES AT BEGINNING OF YEAR.....</b>                            | <b>4,233,103</b>     | <b>2,096,822</b>        | <b>6,329,925</b>    | <b>4,328,131</b>        | <b>(995,263)</b>      |
| <b>FUND BALANCES AT END OF YEAR.....</b>                                  | <b>\$ 5,169,309</b>  | <b>\$ 2,029,300</b>     | <b>\$ 7,198,609</b> | <b>\$ (2,991,088)</b>   | <b>\$ (1,427,122)</b> |

| <b>Capital Projects</b> |                |              |              | Total                       |
|-------------------------|----------------|--------------|--------------|-----------------------------|
| Equipment               | Public Works   | Other        | Sub-total    | Nonmajor Governmental Funds |
| \$ -                    | \$ -           | \$ -         | \$ -         | \$ 1,574,623                |
| -                       | -              | -            | -            | 31,084                      |
| -                       | -              | -            | 2,532,303    | 108,106,136                 |
| -                       | -              | -            | -            | 8,161,113                   |
| -                       | -              | -            | -            | 1,358,925                   |
| -                       | -              | -            | -            | 233,570                     |
| -                       | -              | -            | 2,532,303    | 119,465,451                 |
| 497,904                 | -              | -            | 5,080,561    | 21,392,864                  |
| 510,976                 | -              | -            | 1,278,790    | 12,355,048                  |
| -                       | -              | -            | 2,964,162    | 73,911,824                  |
| -                       | 3,964,635      | -            | 3,964,635    | 8,734,835                   |
| -                       | -              | -            | 340,747      | 4,215,558                   |
| -                       | -              | -            | 1,568,030    | 4,951,985                   |
| -                       | 2,904,953      | -            | 2,904,953    | 2,904,953                   |
| 1,008,880               | 6,869,588      | -            | 18,101,878   | 128,467,067                 |
| (1,008,880)             | (6,869,588)    | -            | (15,569,575) | (9,001,616)                 |
| 1,238,643               | -              | 3,957,898    | 5,196,541    | 6,223,436                   |
| -                       | -              | (257,622)    | (317,593)    | (557,111)                   |
| 1,238,643               | -              | 3,700,276    | 4,878,948    | 5,666,325                   |
| 229,763                 | (6,869,588)    | 3,700,276    | (10,690,627) | (3,335,291)                 |
| 2,754,355               | 3,349,012      | 321,219      | 9,757,454    | 38,146,675                  |
| \$ 2,984,118            | \$ (3,520,576) | \$ 4,021,495 | \$ (933,173) | \$ 34,811,384               |

(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, 2016

|   | Public Works<br>Shared<br>Services | Health<br>Insurance | Total<br>Internal<br>Service<br>Funds |
|---|------------------------------------|---------------------|---------------------------------------|
| <b>ASSETS</b>                                     |                                    |                     |                                       |
| <b>CURRENT:</b>                                   |                                    |                     |                                       |
| Cash and cash equivalents.....                    | \$ 725,713                         | \$ 9,387,294        | \$ 10,113,007                         |
| Receivables, net of allowance for uncollectibles: |                                    |                     |                                       |
| Departmental and other.....                       | -                                  | 19,666              | 19,666                                |
| Total current assets.....                         | <u>725,713</u>                     | <u>9,406,960</u>    | <u>10,132,673</u>                     |
| <b>LIABILITIES</b>                                |                                    |                     |                                       |
| <b>CURRENT:</b>                                   |                                    |                     |                                       |
| Warrants payable.....                             | 74,557                             | -                   | 74,557                                |
| Accrued payroll and withholdings.....             | -                                  | 2,265,294           | 2,265,294                             |
| Health claims payable.....                        | -                                  | 158,928             | 158,928                               |
| Total current liabilities.....                    | <u>74,557</u>                      | <u>2,424,222</u>    | <u>2,498,779</u>                      |
| TOTAL LIABILITIES.....                            | <u>74,557</u>                      | <u>2,424,222</u>    | <u>2,498,779</u>                      |
| <b>NET POSITION</b>                               |                                    |                     |                                       |
| Unrestricted.....                                 | <u>\$ 651,156</u>                  | <u>\$ 6,982,738</u> | <u>\$ 7,633,894</u>                   |

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

YEAR ENDED JUNE 30, 2016

|   | Public Works<br>Shared<br>Services | Health<br>Insurance | Total<br>Internal<br>Service<br>Funds |
|---|------------------------------------|---------------------|---------------------------------------|
| <b>OPERATING REVENUES:</b>                    |                                    |                     |                                       |
| Employee contributions .....                  | \$ -                               | \$ 20,935,686       | \$ 20,935,686                         |
| Employer contributions .....                  | -                                  | 62,179,510          | 62,179,510                            |
| Charges for services.....                     | 1,068,323                          | -                   | 1,068,323                             |
| <b>TOTAL OPERATING REVENUES .....</b>         | <b>1,068,323</b>                   | <b>83,115,196</b>   | <b>84,183,519</b>                     |
| <b>OPERATING EXPENSES:</b>                    |                                    |                     |                                       |
| Cost of services and administration .....     | 1,090,326                          | -                   | 1,090,326                             |
| Employee benefits .....                       | -                                  | 84,563,863          | 84,563,863                            |
| <b>TOTAL OPERATING EXPENSES .....</b>         | <b>1,090,326</b>                   | <b>84,563,863</b>   | <b>85,654,189</b>                     |
| <b>OPERATING INCOME.....</b>                  | <b>(22,003)</b>                    | <b>(1,448,667)</b>  | <b>(1,470,670)</b>                    |
| <b>NONOPERATING REVENUES (EXPENSES):</b>      |                                    |                     |                                       |
| Investment income.....                        | -                                  | 24,871              | 24,871                                |
| <b>CHANGE IN NET POSITION.....</b>            | <b>(22,003)</b>                    | <b>(1,423,796)</b>  | <b>(1,445,799)</b>                    |
| <b>NET POSITION AT BEGINNING OF YEAR.....</b> | <b>673,159</b>                     | <b>8,406,534</b>    | <b>9,079,693</b>                      |
| <b>NET POSITION AT END OF YEAR.....</b>       | <b>\$ 651,156</b>                  | <b>\$ 6,982,738</b> | <b>\$ 7,633,894</b>                   |

**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2016

|  | Public Works<br>Shared<br>Services | Health<br>Insurance   | Total<br>Internal<br>Service<br>Funds |
|--|------------------------------------|-----------------------|---------------------------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>  |                                    |                       |                                       |
| Receipts from member employees.....  | \$ -                               | \$ 20,979,295         | \$ 20,979,295                         |
| Receipts from interfund services provided.....   | 1,068,323                          | 62,177,032            | 63,245,355                            |
| Payments for interfund services used.....  | <u>(1,015,769)</u>                 | <u>(84,563,863)</u>   | <u>(85,579,632)</u>                   |
| NET CASH FROM OPERATING ACTIVITIES.....  | <u>52,554</u>                      | <u>(1,407,536)</u>    | <u>(1,354,982)</u>                    |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>  |                                    |                       |                                       |
| Investment income.....   | <u>-</u>                           | <u>24,871</u>         | <u>24,871</u>                         |
| NET CHANGE IN CASH AND CASH EQUIVALENTS.....   | 52,554                             | (1,382,665)           | (1,330,111)                           |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....  | <u>673,159</u>                     | <u>10,769,959</u>     | <u>11,443,118</u>                     |
| CASH AND CASH EQUIVALENTS AT END OF YEAR.....  | <u>\$ 725,713</u>                  | <u>\$ 9,387,294</u>   | <u>\$ 10,113,007</u>                  |
| <b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH<br/>FROM OPERATING ACTIVITIES:</u></b> |                                    |                       |                                       |
| Operating income.....  | \$ <u>(22,003)</u>                 | \$ <u>(1,448,667)</u> | \$ <u>(1,470,670)</u>                 |
| Adjustments to reconcile operating income to net<br>cash from operating activities:                |                                    |                       |                                       |
| Changes in assets and liabilities:   |                                    |                       |                                       |
| Departmental and other.....  | -                                  | (1,445)               | (1,445)                               |
| Warrants payable.....  | 74,557                             | -                     | 74,557                                |
| Accrued payroll and withholdings.....  | -                                  | 43,609                | 43,609                                |
| Health claims payable.....   | <u>-</u>                           | <u>(1,033)</u>        | <u>(1,033)</u>                        |
| Total adjustments.....   | <u>74,557</u>                      | <u>41,131</u>         | <u>115,688</u>                        |
| NET CASH FROM OPERATING ACTIVITIES.....  | <u>\$ 52,554</u>                   | <u>\$ (1,407,536)</u> | <u>\$ (1,354,982)</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

YEAR ENDED JUNE 30, 2016

|                                 | Agency<br>Accounts<br><u>July 1, 2015</u> | <u>Additions</u>      | <u>Deletions</u>        | Agency<br>Accounts<br><u>June 30, 2016</u> |
|---------------------------------|---|-----------------------|-------------------------|--|
| <b>ASSETS</b>                   |   |                       |                         |  |
| Cash and cash equivalents.....  | \$ <u>907,685</u>                         | \$ <u>117,478,815</u> | \$ <u>(116,339,627)</u> | \$ <u>2,046,873</u>                        |
| <b>LIABILITIES</b>              |   |                       |                         |  |
| Liabilities due depositors..... | \$ <u>907,685</u>                         | \$ <u>117,478,815</u> | \$ <u>(116,339,627)</u> | \$ <u>2,046,873</u>                        |



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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.



