

CITY OF SPRINGFIELD, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2011

On the cover: A view of downtown Springfield, Massachusetts from across the Connecticut River.



The historical Municipal Group built in 1913.

City of Springfield, Massachusetts

Comprehensive Annual Financial Report

For the Fiscal Year ended June 30, 2011



Prepared by:

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

CITY OF SPRINGFIELD, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011

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Introductory Section



Aerial view of the Basketball Hall of Fame built in 2002.

City of Springfield, Massachusetts
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2011

Introductory Section

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The City of Springfield

Department of Administration and Finance

36 Court Street, Room 312

Springfield, MA 01103

LEE C. ERDMANN
CHIEF ADMINISTRATIVE
AND FINANCIAL OFFICER
(413) 886-5288

Letter of Transmittal

January 18, 2012

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, 2011.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements for the fiscal year ended June 30, 2011, 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, 2011, 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 unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2011 are fairly presented in conformity with GAAP. 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 a City in 1852. In 2010, the City had a population of 153,060 making it the third largest city in The Commonwealth of Massachusetts. The Pioneer Valley population was estimated at 620,000.

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 the 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, and also The City of Homes, due to its attractive Victorian residential architecture.

The City of Springfield has played an important role throughout American history – founded on New England's most fertile soil, next to one of America's most significant rivers, Springfield is located midway between the major North American ports of New York City, Boston, Albany, and Montreal. In 1777, Springfield's prime location led George Washington and Henry Knox to found the fledgling United States' National Armory at Springfield, which produced the first American musket in 1794, and later the famous Springfield rifle. From 1777 until its controversial closing during the Vietnam War, the Springfield Armory attracted skilled laborers to Springfield, making it the United States' longtime epicenter for precision manufacturing. Springfielders produced many of America's most significant innovations, including the first American-English dictionary (1805, Merriam Webster); the first use of interchangeable parts and the assembly line in manufacturing, (1819, Thomas Blanchard;) the first American horseless car, (1825, Thomas Blanchard;) the discovery and patent of vulcanized rubber, (1844, Charles Goodyear;) the first American, gasoline-powered car, (1893, Duryea Brothers); the first successful motorcycle company, (1901, "Indian"); America's first commercial radio station, (1921, WBZA from the Hotel Kimball); and most famously, the world's second most popular sport, 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. The Mayor is the administrative head of the City and chairman ex-officio of the School Committee, the Board of Library Trustees, and the Board of Trust Fund Commissioners. The Mayor acts with the City Council and School Committee to carry out City business. The Mayor appoints his or her office staff, the City Solicitor, and the Assistant City Solicitor without City Council confirmation. The

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

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

The City Council is primarily the legislative branch of the City government. As the legislative body, the Council confirms appointments made by the Mayor and appropriates all monies necessary to fund City operations. 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, and parks and recreation facilities. The fire department operates eight stations. Springfield also provides a library system with a main library and nine branches. Water and sewer facilities are provided to Springfield residents and five surrounding communities by the Springfield Water and Sewer Commission.

Local Economy

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

Technology

Springfield Technical Community College Technology Park provides 465,000 square feet of lease space for telecommunication technology-based and light manufacturing companies. Currently the Technology Park is home to 23 tenant companies employing over 1,200 employees. Liberty Mutual, a fortune 100 company, established a Customer Response Center at the site. Complementing the City's existing technological infrastructure, the Commonwealth announced in 2010 the redevelopment of the former Tech High School into the state's new \$76 million data center. The center will house virtually all of the state's electronic records. The local facility is expected

to generate about 70 full-time jobs. Construction will take two years and will employ another 200 people. Additionally, in 2009 the Massachusetts Broadband Institute (MBI), a division of Massachusetts Technology Collaborative began a \$71.6 million project connecting 120 communities in western and north-central Massachusetts with more than 1,300 miles of fiber optic network.

Manufacturing

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

- Smith and Wesson 882 employees
- Solutia Chemical 750 employees
- Farmland Foods 282 employees
- Nu Visions 219 employees
- TiteFlex 100 employees
- Clarity Imaging 130 employees

Recognizing the demand for new industrial land, in 2003 the City created the Springfield Smith and Wesson Industrial Park on 85 acres, next to the Smith and Wesson headquarters. The new park has the potential to produce 650,000 square feet of industrial, commercial and general office space and generate as many as 1,000 jobs. Grants in the amount of \$2.48 million from the Federal Economic Development Administration (EDA) and a Public Works Economic Development grant (PWED) have been secured to design and build the infrastructure in the park. The first investor was Performance Food Group (PFG), a Fortune 500 company headquartered in Richmond, Virginia. PFG purchased 35 acres in the park and built a 210,000 square foot facility that opened in 2007. 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. In December 2010, 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 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.

Housing Development

A number of major single family development projects and rental housing rehabilitation and construction projects are currently underway or were recently completed in the City, aggregating 219 homes with work completed valued at an average of about \$134,500 each.