View of Connecticut River from the Riverfront Park.

City of Springfield, Massachusetts  
Comprehensive Annual Financial Report  
For the year ended June 30, 2016



Entrance to Van Horn Park.

# ***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 Years**

|   | <u>2007</u>           | <u>2008</u>           | <u>2009</u>           | <u>2010</u>           | <u>2011</u>           | <u>2012</u>           | <u>2013</u>           | <u>2014</u>             | <u>2015</u>             | <u>2016</u>             |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|-------------------------|
| <b>Governmental activities</b>                          |                       |                       |                       |                       |                       |                       |                       |                         |                         |                         |
| Net investment in capital assets.....                   | \$ 355,316,577        | \$ 341,183,744        | \$ 325,029,046        | \$ 320,198,349        | \$ 332,597,837        | \$ 374,981,234        | \$ 434,638,276        | \$ 449,486,707          | \$ 469,947,179          | \$ 464,426,535          |
| Restricted.....   | 11,626,045            | 10,548,347            | 18,386,621            | 15,210,173            | 21,614,220            | 22,794,687            | 15,633,323            | 12,596,529              | 12,985,477              | 18,121,346              |
| Unrestricted.....                                       | 40,591,555            | 42,012,688            | 44,159,791            | 28,345,748            | 18,239,332            | (42,915,390)          | (88,519,074)          | (715,949,993)           | (775,988,856)           | (838,399,784)           |
| <b>Total governmental activities net position.....</b>  | <b>\$ 407,534,177</b> | <b>\$ 393,744,779</b> | <b>\$ 387,575,458</b> | <b>\$ 363,754,270</b> | <b>\$ 372,451,389</b> | <b>\$ 354,860,531</b> | <b>\$ 361,752,525</b> | <b>\$ (253,866,757)</b> | <b>\$ (293,056,200)</b> | <b>\$ (355,851,903)</b> |
| <b>Business-type activities</b>                         |                       |                       |                       |                       |                       |                       |                       |                         |                         |                         |
| Net investment in capital assets.....                   | \$ -                  | \$ 19,485             | \$ 106,681            | \$ 209,137            | \$ 266,698            | \$ 412,276            | \$ 882,976            | \$ 1,316,726            | \$ 1,159,638            | \$ 874,405              |
| Unrestricted.....                                       | -                     | 727,929               | 1,050,992             | 2,160,316             | 2,676,105             | 2,337,268             | 1,835,950             | (355,950)               | (494,302)               | (1,240,585)             |
| <b>Total business-type activities net position.....</b> | <b>\$ -</b>           | <b>\$ 747,414</b>     | <b>\$ 1,157,673</b>   | <b>\$ 2,369,453</b>   | <b>\$ 2,942,803</b>   | <b>\$ 2,749,544</b>   | <b>\$ 2,718,926</b>   | <b>\$ 960,776</b>       | <b>\$ 665,336</b>       | <b>\$ (366,180)</b>     |
| <b>Primary government</b>                               |                       |                       |                       |                       |                       |                       |                       |                         |                         |                         |
| Net investment in capital assets.....                   | \$ 355,316,577        | \$ 341,203,229        | \$ 325,135,727        | \$ 320,407,486        | \$ 332,864,535        | \$ 375,393,510        | \$ 435,521,252        | \$ 450,803,433          | \$ 471,106,817          | \$ 465,300,940          |
| Restricted.....   | 13,972,030            | 12,177,583            | 20,024,916            | 16,968,807            | 21,614,220            | 22,794,687            | 15,633,323            | 12,596,529              | 12,985,477              | 18,121,346              |
| Unrestricted.....                                       | 38,245,570            | 41,111,381            | 43,572,488            | 28,747,430            | 20,915,437            | (40,578,122)          | (86,683,124)          | (716,305,943)           | (776,483,158)           | (839,640,369)           |
| <b>Total primary government net position.....</b>       | <b>\$ 407,534,177</b> | <b>\$ 394,492,193</b> | <b>\$ 388,733,131</b> | <b>\$ 366,123,723</b> | <b>\$ 375,394,192</b> | <b>\$ 357,610,075</b> | <b>\$ 364,471,451</b> | <b>\$ (252,905,981)</b> | <b>\$ (292,390,864)</b> | <b>\$ (356,218,083)</b> |

The City implemented GASB Statements #68 and #71 in 2015 which required the net pension liability to be recorded for the first time. This also required the revision of the ending net position in 2014. The City did not have any business-type actives until FY2008.

Changes in Net Position

Last Ten Years

|   | 2007                    | 2008                    | 2009                    | 2010                    | 2011                    | 2012                    | 2013                    | 2014                    | 2015                    | 2016                    |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Expenses</b>   |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| <b>Governmental activities:</b>   |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| General government.....   | \$ 37,430,911           | \$ 48,467,529           | \$ 54,328,653           | \$ 63,024,227           | \$ 62,794,736           | \$ 55,175,091           | \$ 48,859,996           | \$ 48,796,742           | \$ 56,103,956           | \$ 58,886,621           |
| Public safety.....  | 92,037,703              | 103,672,758             | 101,547,545             | 108,229,250             | 110,047,282             | 111,769,805             | 110,185,618             | 110,564,124             | 122,391,784             | 133,631,995             |
| Education.....  | 397,224,731             | 420,017,056             | 440,556,125             | 455,624,524             | 466,952,480             | 481,476,353             | 500,466,892             | 520,281,758             | 529,212,400             | 547,408,081             |
| Public works.....   | 42,335,873              | 34,956,415              | 30,235,260              | 26,963,956              | 33,422,502              | 30,698,396              | 30,833,589              | 30,653,951              | 32,648,659              | 30,294,896              |
| Health and human services.....  | 10,665,056              | 12,075,838              | 8,244,515               | 9,813,743               | 10,299,084              | 10,241,088              | 11,525,257              | 10,108,674              | 10,951,993              | 9,823,640               |
| Culture and recreation.....   | 18,500,551              | 22,120,662              | 23,275,504              | 21,342,468              | 22,118,556              | 20,769,658              | 22,960,894              | 21,915,878              | 22,587,575              | 21,575,179              |
| Finance Control Board.....  | 1,648,086               | 2,178,191               | -                       | -                       | -                       | -                       | -                       | -                       | -                       | -                       |
| Community development - Union Station.....                                  | -                       | -                       | -                       | -                       | -                       | -                       | -                       | -                       | -                       | 2,904,953               |
| Storm damage - October 2011 snow storm.....                                 | -                       | -                       | -                       | -                       | -                       | 27,596,332              | 1,199,462               | 52,408                  | -                       | -                       |
| Interest.....   | 14,415,119              | 15,314,660              | 14,352,351              | 13,458,084              | 13,266,838              | 12,170,740              | 9,414,835               | 9,221,794               | 7,852,070               | 8,540,037               |
| Claims and judgments.....   | 556,750                 | 642,918                 | 496,923                 | -                       | -                       | -                       | -                       | 1,000,000               | -                       | -                       |
| <b>Total government activities expenses.....</b>                            | <b>614,814,780</b>      | <b>659,446,027</b>      | <b>673,036,876</b>      | <b>698,456,252</b>      | <b>718,901,478</b>      | <b>749,807,463</b>      | <b>735,446,543</b>      | <b>752,595,329</b>      | <b>781,748,437</b>      | <b>813,065,302</b>      |
| <b>Business-type activities:</b>  |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Trash.....  | -                       | 6,178,931               | 6,158,565               | 5,962,662               | 8,537,689               | 8,874,676               | 8,840,556               | 8,480,177               | 8,594,111               | 9,352,645               |
| <b>Total business type activities expenses.....</b>                         | <b>-</b>                | <b>6,178,931</b>        | <b>6,158,565</b>        | <b>5,962,662</b>        | <b>8,537,689</b>        | <b>8,874,676</b>        | <b>8,840,556</b>        | <b>8,480,177</b>        | <b>8,594,111</b>        | <b>9,352,645</b>        |
| <b>Total primary government expenses.....</b>                               | <b>\$ 614,814,780</b>   | <b>\$ 665,624,958</b>   | <b>\$ 679,195,441</b>   | <b>\$ 704,418,914</b>   | <b>\$ 727,439,167</b>   | <b>\$ 758,682,139</b>   | <b>\$ 744,287,099</b>   | <b>\$ 761,075,506</b>   | <b>\$ 790,342,548</b>   | <b>\$ 822,417,947</b>   |
| <b>Program Revenues</b>   |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| <b>Governmental activities:</b>   |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Education charges for services.....   | \$ 8,341,036            | \$ 9,545,159            | \$ 8,333,298            | \$ 7,903,176            | \$ 8,545,601            | \$ 6,873,282            | \$ 5,524,444            | \$ 7,325,322            | \$ 6,541,388            | \$ 7,366,602            |
| Public safety charges for services.....                                     | 9,589,823               | 7,789,484               | 9,190,168               | 7,743,422               | 7,059,899               | 7,839,552               | 8,782,858               | 9,993,470               | 10,199,759              | 11,421,826              |
| Other charges for services.....   | 4,805,672               | 5,357,809               | 8,806,830               | 11,423,636              | 10,061,714              | 13,093,301              | 14,949,450              | 18,881,666              | 17,728,851              | 16,133,345              |
| Operating grants and contributions.....                                     | 363,885,595             | 394,416,551             | 413,665,113             | 419,677,283             | 438,860,676             | 452,149,037             | 442,911,024             | 456,798,724             | 435,396,915             | 466,735,558             |
| Capital grant and contributions.....  | 12,815,331              | 7,585,134               | 3,467,296               | 10,232,406              | 43,524,730              | 37,356,599              | 57,614,376              | 41,100,524              | 47,911,551              | 14,989,533              |
| <b>Total government activities program revenues.....</b>                    | <b>402,978,823</b>      | <b>428,191,126</b>      | <b>446,019,777</b>      | <b>459,632,090</b>      | <b>510,425,696</b>      | <b>519,174,612</b>      | <b>531,368,565</b>      | <b>535,479,637</b>      | <b>517,778,464</b>      | <b>516,646,964</b>      |
| <b>Business-type activities:</b>  |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Charges for services - Trash.....   | -                       | 4,237,986               | 3,814,824               | 3,913,653               | 4,101,890               | 3,982,627               | 4,069,875               | 4,457,622               | 4,207,837               | 4,278,954               |
| <b>Total primary government program revenues.....</b>                       | <b>\$ 402,978,823</b>   | <b>\$ 432,429,112</b>   | <b>\$ 449,834,601</b>   | <b>\$ 463,545,743</b>   | <b>\$ 514,527,586</b>   | <b>\$ 523,157,239</b>   | <b>\$ 535,438,440</b>   | <b>\$ 539,937,259</b>   | <b>\$ 521,986,301</b>   | <b>\$ 520,925,918</b>   |
| <b>Net (Expense)/Revenue</b>  |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| <b>Governmental activities.....</b>   |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| .....   | \$ (211,835,957)        | \$ (231,254,901)        | \$ (227,017,099)        | \$ (238,824,162)        | \$ (208,475,782)        | \$ (230,632,851)        | \$ (204,077,978)        | \$ (217,115,692)        | \$ (263,969,973)        | \$ (296,418,338)        |
| <b>Business-type activities.....</b>  |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| .....   | -                       | (1,940,945)             | (2,343,741)             | (2,049,009)             | (4,435,799)             | (4,892,049)             | (4,770,681)             | (4,022,555)             | (4,386,274)             | (5,073,691)             |
| <b>Total primary government net expense.....</b>                            | <b>\$ (211,835,957)</b> | <b>\$ (233,195,846)</b> | <b>\$ (229,360,840)</b> | <b>\$ (240,873,171)</b> | <b>\$ (212,911,581)</b> | <b>\$ (235,524,900)</b> | <b>\$ (208,848,659)</b> | <b>\$ (221,138,247)</b> | <b>\$ (268,356,247)</b> | <b>\$ (301,492,029)</b> |
| <b>General Revenues and other Changes in Net Position</b>                   |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| <b>Governmental activities:</b>   |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Real estate and personal property taxes,<br>net of tax refunds payable..... | \$ 140,716,369          | \$ 145,585,893          | \$ 156,376,934          | \$ 162,066,493          | \$ 159,965,027          | \$ 163,454,196          | \$ 161,546,733          | \$ 168,561,581          | \$ 172,273,135          | \$ 174,690,242          |
| Tax liens.....  | 5,160,748               | 2,937,208               | 2,595,712               | 3,820,323               | 4,328,306               | 3,259,181               | 2,610,661               | 7,482,943               | 2,224,967               | 2,108,728               |
| Motor vehicle and other excise taxes.....                                   | 8,207,546               | 7,779,625               | 9,155,042               | 7,602,869               | 7,323,777               | 9,599,000               | 9,394,207               | 9,042,640               | 9,989,321               | 10,328,923              |
| Hotel/Motel tax.....  | 944,735                 | 960,544                 | 876,507                 | 727,765                 | 767,571                 | 872,952                 | 889,971                 | 1,186,881               | 1,194,899               | 1,276,054               |
| Local Meals Tax.....  | -                       | -                       | -                       | 848,785                 | 1,513,257               | 1,624,115               | 1,623,553               | 1,647,182               | 1,678,239               | 1,792,212               |
| Penalties and interest on taxes.....  | 3,360,657               | 2,185,178               | 2,342,311               | 1,613,260               | 1,677,741               | 1,802,033               | 1,818,809               | 1,831,584               | 1,865,149               | 1,587,998               |
| Payments in lieu of taxes.....  | 7,077,264               | 6,936,565               | 5,820,090               | 6,523,169               | 5,082,080               | 5,054,420               | 3,975,168               | 2,133,729               | 2,553,962               | 1,489,346               |
| Chapter 121A - excise payments in lieu of taxes.....                        | 3,541,366               | 3,496,989               | 2,557,072               | 2,652,167               | 2,373,076               | 1,862,841               | 1,586,413               | 1,379,931               | 1,701,796               | 7,598,317               |
| Grants and contributions not restricted to<br>specific programs.....        | 46,897,842              | 45,286,984              | 42,560,162              | 34,225,053              | 32,062,000              | 32,059,135              | 32,057,032              | 32,849,552              | 33,726,234              | 34,943,018              |
| Unrestricted investment income.....   | 7,742,338               | 8,405,541               | 3,850,833               | 807,832                 | 669,539                 | 458,708                 | 335,362                 | 567,353                 | 754,978                 | 989,345                 |
| Gain on sale of capital assets.....   | -                       | -                       | -                       | -                       | -                       | -                       | 2,072,705               | -                       | -                       | -                       |
| Miscellaneous.....  | 789,028                 | 76,324                  | 24,187                  | 28,214                  | 92,752                  | 42,044                  | 95,433                  | -                       | 303,704                 | 582,428                 |
| Transfers.....  | -                       | (2,688,359)             | (2,754,000)             | (3,260,789)             | (5,009,149)             | (4,698,790)             | (4,740,063)             | (4,532,450)             | (4,090,834)             | (4,042,175)             |
| Forgiveness of debt - state loan.....                                       | -                       | -                       | -                       | -                       | 8,700,000               | -                       | -                       | -                       | -                       | -                       |
| Extraordinary Items:<br>Tornado reimbursements.....                         | -                       | -                       | -                       | -                       | -                       | 20,000,450              | 770,149                 | 1,155,928               | 1,062,077               | 1,186,382               |
| Tornado expense.....  | -                       | -                       | -                       | -                       | -                       | (20,485,451)            | (1,479,748)             | (1,173,848)             | (457,097)               | (908,183)               |
| <b>Total governmental activities.....</b>                                   | <b>220,896,527</b>      | <b>217,465,503</b>      | <b>220,847,778</b>      | <b>215,002,974</b>      | <b>217,172,901</b>      | <b>213,041,993</b>      | <b>210,969,972</b>      | <b>220,753,075</b>      | <b>224,780,530</b>      | <b>233,622,635</b>      |
| <b>Business-type activities:</b>  |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Transfers.....  | -                       | 2,688,359               | 2,754,000               | 3,260,789               | 5,009,149               | 4,698,790               | 4,740,063               | 4,532,450               | 4,090,834               | 4,042,175               |
| <b>Total primary government.....</b>  | <b>\$ 220,896,527</b>   | <b>\$ 220,153,862</b>   | <b>\$ 223,601,778</b>   | <b>\$ 218,263,763</b>   | <b>\$ 222,182,050</b>   | <b>\$ 217,740,783</b>   | <b>\$ 215,710,035</b>   | <b>\$ 225,285,525</b>   | <b>\$ 228,871,364</b>   | <b>\$ 237,664,810</b>   |
| <b>Changes in Net Position</b>  |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| <b>Governmental activities.....</b>   |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| .....   | \$ 9,060,570            | \$ (13,789,398)         | \$ (6,169,321)          | \$ (23,821,188)         | \$ 8,697,119            | \$ (17,590,858)         | \$ 6,891,994            | \$ 3,637,383            | \$ (39,189,443)         | \$ (62,795,703)         |
| <b>Business-type activities.....</b>  |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| .....   | -                       | 747,414                 | 410,259                 | 1,211,780               | 573,350                 | (193,259)               | (30,618)                | 509,895                 | (295,440)               | (1,031,516)             |
| <b>Total primary government.....</b>  | <b>\$ 9,060,570</b>     | <b>\$ (13,041,984)</b>  | <b>\$ (5,759,062)</b>   | <b>\$ (22,609,408)</b>  | <b>\$ 9,270,469</b>     | <b>\$ (17,784,117)</b>  | <b>\$ 6,861,376</b>     | <b>\$ 4,147,278</b>     | <b>\$ (39,484,883)</b>  | <b>\$ (63,827,219)</b>  |