Higher Education

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

Healthcare and Social Assistance

Baystate Health Systems is one of the largest employers in Western Massachusetts with approximately 9,115 employees in the region, of which an estimated 8,772 work in Springfield. In recent years, Baystate Health Systems was named one of the "Top 100 Most Highly Integrated Healthcare Networks" in the U.S. by Verispan for the eighth consecutive year and one of "America's Best Hospitals" by U.S. News and World Report. In 2007, Baystate Health Systems announced a \$259 million expansion of the Baystate Medical Center in Springfield. The project will expand the largest medical facility in Western Massachusetts with a new eight story, 600,000 square foot building. The expansion will provide 200 construction jobs plus permanent employment for 50 doctors and 500 staff members. The project is expected to be completed in 2012.

Leisure and Hospitality

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

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 between December 1 and January 31. 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 claims and judgments are included in the tax levy whether or not

included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy.

History of Prior Financial Problems (1989-2004)

Since 1989, the City has experienced varying periods of financial stress. Contributing factors included the regional economic downturn, increases in employee health care costs, cutbacks in state aid and deficits associated with the operation of a municipal hospital. The City undertook a series of steps between 1989 and 1995 to address these issues, but a structural imbalance remained into FY96. In response, the City sold its municipal hospital in 1996 to end the structural deficits this enterprise was creating for the City. The State Legislature acted in 1989 to assist the City in overcoming its financial difficulties. Chapter 656 of the Acts of 1989 established a Department of Finance under the direction of a Chief Financial Officer. The position of Chief Financial Officer allowed the City to consolidate and centralize financial management under a professional with specific skills and experience as a financial manager. Chapter 656 of the Acts of 1989 also provided for the consolidation of personnel activities under the City's Human Resources Director. Both operational reforms were designed to improve the City's ability to manage two of its largest and most important areas – finance and personnel. Chapter 656 also established a fiscal stability reserve fund and created personal liability for department heads who failed to manage within their budgets. The Chapter 656 reserve is currently 1 percent of the gross amount to be raised as shown on the assessors' tax recapitulation sheet approved by the Department of Revenue. During FY96 it was determined that various hospital revenue deficits from prior years had not been raised as required by Massachusetts General Law. The City sought and received special legislative authority to issue in June 1996 deficit notes to eliminate this deficit and permit its amortization over a ten year period. In addition to budgetary reductions, service shedding through sale of the municipal hospital and operational reforms, the City undertook a successful operational override of Proposition 2 ½ in June 1990. This created \$10.8 million in additional, recurring, tax revenue. Combined with the issuance of deficit notes, these actions assisted the City in achieving some financial flexibility and stability. In FY03, the Commonwealth received lower than anticipated revenue. The State Legislature authorized the Governor to make significant budgetary reductions to compensate for this loss of revenue, including significant reductions in the amount of state aid originally appropriated for cities and towns. As a result, state aid for Springfield was reduced by \$3.4 million mid-year, after its tax rate had been set. The City took steps to reduce expenditures to absorb the cuts and in doing so, reduced its workforce by 295 employees. This reduced expenditures by approximately \$2.5 million. The City saved another \$1.5 million by reducing work hours for some personnel, reducing non-personnel expenditures, and through the receipt of additional grant funds. Continued changes in the local economy, significant growth in certain cost areas and management difficulty continued to impact the City's financial performance. In FY04, these difficulties resulted in a budget deficit of approximately \$20 million. Exercising authority granted to the City under Chapter 656 of the Acts of 1989, the City imposed a wage freeze on all collective bargaining units, and utilized non-recurring revenue to address this deficit.

Springfield Finance Control Board (SFCB)

Over two decades, the City of Springfield experienced varying periods of financial stress, culminating in a \$41 million deficit for FY05. In response to this fiscal crisis on June 9, 2004, the Massachusetts Legislature enacted Chapter 169 of the Acts of 2004, An Act Relative to the Financial Stability of the City of Springfield. This legislation provided a \$52 million no interest loan to the City and created the SFCB. The SFCB consisted of five members including the Mayor, the President of the City Council and three members appointed by the Commonwealth's Secretary of Administration and Finance. The SFCB acts by a majority vote of its members. The SFCB dissolved June 30, 2009. The \$52 million loan was deposited into a Trust Fund which was subject to the control of the Commonwealth's Secretary and from which interest-free loans were disbursed to the City from time to time on terms and conditions determined by the SFCB and approved by the Secretary. Over the ensuing years, the SFCB improved the City's finances by renegotiating all collective bargaining agreements; implementing an integrated financial software system MUNIS; collecting tens of millions of dollars in unpaid taxes; investing in infrastructure through the Capital Improvement Plan; restructuring the City's debt structure; enrolling in the state

Group Insurance Commission (GIC) for group health insurance; consistently certifying Free Cash and steadily increasing the reserves each year; implementing a time and attendance system; and improving the effectiveness and efficiency of delivering municipal services through a variety of means, including the establishment of the CitiStat Department and 311 Call Center.