Source: Audited Financial Statements

**Fund Balances, Governmental Funds**

**Last Ten Years**

|   | <u>2007</u>           | <u>2008</u>           | <u>2009</u>           | <u>2010</u>          | <u>2011</u>          | <u>2012</u>          | <u>2013</u>          | <u>2014</u>           | <u>2015</u>          | <u>2016</u>          |
|---|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|
| <b>General Fund</b>                             |                       |                       |                       |                      |                      |                      |                      |                       |                      |                      |
| Reserved for:                                   |                       |                       |                       |                      |                      |                      |                      |                       |                      |                      |
| Encumbrances and continuing appropriations..... | \$ 14,563,295         | \$ 9,885,173          | \$ 7,440,386          | \$ 9,660,020         | \$ -                 | \$ -                 | \$ -                 | \$ -                  | \$ -                 | \$ -                 |
| Chapter 656 reserve.....                        | 5,049,684             | 5,624,879             | 6,042,256             | 5,794,053            | -                    | -                    | -                    | -                     | -                    | -                    |
| Schools .....                                   | -                     | -                     | -                     | 10,881,300           | -                    | -                    | -                    | -                     | -                    | -                    |
| Unreserved.....                                 | 53,639,496            | 41,892,849            | 44,551,976            | 49,160,191           | -                    | -                    | -                    | -                     | -                    | -                    |
| Restricted.....                                 | -                     | -                     | -                     | -                    | 30,421,176           | 35,132,415           | 40,486,563           | 39,126,795            | 24,083,457           | 22,187,043           |
| Assigned.....                                   | -                     | -                     | -                     | -                    | 3,341,976            | 2,978,810            | 2,273,838            | 1,450,068             | 1,870,366            | 1,957,909            |
| Unassigned.....                                 | -                     | -                     | -                     | -                    | 64,287,919           | 60,169,358           | 55,190,530           | 64,077,847            | 58,627,885           | 59,492,923           |
| <b>Total general fund.....</b>                  | <b>\$ 73,252,475</b>  | <b>\$ 57,402,901</b>  | <b>\$ 58,034,618</b>  | <b>\$ 75,495,564</b> | <b>\$ 98,051,071</b> | <b>\$ 98,280,583</b> | <b>\$ 97,950,931</b> | <b>\$ 104,654,710</b> | <b>\$ 84,581,708</b> | <b>\$ 83,637,875</b> |
| <b>All Other Governmental Funds</b>             |                       |                       |                       |                      |                      |                      |                      |                       |                      |                      |
| Unreserved, reported in:                        |                       |                       |                       |                      |                      |                      |                      |                       |                      |                      |
| Special revenue funds.....                      | \$ 56,822,330         | \$ 86,576,180         | \$ 109,664,713        | \$ 54,400,287        | \$ -                 | \$ -                 | \$ -                 | \$ -                  | \$ -                 | \$ -                 |
| Capital projects funds.....                     | 55,089,820            | 27,432,020            | 40,654,091            | 34,709,187           | -                    | -                    | -                    | -                     | -                    | -                    |
| Permanent funds.....                            | 2,345,985             | 1,629,236             | 1,638,295             | 1,758,634            | -                    | -                    | -                    | -                     | -                    | -                    |
| Restricted.....                                 | -                     | -                     | -                     | -                    | 66,102,729           | 53,388,549           | 39,092,674           | 34,671,623            | 49,335,423           | 47,074,372           |
| Unassigned.....                                 | -                     | -                     | -                     | -                    | (324,076)            | (12,040,461)         | (17,250,514)         | (30,414,896)          | (6,151,930)          | (12,505,677)         |
| <b>Total all other governmental funds.....</b>  | <b>\$ 114,258,135</b> | <b>\$ 115,637,436</b> | <b>\$ 151,957,099</b> | <b>\$ 90,868,108</b> | <b>\$ 65,778,653</b> | <b>\$ 41,348,088</b> | <b>\$ 21,842,160</b> | <b>\$ 4,256,727</b>   | <b>\$ 43,183,493</b> | <b>\$ 34,568,695</b> |

Notes:

Source: Audited Financial Statements

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

Changes in Fund Balances, Governmental Funds

Last Ten Years

|  | 2007                 | 2008                   | 2009                 | 2010                   | 2011                  | 2012                   | 2013                   | 2014                   | 2015                 | 2016                  |
|--|----------------------|------------------------|----------------------|------------------------|-----------------------|------------------------|------------------------|------------------------|----------------------|-----------------------|
| <b>Revenues:</b>   |                      |                        |                      |                        |                       |                        |                        |                        |                      |                       |
| Real estate and personal property taxes,                     |                      |                        |                      |                        |                       |                        |                        |                        |                      |                       |
| net of tax refunds.....                                      | \$ 141,134,996       | \$ 142,947,339         | \$ 157,510,645       | \$ 164,367,177         | \$ 160,413,338        | \$ 163,234,056         | \$ 159,557,644         | \$ 166,418,136         | \$ 170,978,385       | \$ 173,395,907        |
| Tax liens .....  | 5,160,748            | 4,472,030              | 3,309,149            | 3,768,128              | 3,448,477             | 3,833,024              | 3,098,323              | 2,870,817              | 2,141,570            | 2,679,712             |
| Motor vehicle and other excise taxes.....                    | 8,635,626            | 8,921,591              | 8,340,690            | 7,839,549              | 7,691,115             | 8,814,442              | 8,817,723              | 9,687,138              | 9,984,739            | 10,857,876            |
| Hotel/Motel tax.....   | 944,735              | 960,544                | 876,507              | 727,765                | 767,571               | 872,952                | 889,971                | 1,186,881              | 1,194,899            | 1,276,054             |
| Local Meals Tax.....   | -                    | -                      | -                    | 848,785                | 1,513,257             | 1,624,115              | 1,623,553              | 1,647,182              | 1,678,239            | 1,792,212             |
| Charges for services.....                                    | 7,854,157            | 3,599,893              | 2,148,630            | 2,439,774              | 1,353,944             | 2,663,543              | 2,203,716              | 2,974,605              | 2,313,984            | 2,294,736             |
| Penalties and interest on taxes.....                         | 3,360,657            | 2,185,178              | 2,342,311            | 1,613,260              | 1,677,741             | 1,802,033              | 1,818,809              | 1,831,584              | 1,865,149            | 1,587,998             |
| Payments in lieu of taxes.....                               | 7,077,264            | 6,936,565              | 5,820,090            | 6,523,169              | 5,082,080             | 5,054,420              | 3,975,168              | 2,133,729              | 2,553,962            | 1,489,346             |
| Chapter 121A - excise payments in lieu of taxes.....         | 3,541,366            | 3,496,989              | 2,557,072            | 2,652,167              | 2,373,076             | 1,862,841              | 1,586,413              | 1,379,931              | 1,701,796            | 7,598,317             |
| Licenses and permits.....                                    | 3,341,714            | 2,556,063              | 5,414,924            | 3,734,353              | 3,432,098             | 3,823,239              | 4,307,698              | 5,067,083              | 5,092,038            | 5,254,833             |
| Fines and forfeitures.....                                   | 1,480,434            | 1,437,672              | 6,720,709            | 6,444,218              | 5,451,805             | 6,019,333              | 6,318,372              | 6,610,517              | 6,610,269            | 6,114,371             |
| Intergovernmental.....                                       | 426,261,115          | 447,473,783            | 465,309,318          | 473,123,963            | 527,373,079           | 531,494,799            | 541,588,826            | 539,741,990            | 526,259,893          | 523,412,996           |
| Departmental and other.....                                  | 11,624,145           | 16,387,803             | 14,714,860           | 9,154,317              | 13,160,527            | 13,922,836             | 14,147,895             | 20,723,615             | 19,662,232           | 20,204,321            |
| Investment income.....                                       | 7,702,368            | 8,302,737              | 3,792,330            | 787,970                | 675,518               | 497,734                | 398,711                | 643,624                | 858,604              | 1,123,769             |
| Contributions .....  | 3,620,174            | 2,574,334              | 2,913,485            | 2,888,734              | 2,568,421             | 1,832,890              | 1,348,629              | 2,080,938              | 1,866,126            | 1,358,925             |
| <b>Total Revenue.....</b>                                    | <b>631,739,499</b>   | <b>652,252,521</b>     | <b>681,770,720</b>   | <b>686,913,329</b>     | <b>736,982,047</b>    | <b>747,352,257</b>     | <b>751,681,451</b>     | <b>764,997,770</b>     | <b>754,761,885</b>   | <b>760,441,373</b>    |
| <b>Expenditures:</b>   |                      |                        |                      |                        |                       |                        |                        |                        |                      |                       |
| General government.....                                      | 37,433,149           | 49,623,102             | 44,061,974           | 59,236,857             | 57,699,771            | 44,099,741             | 36,668,006             | 39,055,405             | 48,693,300           | 42,492,632            |
| Public safety.....   | 69,214,379           | 70,597,009             | 66,059,643           | 74,986,038             | 73,028,036            | 70,330,653             | 68,870,769             | 72,769,400             | 74,984,290           | 78,559,713            |
| Education.....   | 391,340,765          | 397,535,802            | 414,768,913          | 437,093,450            | 482,327,150           | 495,973,985            | 530,685,879            | 530,592,608            | 520,513,226          | 511,925,956           |
| Public works.....  | 34,228,445           | 29,313,471             | 20,307,276           | 13,750,634             | 14,706,846            | 15,912,108             | 14,716,796             | 15,574,080             | 23,991,761           | 18,022,917            |
| Health and human services.....                               | 11,624,540           | 11,094,903             | 7,364,090            | 8,828,544              | 8,998,028             | 8,869,509              | 10,453,432             | 8,857,462              | 9,875,082            | 8,437,344             |
| Culture and recreation.....                                  | 15,233,919           | 17,408,776             | 17,186,787           | 16,222,484             | 15,754,746            | 13,995,057             | 16,521,564             | 15,486,583             | 19,898,451           | 17,929,366            |
| Community development - union station.....                   | -                    | -                      | -                    | -                      | -                     | -                      | -                      | -                      | -                    | 2,904,953             |
| Finance Control Board Expenditures.....                      | 1,648,086            | 2,178,191              | -                    | -                      | -                     | -                      | -                      | -                      | -                    | -                     |
| Pension benefits.....  | 18,655,982           | 21,685,459             | 20,844,905           | 22,372,681             | 24,254,094            | 23,825,273             | 24,474,041             | 25,558,597             | 26,749,744           | 28,319,804            |
| Employee fringe benefits.....                                | 3,739,401            | 1,604,431              | 1,607,929            | 427,412                | 1,342,238             | 728,470                | 594,118                | 706,022                | 602,201              | 578,686               |
| Employee health benefits.....                                | 23,041,303           | 26,400,181             | 25,026,409           | 22,221,484             | 22,470,194            | 23,298,895             | 22,288,970             | 22,773,103             | 23,248,728           | 25,561,869            |
| Claims and judgments.....                                    | 566,750              | 642,918                | 496,923              | -                      | -                     | -                      | -                      | -                      | -                    | -                     |
| Storm damage.....  | -                    | -                      | -                    | -                      | -                     | 27,596,332             | 2,917,105              | 3,099,037              | 3,143,173            | 3,219,435             |
| State, county, and district assessments.....                 | 2,877,262            | 2,591,642              | 2,679,875            | 2,657,567              | 2,896,717             | 2,760,698              | 1,199,462              | 52,408                 | -                    | -                     |
| Debt service.....  | -                    | -                      | -                    | -                      | -                     | -                      | -                      | -                      | -                    | -                     |
| Principal.....   | 20,528,965           | 20,477,383             | 26,269,682           | 72,701,316             | 26,509,108            | 26,243,152             | 27,063,276             | 28,024,556             | 26,232,047           | 25,196,997            |
| Interest.....  | 15,057,019           | 16,445,028             | 15,532,168           | 14,646,118             | 14,656,717            | 13,555,322             | 11,713,951             | 11,037,794             | 9,562,549            | 10,023,853            |
| <b>Total Expenditures.....</b>                               | <b>643,249,965</b>   | <b>667,598,296</b>     | <b>662,206,580</b>   | <b>745,144,585</b>     | <b>744,643,645</b>    | <b>767,189,195</b>     | <b>768,167,369</b>     | <b>773,587,055</b>     | <b>787,494,552</b>   | <b>773,173,525</b>    |
| Excess of revenues over (under) expenditures.....            | (11,510,466)         | (15,345,775)           | 19,564,140           | (58,231,256)           | (7,661,598)           | (19,836,938)           | (16,485,918)           | (8,589,285)            | (32,732,667)         | (12,732,152)          |
| <b>Other Financing Sources (Uses)</b>                        |                      |                        |                      |                        |                       |                        |                        |                        |                      |                       |
| Issuance of long-term debt.....                              | 53,605,000           | -                      | 19,500,000           | 17,864,000             | -                     | -                      | -                      | -                      | 50,543,000           | -                     |
| Premium from issuance of bonds.....                          | 1,875,817            | -                      | 599,991              | -                      | -                     | -                      | -                      | -                      | 2,779,251            | -                     |
| Issuance of refunding bonds.....                             | 73,795,000           | -                      | 4,805,000            | -                      | -                     | -                      | 26,355,000             | -                      | 18,245,000           | 25,185,000            |
| Premium from issuance of refunding bonds.....                | 4,418,218            | -                      | 112,181              | -                      | -                     | -                      | 3,807,457              | -                      | 2,295,402            | 1,979,298             |
| Payments to refunded bond escrow agent.....                  | (77,546,197)         | -                      | (4,875,932)          | -                      | -                     | -                      | (30,162,457)           | -                      | (20,540,402)         | (27,164,298)          |
| State loan issuance.....                                     | 26,007,790           | 478,191                | -                    | -                      | -                     | -                      | -                      | -                      | -                    | -                     |
| Capital lease financing.....                                 | -                    | 3,085,340              | -                    | -                      | 1,436,799             | 819,676                | -                      | 2,258,001              | 1,750,034            | 6,937,497             |
| Sale of capital assets.....                                  | -                    | -                      | -                    | -                      | -                     | -                      | 2,100,000              | -                      | -                    | -                     |
| Transfers in.....  | 21,825,466           | 35,527,113             | 107,536,799          | 68,387,868             | 9,104,472             | 5,111,949              | 3,068,340              | 4,687,753              | 3,866,216            | 6,899,344             |
| Transfers out.....   | (21,825,466)         | (38,215,472)           | (110,290,799)        | (71,648,657)           | (14,113,621)          | (9,810,739)            | (7,808,403)            | (9,220,203)            | (7,957,050)          | (10,941,519)          |
| <b>Total other financing sources (uses).....</b>             | <b>82,155,628</b>    | <b>875,172</b>         | <b>17,387,240</b>    | <b>14,603,211</b>      | <b>(3,572,350)</b>    | <b>(3,879,114)</b>     | <b>(2,640,063)</b>     | <b>(2,274,449)</b>     | <b>50,981,451</b>    | <b>2,895,322</b>      |
| Special Item - Forgiveness of Debt, State Loan.....          | -                    | -                      | -                    | -                      | 8,700,000             | -                      | -                      | -                      | -                    | -                     |
| Extraordinary Item - Intergovernmental tornado revenue.....  | -                    | -                      | -                    | -                      | -                     | 20,000,450             | 770,149                | 1,155,928              | 1,062,077            | 1,186,382             |
| Extraordinary Item - Tornado relief expenditures.....        | -                    | -                      | -                    | -                      | -                     | (20,485,451)           | (1,479,748)            | (1,173,848)            | (457,097)            | (908,183)             |
| <b>Net change in fund balance.....</b>                       | <b>\$ 70,645,162</b> | <b>\$ (14,470,603)</b> | <b>\$ 36,951,380</b> | <b>\$ (43,628,045)</b> | <b>\$ (2,533,948)</b> | <b>\$ (24,201,053)</b> | <b>\$ (19,835,580)</b> | <b>\$ (10,881,654)</b> | <b>\$ 18,853,764</b> | <b>\$ (9,558,631)</b> |
| Debt service as a percentage of noncapital expenditures..... | 5.76%                | 5.82%                  | 6.44%                | 12.33%                 | 6.07%                 | 5.60%                  | 5.61%                  | 5.50%                  | 4.97%                | 4.78%                 |