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

Budget Highlights

- **Fiscal Year 2010** - On June 30, 2009, the Finance Control Board approved its last budget for the City of \$528.6 million, a decrease of \$2.7 million from FY09. The FY10 budget included a \$13.8 million reduction in Springfield's unrestricted general government aid, as well as a \$5.2 million reduction in Chapter 70 school aid. The Commonwealth provided ARRA funds to offset the reduction in Chapter 70 school aid. The FY10 revenue budget also included revenue associated with a 0.75 percentage point increase in the local option meals tax. The revenue budget included a \$2.3 million decrease in local receipts, driven largely by projected decreases in motor vehicle excise taxes, earnings on investments and payments in lieu of taxes (PILOT). Decreases in both the motor vehicle excise tax and interest earnings on investments are clear impacts of the current economic recession. The PILOT decrease is due to the end of the Tower Square agreement, which is now captured in the City's tax levy. The Finance Control Board authorized the use of up to \$10 million of the City's financial reserve funds to balance the FY10 budget. The City's FY09 mid-year budget reductions made significant progress towards balancing the City's FY10 budget, because the reductions were recurring in nature. There were no additional layoffs in the adopted FY10 budget. The FY10 budget included the funding for the changes in the governance structure as required by Chapter 468 of the Acts of 2008, including the creation of the Chief Administrative and Financial Officer, Department of Labor Relations, and the affirmation of the Director of Internal Audit and Comptroller positions. Throughout FY10, the City continued to collect tax and other debts owed to it. By year end \$1.3 million (tax liens) was collected in back taxes, interest and fines. The City also disposed of properties taken through the tax title process, netting \$1.3 million on properties during the fiscal year. Both spending and revenue surpluses were realized in FY10 and the City certified positive free cash of \$14.8 million. Overall the spending surpluses were realized in the areas of vacancy savings within the public safety agencies and in health insurance where projected enrollment growth was not

realized. In revenue, aggressive tax collections saw surpluses in lien revenue and the 98% assumed collection rate for taxes overall was exceeded.

- **Fiscal Year 2011** - The City Council approved its first budget under local control for FY11 totaling \$533.5 million. At the beginning of the budget process in January 2010, initial estimates suggested a \$45.5 million gap based on departmental budget requests and revenue projections. This gap was closed by a careful review of all spending and revenue and use of Municipal Relief in the City's pension schedule offered by the Commonwealth, along with a conservative use of reserves. The FY11 adopted budget experienced a drop in the budgeted levy based on initial projections by the Assessor's office. This reduction was built into the initial budget planning and spending was adjusted accordingly. In the fall of 2010, as part of the tax rate setting process, the tax levy was finalized and did not see the magnitude of the reduction originally projected during the budget process. Overall, state aid increased by 1.2%, the major driver of which was the increase in Chapter 70 aid, which increased by \$5.2 million or 2% over FY10. Unrestricted General Government Aid decreased by \$1.3 million or 4% below FY10. This represented the fourth consecutive year of reductions in this category totaling 30% since fiscal year 2008. The City utilized \$12.5 million in stabilization reserves to balance the FY11 budget. The FY11 adopted budget included appropriations 1.2% higher than FY10. Employee costs continue to be the main driver of the City's expenses, with 1,460 budgeted employees. Collective bargaining increases were honored within this year's budget, that range from 2.0 to 2.5% increases across all unions. This City maintains its health insurance with the State's GIC that has increased at lesser amounts than experienced prior to joining the GIC. Enrollment in health insurance this year has experienced increases due to health insurance changes at other local businesses, however, that has been offset by the City's policy to educate employees about less expensive plans. This year the City's pension schedule increased by 9%, however, the funding schedule was also extended to 2039 per State legislation; otherwise a more significant increase would have been budgeted. Although the City has been aggressive about debt restructuring and is currently on a declining schedule, there was a 2.9% budgeted increase to account for the Qualified School Construction Bonds issued at the end of FY10. The City continues to support the trash fee enterprise fund with a supplement of \$5.0 million in fiscal year 2011. A \$75 trash fee along with late fees and interest payments will support the remaining trash costs of \$3.7 million. On June 1, 2011, the City experienced a category F3 tornado that impacted a 1 mile swath across the entire City. Estimated damages total \$106 million. The City has segregated all tornado related costs and is in the process of recovery efforts which include Federal and State reimbursements.
- **Fiscal Year 2012** - On May 16, 2011, the Mayor presented the FY12 budget recommendation to the City Council. The FY12 budget recommendation totaled \$544.9 million and represented a 2.1% increase over the FY11 adopted budget and a 0.7% decrease from the FY11 projected budget for the City. The City began the budget process with a projected \$49.4 million gap driven by increases in spending for health insurances and departmental fixed costs and revenue decreases assuming no reserves would be used, the trash fee would be eliminated, State Aid would be reduced and locally generated revenue would remain level. Ultimately, \$25.6 million in spending reductions were implemented including updating the pension valuation schedule based on a 2039 schedule, updating health insurance estimates based on approved GIC rates, elimination of vacant positions, 13.5 layoffs, a wage freeze and 12 furlough days for non-bargaining employees and departmental budget reductions to supplies, professional services, training, travel, and overtime, among other categories. In addition, revenue solutions including updated locally generated revenue based on actual collections, implementing the trash fee in the same \$75 structure as the current year, opting for the hotel/motel tax increase offered by the State and using \$10.5 million in stabilization reserves and \$5 million in overlay surplus certified by the Board of Assessors, balanced the FY12 budget. The City continues to be reliant on State Aid for 60% of its revenue. The State FY12 budget proposals currently pending reduced Unrestricted General Government Aid by 7.2%. The City is currently at its Levy ceiling and new growth has not been projected for FY12. The City continues to maintain a healthy reserve balance but FY11 will be the first year that the City will not re-pay what was borrowed to balance the budget. On June 22, the City Council held its formal budget meeting to adopt an FY12 budget. Before adoption, the Council voted to reduce the