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

Source: Audited Financial Statements

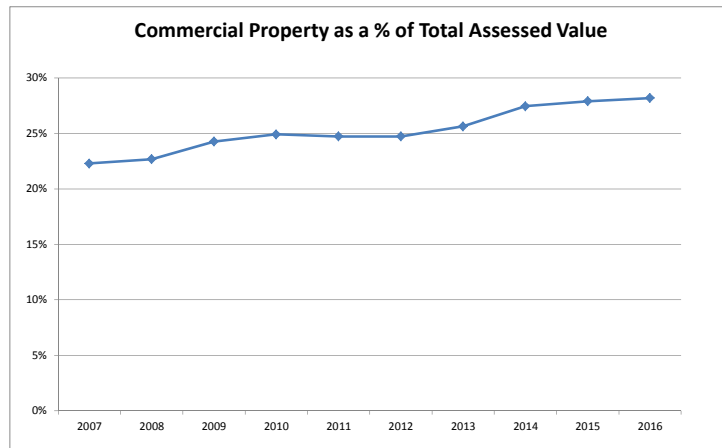
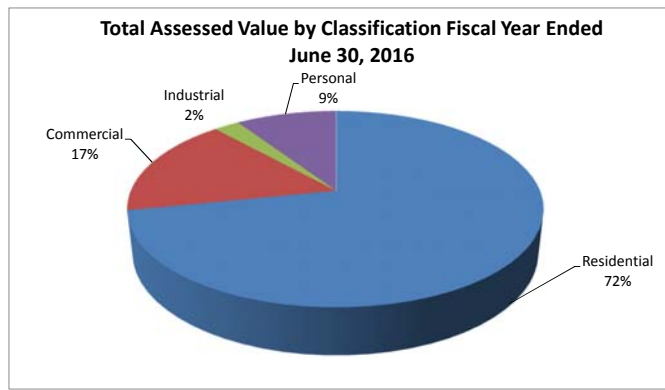
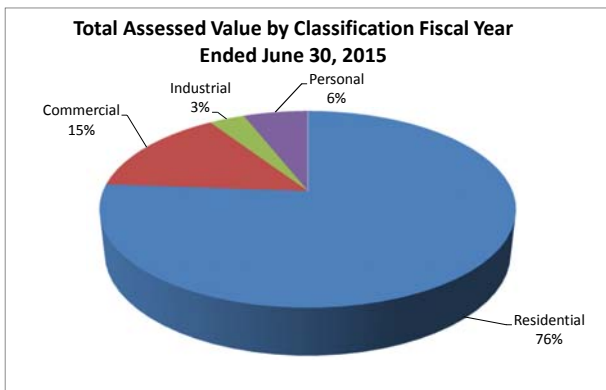


**Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates**

Last Ten Years

| Year | Assessed and Actual Values and Tax Rates |                      |                  |                  |                   |                 |              |                       | Total City Value |
|------|--|----------------------|------------------|------------------|-------------------|-----------------|--------------|-----------------------|------------------|
|      | Residential Value                        | Residential Tax Rate | Commercial Value | Industrial Value | Personal Property | Total CIP Value | CIP Tax Rate | Total Direct Rate (1) |                  |
| 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  |
| 2014 | \$5,025,199,000                          | \$ 19.71             | \$1,064,979,700  | \$162,566,500    | \$665,647,970     | \$1,893,194,170 | \$ 39.04     | \$ 25.00              | \$6,918,393,170  |
| 2015 | \$5,079,607,100                          | \$ 19.67             | \$1,156,136,600  | \$168,230,700    | \$640,954,110     | \$1,965,321,410 | \$ 39.04     | \$ 25.07              | \$7,044,928,510  |
| 2016 | \$5,225,634,600                          | \$ 19.66             | \$1,200,394,800  | \$171,773,800    | \$678,618,930     | \$2,050,787,530 | \$ 38.60     | \$ 25.00              | \$7,276,422,130  |

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 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 | 2016                  |      |  | 2007                  |      |  |
|--|--------------------|-----------------------|------|--|-----------------------|------|--|
|  |                    | Assessed Valuation    | Rank | Percentage of Total Taxable Assessed Value | Assessed Valuation    | Rank | Percentage of Total Taxable Assessed Value |
| Western Massachusetts Electric Company | Utility            | \$ 295,048,000        | 1    | 4.2%                                       | \$ 127,441,980        | 1    | 1.9%                                       |
| Columbia Gas Of Mass                   | Utility            | 119,291,420           | 2    | 1.7%                                       | 50,422,620            | 4    | 0.8%                                       |
| Massachusetts Mutual Life Insurance    | Insurance          | 83,995,000            | 3    | 1.2%                                       | 57,016,800            | 3    | 0.9%                                       |
| Blue Tarp Redevelopment LLC            | Office             | 41,302,300            | 4    | 0.6%                                       | n/a                   | n/a  | n/a  |
| Verizon New England                    | Utility            | 38,342,600            | 5    | 0.5%                                       | 38,442,600            | 5    | 0.6%                                       |
| Masspower                              | Energy             | 38,201,420            | 6    | 0.5%                                       | n/a                   | n/a  | n/a  |
| Albany Road Springfield Plaza LLC      | Retail             | 31,669,900            | 7    | 0.4%                                       | 25,391,300            | 7    | 0.4%                                       |
| Solutia Inc.                           | Chemicals          | 30,711,600            | 8    | 0.4%                                       | 26,527,000            | 6    | 0.4%                                       |
| Five Town Station LLC                  | Retail             | 28,158,900            | 9    | 0.4%                                       | 23,329,300            | 8    | 0.4%                                       |
| Eastfield Associates LLC               | Retail             | 21,959,880            | 10   | 0.3%                                       | 22,302,940            | 9    | 0.3%                                       |
| Sprint                                 | Utility            | n/a                   | n/a  | n/a  | 73,359,440            | 2    | 1.1%                                       |
| Comcast of Massachusetts               | Communication      | n/a                   | n/a  | n/a  | 17,136,930            | 10   | 0.3%                                       |
|  | <b>Totals</b>      | <u>\$ 728,681,020</u> |      | <u>10.3%</u>                               | <u>\$ 461,370,910</u> |      | <u>7.0%</u>                                |

Source: Board of Assessors

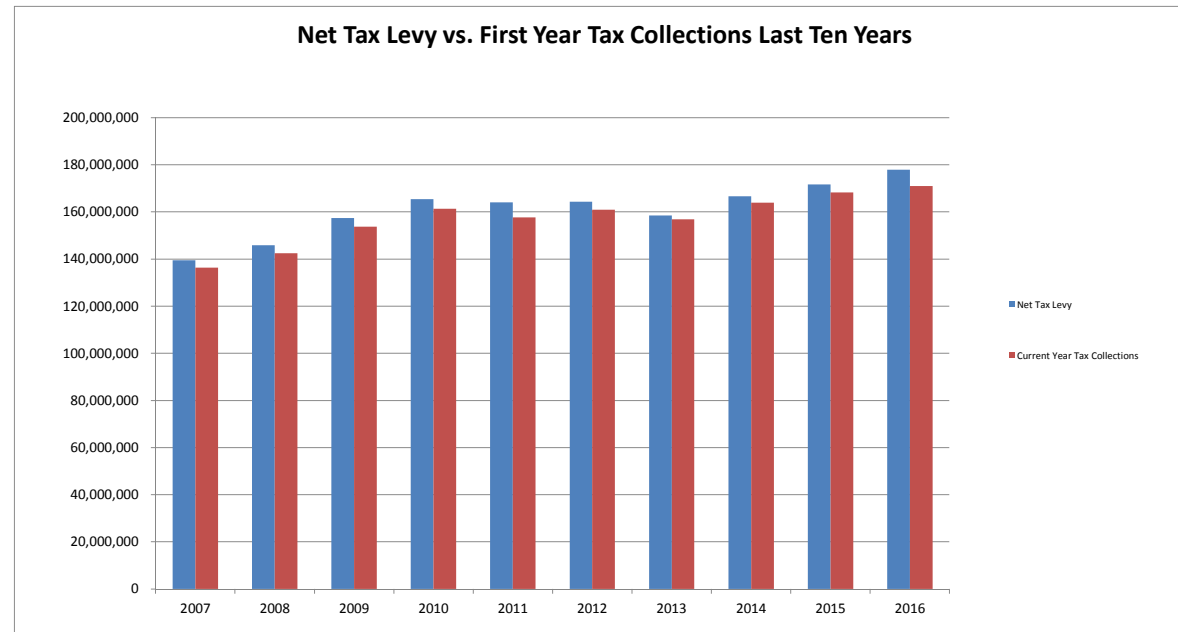
**Property Tax Levies and Collections**  
Last Ten Years

| 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 |
|------|----------------|---|---------------|-------------------------|-------------------------------|----------------------------|-----------------------|--|
| 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%                         | \$2,561,533                | \$159,398,096         | 100.6% (2)                                       |
| 2014 | \$172,956,973  | \$6,311,481   | \$166,645,492 | \$163,856,603           | 98.3%                         | \$2,680,415                | \$166,537,018         | 99.9% (2)  |
| 2015 | \$176,111,383  | \$4,530,488   | \$171,580,895 | \$168,297,970           | 98.1%                         | \$2,465,464                | \$170,763,434         | 99.5%  |
| 2016 | \$181,896,375  | \$3,985,822   | \$177,910,553 | \$170,930,443           | 96.1%                         | \$0                        | \$170,930,443         | 96.1%  |

(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 Years**

| 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 |
| 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%                        |
| 2014 | 153,060                 | \$2,832,940,301 | \$6,918,393,170 | \$207,900,886                | \$2,518,281    | (\$3,328,112)              | \$1,353    | 7.31%                         | 2.99%                        |
| 2015 | 153,991                 | \$2,832,940,301 | \$7,044,928,510 | \$233,711,751                | \$3,042,599    | (\$4,233,103)              | \$1,510    | 8.21%                         | 3.30%                        |
| 2016 | 153,703                 | \$2,855,971,442 | \$7,276,422,130 | \$201,965,000                | \$7,246,084    | (\$5,169,309)              | \$1,328    | 7.14%                         | 2.80%                        |

| Year | Business-type Activities |                | Total Primary Government   |            |                               |                              |
|------|--------------------------|----------------|----------------------------|------------|-------------------------------|------------------------------|
|      | General Obligation Bonds | Capital Leases | Total Net Debt Outstanding | Per Capita | Percentage of Personal Income | Percentage of Assessed Value |
| 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%                        |
| 2014 | \$0                      | \$922,672      | \$208,013,727              | \$1,359    | 7.34%                         | 3.01%                        |
| 2015 | \$0                      | 1,300,663      | \$233,821,910              | \$1,518    | 8.25%                         | 3.32%                        |
| 2016 | \$0                      | 767,034        | \$204,808,809              | \$1,332    | 7.17%                         | 2.81%                        |

(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, 2016**

| <u>Overlapping Entity</u>                      | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable (1)</u> | <u>Share of<br/>Overlapping Debt</u> | <u>Dollar<br/>Assessment (2)</u> |
|--|-----------------------------|--|--------------------------------------|----------------------------------|
| Pioneer Valley Regional Transit Authority..... | \$ 10,800,000               | 38.60%   | \$ -                                 | \$ 2,663,883                     |
| Pioneer Valley Planning Commission.....        | -                           | None   | -                                    | <u>22,959</u>                    |
| City direct debt.....                          | <u>236,754,350</u>          |  | <u>-</u>                             | <u>2,686,842</u>                 |
| Total direct and overlapping debt.....         | <u>\$ 247,554,350</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 Years**

|  | <u>2007</u>           | <u>2008</u>           | <u>2009</u>           | <u>2010</u>           | <u>2011</u>           | <u>2012</u>           | <u>2013</u>           | <u>2014</u>          | <u>2015</u>          | <u>2016</u>          |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|
| Equalized Valuation.....   | \$ 7,118,922,700      | \$ 8,479,854,100      | \$ 8,479,854,100      | \$ 7,856,633,600      | \$ 7,856,633,600      | \$ 7,233,354,700      | \$ 7,233,354,700      | \$ 7,077,664,000     | \$ 7,077,664,000     | \$ 7,471,065,400     |
| Debt Limit - 5% of Equalized Valuation.....                              | \$ 355,946,135        | \$ 423,992,705        | \$ 423,992,705        | \$ 392,831,680        | \$ 392,831,680        | \$ 361,667,735        | \$ 361,667,735        | \$ 353,883,200       | \$ 353,883,200       | \$ 373,553,270       |
| Less:  |                       |                       |                       |                       |                       |                       |                       |                      |                      |                      |
| Outstanding debt applicable to limit.....                                | 157,484,340           | 150,050,738           | 161,499,705           | 166,996,788           | 154,580,881           | 143,031,151           | 129,597,855           | 115,761,191          | 126,650,226          | 115,438,560          |
| Authorized and unissued debt.....  | <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>    | <u>158,676,403</u>   | <u>129,577,399</u>   | <u>188,064,302</u>   |
| Legal debt margin.....   | \$ <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> | \$ <u>76,887,766</u> | \$ <u>97,655,575</u> | \$ <u>70,050,408</u> |
| Total debt applicable to the limit<br>as a percentage of debt limit..... | 59.05%                | 37.98%                | 40.92%                | 50.53%                | 47.37%                | 48.27%                | 63.64%                | 77.55%               | 72.40%               | 81.25%               |

Source: Audited Financial Statements; Statement of Indebtedness

## Demographic and Economic Statistics

### Last Ten Years

| Year | Population Estimates | Personal Income | Per Capita Personal Income | Median Age | School Enrollment | Unemployment Rate |
|------|----------------------|-----------------|----------------------------|------------|-------------------|-------------------|
| 2007 | 152,082              | \$2,607,750,054 | \$17,147                   | 32         | 25,791            | 7.0%              |
| 2008 | 152,082              | \$2,656,416,294 | \$17,467                   | 32         | 25,233            | 7.9%              |
| 2009 | 152,082              | \$2,704,930,452 | \$17,786                   | 32         | 25,360            | 11.7%             |
| 2010 | 153,060              | \$2,771,151,300 | \$18,105                   | 33         | 25,141            | 12.6%             |
| 2011 | 153,060              | \$2,820,011,453 | \$18,424                   | 33         | 25,213            | 10.4%             |
| 2012 | 153,060              | \$2,868,803,580 | \$18,743                   | 33         | 25,185            | 10.7%             |
| 2013 | 153,060              | \$2,829,007,980 | \$18,483                   | 32         | 25,283            | 11.9%             |
| 2014 | 153,060              | \$2,832,940,301 | \$18,509                   | 32         | 25,826            | 10.5%             |
| 2015 | 153,991              | \$2,832,940,301 | \$18,135                   | 32         | 25,645            | 8.4%              |
| 2016 | 153,703              | \$2,855,971,442 | \$18,518                   | 32         | 25,479            | 7.4%              |

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                 | 2016          |      |                                     | 2007          |      |                                     |
|---|------------------------------------|---------------|------|-------------------------------------|---------------|------|-------------------------------------|
|   |                                    | Employees     | Rank | Percentage of Total City Employment | Employees     | Rank | Percentage of Total City Employment |
| Baystate Health Systems                 | Healthcare                         | 9,925         | 1    | 15.7%                               | 8,772         | 1    | 13.6%                               |
| MassMutual Financial Group              | Insurance                          | 4,273         | 2    | 6.8%                                | 4,230         | 2    | 6.6%                                |
| Sisters of Providence                   | Healthcare                         | 1,942         | 3    | 3.1%                                | 2,200         | 4    | 3.4%                                |
| Smith and Wesson                        | Firearms                           | 1,518         | 4    | 2.4%                                | 587           | 7    | 0.9%                                |
| Big Y                                   | Grocery                            | 1,002         | 5    | 1.6%                                | 1,002         | 5    | 1.6%                                |
| Western New England University          | Education                          | 879           | 6    | 1.4%                                | 492           | 10   | 0.8%                                |
| Springfield Technical Community College | Education                          | 805           | 7    | 1.3%                                | n/a           | n/a  | n/a                                 |
| Springfield College                     | Education                          | 698           | 8    | 1.1%                                | 560           | 8    | 0.9%                                |
| Center for Human Development            | Social Services/Behaviorial Health | 507           | 9    | 0.8%                                | n/a           | n/a  | n/a                                 |
| Eastman Chemical (formerly Solutia)     | Chemical                           | 384           | 10   | 0.6%                                | 504           | 9    | 0.8%                                |
| Union News                              | Newspaper                          | n/a           | n/a  | n/a                                 | 700           | 6    | 1.1%                                |
| US Postal Service                       | Mail                               | n/a           | n/a  | n/a                                 | 2,267         | 3    | 3.5%                                |
| Springfield Republican                  | Government                         | n/a           | n/a  | n/a                                 | n/a           | n/a  | n/a                                 |
|   |                                    | <u>21,933</u> |      | <u>34.7%</u>                        | <u>21,314</u> |      | <u>33.0%</u>                        |