budget by \$2.7 million which included a 5% across the board reduction to all departmental “other than personal services” accounts, the elimination of the CitiStat department and other targeted reductions in Finance, Audit, Information Technology and Procurement, among others. With these reductions the bottom line of the FY12 budget is \$542,203,022 which is a 1.6% increase from the FY11 adopted budget and a 1.2% decrease from the FY11 projected budget which is in the process of being closed. The reductions taken by the Council, which are in the process of being implemented, will have varying impacts across all departments.

Long Term Financial Planning

The City’s Chief Administrative and Financial Officer and Finance Department prepare a 4-year forecast and updates 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.

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 2009, Springfield’s assessed values decreased by 7.2 percent and, in 2010, decreased by an additional 3.4 percent. Although a lesser decline than originally expected was encountered in FY11, the City made an effort to reduce property taxes for the majority of businesses and residents.
- **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.
- **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 9% annually which is significant growth but much more controlled than under the previous situation.
- **Retirement** - Retirement benefits for local and state employees are uniform across the Commonwealth. Until July 2009, Chapter 32 of the Massachusetts General Laws required municipalities to fully fund their retirement liability by 2028. The Commonwealth’s Fiscal Year 2010 budget included an extension of this requirement to 2030, and further modifications to 2040 were adopted in FY11. The City must revalue its schedule every 3 years and adjust the schedule accordingly. Springfield’s most recent actuarial valuation estimated the City’s unfunded actuarial accrued liability (UAAL) at \$521.5 million as of January 1, 2010. Our funded status is 34.8%.

- **Other Postemployment Benefits** - In addition to providing pension benefits, the City provides health, dental, vision and life insurance to retired employees and their survivors, in accordance with Chapter 32 of the Massachusetts General Laws. The City's OPEB unfunded actuarial accrued liability is estimated at \$854.4 million as of June 30, 2010. In order to fully fund this liability in 30 years, as it does with retirement, the City would have to appropriate \$67.2 million on an annual basis. We currently fund approximately 33% of this amount.
- **Debt Service and Capital Needs** - The City has a \$373 million Capital Improvement Plan that identifies major equipment and construction needs over the next five years. Due to previous deferred maintenance and the number of facilities and parks, the City has significant capital needs. Based on the October 2010 report entitled "Analysis of Outstanding Debt" we are currently evaluating our capacity to sell notes and bonds over the next few fiscal years.

Awards & Acknowledgements

The GFOA awarded a Distinguished Budget Presentation Award to the City of Springfield for its budget document for the fiscal years 2008, 2009, 2010, and 2011. The GFOA established the Distinguished Budget Award in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's recommended practices on budgeting and then to recognize individual governments that succeed in achieving that goal.

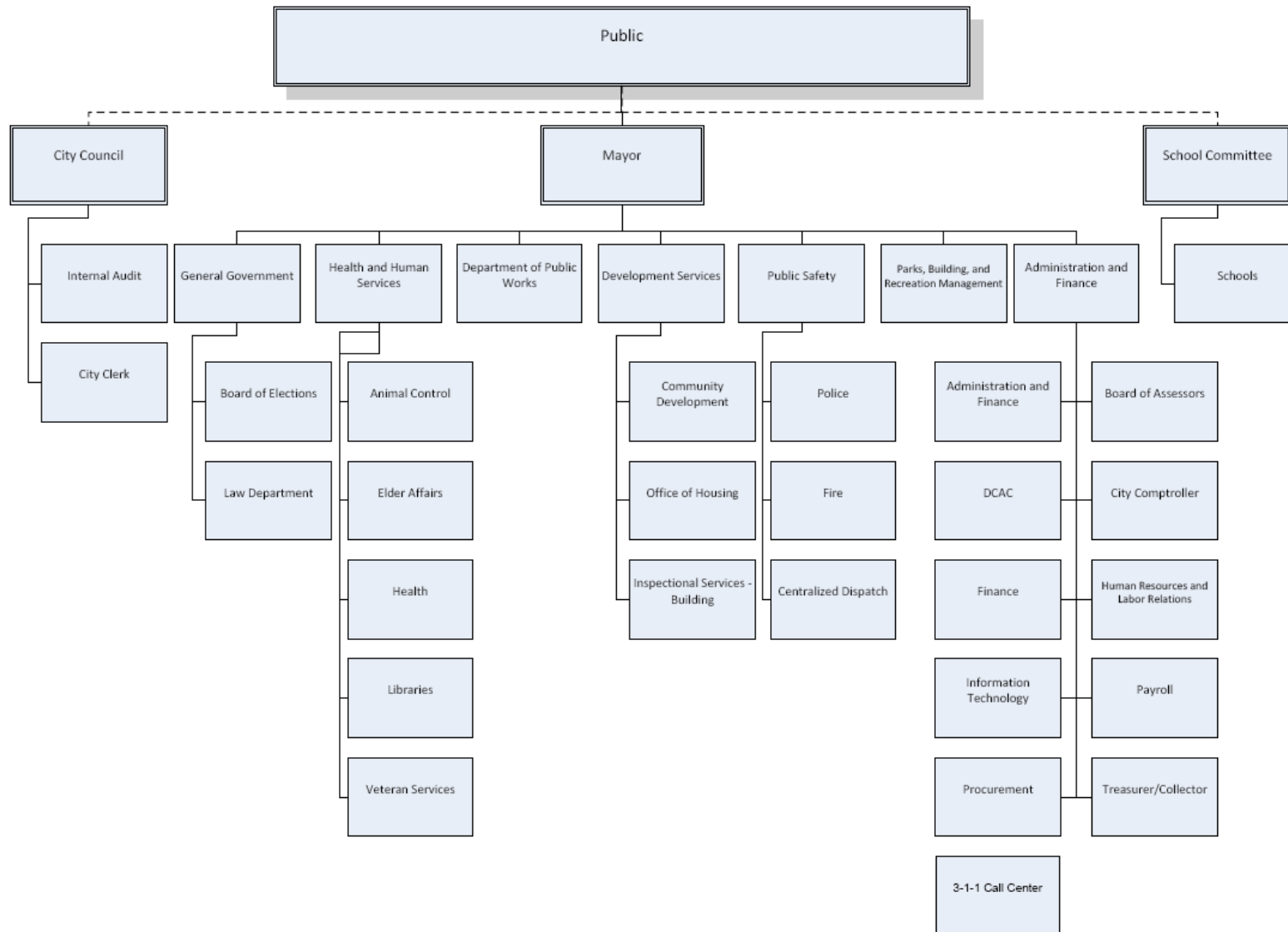
The preparation of both the CAFR and the Distinguished Budget Presentation Award would not have been possible without the efficient and dedicated services of the Administration and Finance Division staff. We would like to express our appreciation to all the members of the departments who assisted and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

Respectfully submitted,



Lee C. Erdmann
Chief Administrative & Financial Officer

Organizational Chart



Fiscal Year 2011

Directory of Officials

Mayor

Domenic J. Sarno

City Council

Jose Tosado At Large (President)

Kateri Walsh At Large (Vice President)

Zeida Luna Ward 1

Michael Fenton Ward 2

Melvin Edwards Ward 3

E. Henry Twiggs Ward 4

Clodovaldo Concepcion Ward 5

Amaad Rivera Ward 6

Timothy Allen Ward 7

John Lysak Ward 8

Thomas Ashe At Large

James Ferrera, III At Large

Timothy Rooke At Large

School Committee

Mayor Domenic J. Sarno (Chairman)

Denise Hurst At Large (Vice-Chairman)

Norman Roldan District 1

Barbara Gresham District 2

Christopher Collins District 3

Attorney Peter Murphy District 4

Antonette Pepe At Large

Appointed City Executive Branch

Chief Administrative and Financial Officer

Lee C. Erdmann

Finance Director

Timothy J. Plante

Comptroller

Patrick Burns

Budget Director

LeeAnn Pasquini

Director of Internal Audit

Mark Ianello

Treasurer/Collector

Stephen Lonergan

Chairman of the Board of Assessors

Richard J. Allen

City Clerk

Wayman Lee, Esq

Financial Section



Dr. Seuss National Memorial Sculpture Garden at the Springfield Library and Museums Association Quadrangle.