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



**Full-time Equivalent City Employees by Function**

**Last Ten Years**

|                                | <u>2007</u>  | <u>2008</u>  | <u>2009</u>  | <u>2010</u>  | <u>2011</u>  | <u>2012</u>  | <u>2013</u>  | <u>2014</u>  | <u>2015</u>  | <u>2016</u>  |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Function                       |              |              |              |              |              |              |              |              |              |              |
| General government.....        | 353          | 351          | 364          | 354          | 339          | 309          | 265          | 262          | 272          | 274          |
| Public safety.....             | 903          | 927          | 918          | 891          | 894          | 832          | 790          | 800          | 870          | 897          |
| (A) Education.....             | 3,047        | 3,212        | 3,327        | 3,664        | 3,808        | 4,500        | 4,652        | 4,695        | 4,709        | 4,781        |
| Public works.....              | 174          | 186          | 136          | 84           | 70           | 61           | 60           | 70           | 71           | 70           |
| Health and human services..... | 41           | 42           | 41           | 40           | 39           | 35           | 33           | 32           | 33           | 34           |
| Culture and recreation.....    | 84           | 84           | 80           | 63           | 64           | 63           | 59           | 78           | 77           | 77           |
| Total .....                    | <u>4,602</u> | <u>4,802</u> | <u>4,865</u> | <u>5,097</u> | <u>5,214</u> | <u>5,800</u> | <u>5,859</u> | <u>5,937</u> | <u>6,032</u> | <u>6,133</u> |

Source: Payroll Department

(A) Fiscal Year 2007 - 2012 includes General Fund only FTE Count.

**Operating Indicators by Function/Program**

**Last Ten Years**

| <u>Function/Program</u>                       | 2006    | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| General government                            |         |         |         |         |         |         |         |         |         |         |         |
| Marriage recordings.....                      | 860     | 865     | 885     | 861     | 850     | 810     | 901     | 832     | 876     | 959     | 820     |
| Birth recordings.....                         | 5,679   | 5,627   | 5,586   | 5,588   | 5,297   | 4,468   | 5,037   | 4,709   | 5,419   | 5,416   | 5,366   |
| Death recordings.....                         | 2,015   | 2,098   | 2,035   | 1,922   | 2,006   | 1,581   | 1,856   | 1,933   | 2,159   | 2,131   | 2,444   |
| Police  |         |         |         |         |         |         |         |         |         |         |         |
| Physical arrests.....                         | 6,562   | 6,792   | 6,720   | 6,069   | 5,474   | 5,634   | 3,058   | 4,457   | 4,222   | 4,347   | 4,646   |
| Motor vehicle violations.....                 | 20,715  | 19,974  | 32,881  | 27,736  | 18,581  | 14,205  | 5,175   | 4,900   | 26,539  | 41,505  | 25,963  |
| Police personnel and officers.....            | 538     | 563     | 589     | 581     | 583     | 467     | 531     | 499     | 509     | 521     | 515     |
| Fire  |         |         |         |         |         |         |         |         |         |         |         |
| Inspections.....                              | 8,258   | 8,815   | 7,774   | 6,658   | 5,657   | 7,397   | 7,164   | 7,178   | 5,831   | 5,064   | 4,852   |
| Emergency responses.....                      | 11,170  | 12,219  | 13,664  | 14,235  | 15,019  | 15,519  | 15,953  | 15,726  | 16,000  | 16,043  | 15,870  |
| Fire personnel and officers.....              | 255     | 268     | 279     | 264     | 250     | 260     | 225     | 230     | 214     | 228     | 228     |
| Education                                     |         |         |         |         |         |         |         |         |         |         |         |
| Number of students.....                       | 25,206  | 25,791  | 25,233  | 25,360  | 25,141  | 25,213  | 25,185  | 25,283  | 25,826  | 25,645  | 25,479  |
| Number of graduating seniors.....             | 928     | 923     | 984     | 1,026   | 1,017   | 1,170   | 995     | 1,122   | 1,403   | 1,467   | 1,284   |
| Number of teachers.....                       | 2,308   | 2,215   | 2,208   | 1,882   | 2,144   | 2,076   | 2,393   | 2,516   | 2,550   | 2,174   | 2,167   |
| Number of administrators.....                 | N/A     | N/A     | N/A     | N/A     | N/A     | 192     | 171     | 208     | 213     | 200     | 202     |
| Elder Affairs                                 |         |         |         |         |         |         |         |         |         |         |         |
| Number of persons using COA transportation... | 1,377   | 1,462   | 1,394   | 1,547   | 1,513   | 830     | 108     | 156     | 132     | 133     | 581     |
| Number of personnel.....                      | 13      | 13      | 13      | 15      | 14      | 1       | 1       | 1       | 1       | 1       | 1       |
| Libraries                                     |         |         |         |         |         |         |         |         |         |         |         |
| Volumes in circulation.....                   | 806,449 | 818,033 | 801,258 | 782,835 | 795,409 | 785,977 | 785,436 | 749,557 | 697,893 | 659,936 | 814,908 |
| Total volumes borrowed.....                   | 611,893 | 635,188 | 647,913 | 650,386 | 608,946 | 604,071 | 569,199 | 513,585 | 561,966 | 560,494 | 616,865 |

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 Years

| <u>Function/Program</u>                   | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General government                        |             |             |             |             |             |             |             |             |             |             |
| Number of buildings.....                  | 38          | 38          | 38          | 39          | 39          | 39          | 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           | 5           | 5           | 5           | 5           |
| Education                                 |             |             |             |             |             |             |             |             |             |             |
| Number of elementary schools.....         | 32          | 32          | 32          | 32          | 32          | 33          | 33          | 33          | 33          | 33          |
| Number of middle/junior high schools..... | 7           | 7           | 7           | 7           | 8           | 10          | 12          | 12          | 15          | 15          |
| Number of secondary schools.....          | 6           | 6           | 6           | 6           | 5           | 10          | 11          | 11          | 13          | 13          |
| Culture and recreation                    |             |             |             |             |             |             |             |             |             |             |
| Parks and playgrounds.....                | 36          | 36          | 38          | 38          | 38          | 38          | 38          | 38          | 39          | 40          |
| Park and playground (acreage).....        | 2,093       | 2,093       | 2,102       | 2,102       | 2,102       | 2,102       | 2102        | 2102        | 2103        | 2105        |
| Conservation land (acreage).....          | 430         | 430         | 430         | 430         | 430         | 430         | 430         | 430         | 430         | 430         |
| Public beaches.....                       | 1           | 2           | 2           | 2           | 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 Years

| <u>Year</u>   | <u>Free<br/>Cash</u> | <u>Stabilization<br/>Fund</u> |
|---------------|----------------------|-------------------------------|
| 2016.....     | \$ N/A               | \$ 44,485,558                 |
| 2015.....     | \$ 4,809,916         | \$ 41,221,011                 |
| 2014.....     | \$ 14,626,673        | \$ 33,936,860                 |
| 2013.....     | \$ 3,896,871         | \$ 37,295,134                 |
| 2012.....     | \$ 7,498,622         | \$ 41,422,909                 |
| 2011.....     | \$ 4,698,933         | \$ 45,100,661                 |
| 2010 (A)..... | \$ 33,776,930        | \$ 31,354,741                 |
| 2009.....     | \$ 22,319,922        | \$ 36,528,216                 |
| 2008.....     | \$ 12,543,347        | \$ 68,047,256                 |
| 2007.....     | \$ 30,453,077        | \$ 41,213,237                 |

Source: City Records

(A) The 2010 Certified Free Cash includes unappropriated 2009 Free Cash totaling \$18,996,401.

N/A: FY2016 Free Cash amount is not yet available.



View of City of Springfield from the Riverfront Park.