City of Springfield, Massachusetts
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2011

Financial Section

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Springfield, Massachusetts, as of and for the fiscal year ended June 30, 2011 (except for the Springfield Contributory Retirement System which is as of and for the year ended December 31, 2010), which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Springfield, Massachusetts' management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Springfield Redevelopment Authority and the Springfield Library and Museums Association, which represent 100% of the discretely presented component unit activities and net assets. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Springfield Redevelopment Authority and the Springfield Library and Museums Association are 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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, each major fund, the aggregate remaining fund information of the City of Springfield, Massachusetts, as of June 30, 2011, (except for the Springfield Contributory Retirement System which is as of and for the year ended December 31, 2010), and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2012, on our consideration of the City of Springfield, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The combining and individual fund statements and schedules, as listed in the table of contents, are presented for the purpose of supplementary analysis and are not a required part of the financial statements of the City of Springfield, Massachusetts. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Management's discussion and analysis, located on the following pages, and the schedule of revenues, expenditures and changes in fund balance – general fund – budgetary basis, retirement system schedule of funding progress, retirement system schedule of employer contributions, other postemployment benefits schedule of funding progress and schedule of employer contributions, and other postemployment actuarial methods and assumptions, located after the notes to the basic financial statements, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The introductory section and statistical tables, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script, appearing to read "Bowers & Sullivan LLC".

Wakefield, Massachusetts
January 18, 2012

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the City of Springfield, Massachusetts, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City of Springfield for the fiscal year ended June 30, 2011. This is the tenth year our financial statements have been prepared under the Government Accounting Standards Board Statement 34 – Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments. We encourage readers to consider the information presented in this report.

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

Governments must adhere to GASB pronouncements in order to issue their financial statements in conformity with GAAP. The users of financial statements also rely on the independent auditor's opinion. If the City's financial statements have significant departures from GAAP the independent auditors' may issue a qualified opinion or a disclaimer (where no opinion is given). These types of opinions may have an adverse effect on the City's bond rating and our ability to borrow money at favorable interest rates. The financial statements of the primary government have received an unqualified 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 assets* presents information on all assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental

activities include general government, public safety, education, public works, health and welfare, culture and recreation, and interest. The business-type activities consist of the City's trash collection activities.

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

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

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

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

The City reports one major fund. The general fund is considered a major fund and the remaining governmental funds are aggregated and shown as nonmajor governmental funds.

Proprietary funds. The City maintains two types of propriety 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; \$5,009,000 and \$3,261,000 in fiscal years 2011 and 2010, 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 propriety 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.

Financial Condition

The financial focus of the past several years has been on resolving the deteriorating financial condition of the City's General Fund and Health Insurance Internal Service Fund. The Special Revenue Funds are self-supporting through charges for services, grants and contributions and therefore do not create deficits in their operations. The Capital Projects Fund is supported by grants and long-term bond issues but can create deficits due to the uncertainty of the final costs incurred during construction.

In order for long-term stability to be obtained the City needed to solve its short-term term budget problems for FY2005 and FY2006. The original budget projections for FY2005 and FY2006 estimated there would be a \$37 million and \$8 million deficit, respectively, that would be funded by loans from the state trust fund. During fiscal years 2005 to 2009, the City initiated a series of cost cutting measures, revenue enhancement processes, and established budgetary reserves and conservative revenue projections to minimize the structural deficit in the General Fund.

As a result of these measures, the General Fund actually had budgetary surpluses/(deficits) of (\$8) million, \$12 million, \$23 million, \$14 million, \$8 million, and \$32 million, in 2011, 2010, 2009, 2008, 2007, and 2006, respectively, where revenues and transfers in exceeded expenditures and transfers out. These surpluses' are all exclusive of amounts transferred to/from the stabilization funds established by the City. The actual results far exceeded the initial expectations but the City believes the structural deficit still exists since some of the surplus was the one-time collection of past due amounts. The result of these favorable results has increased the General Fund total budgetary fund balance to \$67 million at June 30, 2011.

At June 30, 2011 the Health Insurance Internal Service Fund has positive net assets of \$4.0 million compared with \$4.4 million in the prior year. The fund experienced a \$396,000 decrease during FY2011. Employee benefits increased from \$73.7 million in FY2010 to \$77.0 million in FY2011. During fiscal year 2007, the City joined the Commonwealth's Group Insurance Commission (GIC) program in order to gain access to more favorable health insurance rates and further the initiative to reduce costs while still providing quality health coverage to its employees and retirees. The GIC program is fully insured.

Recent Improvements

Fiscal years 2011, 2010, and 2009 included many steps toward improved and streamlined financial management. The City codified financial policies and procedures in order to have greater financial control in all departments. Through the use of the MUNIS financial system, departments have access to real-time budget data and monthly financial reports are generated for all City departments as well as trend analyses generated by the Finance Department. The City also took steps to implement improvements in the individual departments by the hiring of key managers, outsource programs where appropriate, and mandatory training for all financial staff to become familiar with financial policies and procedures. Greater management of the City's large cost centers has also been implemented. This includes joining the state health insurance program (GIC) in 2007 which is projected to provide significant savings for the City over the next several years. Debt service has been restructured to provide a declining payment schedule which will allow the City to address rising capital needs. Springfield has also invested in energy saving improvements in its facilities which has resulted in significant costs savings for the City.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City of Springfield's governmental assets exceeded liabilities for governmental activities by approximately \$372 million. Key components of the City's activities are presented below.

Governmental Activities

	2011	2010
Assets:		
Current assets.....	\$ 241,691,382	\$ 244,737,149
Noncurrent assets (excluding capital).....	78,647,932	89,460,210
Capital assets, non depreciable.....	77,100,462	31,615,974
Capital assets, net of accumulated depreciation.....	464,347,548	476,806,796
Total assets.....	861,787,324	842,620,129
Liabilities:		
Current liabilities (excluding debt).....	66,935,511	63,131,607
Noncurrent liabilities (excluding debt).....	127,118,554	93,740,411
Current debt.....	27,879,128	27,948,622
Noncurrent debt.....	267,402,742	294,045,219
Total liabilities.....	489,335,935	478,865,859
Net Assets:		
Invested in capital assets, net of related debt.....	332,597,837	320,198,349
Restricted.....	21,614,220	16,968,807
Unrestricted.....	18,239,332	26,587,114
Total net assets.....	\$ 372,451,389	\$ 363,754,270

Governmental net assets of \$332.6 million (89%) 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 assets of \$21.6 million (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$18.2 million (5%) may be used to meet the government's ongoing obligations to citizens and creditors.

The increase of \$8.7 million in net assets primarily relates to two factors. Net assets decreased as a result of the increase in the liability relating to the GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB). GASB 45 has required the City to accrue a liability for other postemployment benefits cumulatively totaling approximately \$99.6 million as of June 30, 2011. The related expenses, \$30.6 million in 2011, have been allocated to the primary government's functions and programs in a similar manner as other employee benefits. This decrease was offset by the recognition of \$41.2 million of capital grants for school construction.

	2011	2010
Program revenues:		
Charges for services.....	\$ 28,040,290	\$ 29,722,401
Operating grants and contributions.....	438,860,676	419,677,283
Capital grants and contributions.....	43,524,730	10,232,406
General Revenues:		
Real estate and personal property taxes.....	164,293,333	165,886,816
Motor vehicle and other excise taxes.....	8,091,348	8,330,634
Penalties and interest on taxes.....	1,677,741	1,613,260
Grants and contributions not restricted to specific programs.....	33,575,257	35,073,838
Unrestricted investment income.....	669,539	807,832
Payments in lieu of taxes.....	5,082,080	6,523,169
Other revenues.....	92,752	28,214
Total revenues.....	723,907,746	677,895,853
Expenses:		
General government.....	62,794,736	63,024,227
Public safety.....	110,047,282	108,229,250
Education.....	466,952,480	455,624,524
Public works.....	33,422,502	26,963,956
Health and welfare.....	10,299,084	9,813,743
Culture and recreation.....	22,118,556	21,342,468
Interest.....	13,266,838	13,458,084
Total expenses.....	718,901,478	698,456,252
Excess (Deficit) before special items and transfers.....	5,006,268	(20,560,399)
Special item - forgiveness of debt, state loan.....	8,700,000	-
Transfers.....	(5,009,149)	(3,260,789)
Change in net assets.....	\$ 8,697,119	\$ (23,821,188)

Forgiveness of debt – state loan

In 2009 the City established the Springfield Promise Fund with monies transferred from stabilization funds provided to the City as loans. The principal of this fund was to be appropriated annually to pay down the loan as scheduled, however the City agreed to pay the loan in full as of June 30, 2010. As described in Note 2, the Commonwealth subsequently forgave \$8.7 million of the loan and this money was re-deposited back into the fund. This fund will be used to provide Springfield students with financial aid counseling for post-secondary education and “last dollar scholarships”.

Other financial notes related to governmental activities:

- Charges for services represent 4% of governmental activities resources. These charges have declined in the past several years relating mainly to former trash services which are now accounted for under the business-type activities and for the Springfield Water and Sewer Commission where the City no longer provides these services. The City can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the City are included in this category.
- Operating and capital grants and contributions accounted for 67% of the governmental activities resources. Most of these resources apply to education operations. These resources offset costs within the school department in addition to their General Fund operating budget.
- Property taxes are a significant revenue source for the City’s governmental activities. They comprised 23% of current resources.
- Other taxes and other revenues comprised a total of 6% 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 \$467 million in expenses were recorded in FY11. After accounting for \$454 million in program revenues, an additional \$13 million in taxes and other revenues were needed to cover its fiscal 2011 operating expenses. Approximately \$44 million of a pension contribution made by the state on-behalf of Springfield teachers has been recorded as an expense and grant revenue.
- General government and Public safety are the second and third largest activities of the City. Approximately \$40 million and \$95 million, respectively, of taxes and other revenues were needed to cover their fiscal 2011 operating expenses.

Business-type Activities. Business-type activities increased the City's net assets by \$573,000 during fiscal year 2011. These activities consist of the Trash enterprise fund.

Trash business-type activities assets exceeded liabilities by \$2.9 million at the close of fiscal year 2011. Capital assets net of related debt was \$267,000 which related to the acquisition of capital assets through capital lease financing. Unrestricted net assets amounted to \$2.7 million. The increase in net assets is the result of a \$5.0 million transfer in from the general fund to subsidize the operations of the trash activities. Operating and depreciation expenses amounted to \$8.1 million and \$443 thousand, respectively.

	<u>2011</u>	<u>2010</u>
Assets:		
Current assets.....	\$ 3,232,093	\$ 2,555,010
Capital assets, net of accumulated depreciation.....	<u>2,013,867</u>	<u>1,365,026</u>
Total assets.....	<u>5,245,960</u>	<u>3,920,036</u>
Liabilities:		
Current liabilities (excluding debt).....	246,437	180,174
Non-current liabilities (excluding debt).....	309,551	214,520
Current debt.....	585,609	405,713
Noncurrent debt.....	<u>1,161,560</u>	<u>750,176</u>
Total liabilities.....	<u>2,303,157</u>	<u>1,550,583</u>
Net Assets:		
Invested in capital assets, net of related debt.....	266,698	209,137
Unrestricted.....	<u>2,676,105</u>	<u>2,160,316</u>
Total net assets.....	<u>\$ 2,942,803</u>	<u>\$ 2,369,453</u>
Program revenues:		
Charges for services.....	\$ <u>4,101,890</u>	\$ <u>3,913,653</u>
Total revenues.....	<u>4,101,890</u>	<u>3,913,653</u>
Expenses:		
Trash.....	<u>8,537,689</u>	<u>5,962,662</u>
Total expenses.....	<u>8,537,689</u>	<u>5,962,662</u>
Excess (Deficiency) before transfers.....	(4,435,799)	(2,049,009)
Transfers.....	<u>5,009,149</u>	<u>3,260,789</u>
Change in net assets.....	<u>\$ 573,350</u>	<u>\$ 1,211,780</u>

Financial Analysis of the Government's Funds

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

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

Fiscal year 2011 was the City's initial year of implementation of GASB #54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The implementation of this standard has changed the fund balance components into nonspendable, restricted, committed, assigned and unassigned. Additionally, under the new standard, the City's stabilization funds are reported within the general fund as unassigned.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of approximately \$163.8 million, a decrease of approximately \$2.5 million from the prior year. The decrease is primarily due to the general fund balance decrease of \$8.8 million offset by an increase in the nonmajor funds due to the recognition of \$8.7 million of forgiveness of debt.

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was approximately \$64.3 million, while total fund balance was approximately \$98.1 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 11% of total general fund expenditures, while total fund balance represents approximately 17% of that same amount. The General Fund's fund balance decreased by \$8.8 million due to the City's planned use of reserves.

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. Budgeted revenues exceed actual revenues by \$1.9 million or a .36% deficit, while actual expenditures, including carryovers, were less than budgeted amounts by \$5.2 million, or a 1% surplus. The City carried over \$27 million in appropriations to FY12. During fiscal year 2011, the City approved additional appropriations totaling approximately \$46 million, including transfers out of \$35 million to the stabilization fund.

Capital Asset and Debt Administration

The City has been approved to receive school construction assistance on various older school construction projects through the Massachusetts School Building Authority (MSBA). The MSBA provides resources for eligible construction costs and related debt interest and borrowing costs. During fiscal year 2011, approximately \$16.6 million of such assistance was received. Approximately \$110 million is expected to be received in future fiscal years. Of this amount, \$27 million represents reimbursement of long-term interest costs, and \$83 million represents reimbursement of approved construction costs.

More recently, the MSBA offers a construction grant program which pays the City the State's share of approved school construction costs and therefore eliminates the need for the City to fund the State's share through long-term debt. In addition to the construction of the new Putnam High School, various on-going school projects are being funded by this grant program. The City has been approved for a grant of up to 90% or \$112,500,000 of eligible construction costs towards the new Putnam School. During the fiscal year the City received \$22.2 million and recorded a receivable for an additional \$20.9 million for these projects.

Major capital assets are funded by the issuance of long-term debt. During fiscal year 2010 the City issued \$17.9 million of long-term debt to be used for various school construction projects. During FY2011 the City spent and capitalized additions totaling approximately \$65.9 million on the new Putnam Vocational School and other City-wide projects. The Business-Type Activities acquired \$1.1 million of new vehicles under capital leases.

Outstanding long-term debt of the general government, as of June 30, 2011, totaled approximately \$293 million, including unamortized premiums of \$6.2 million.

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

Requests for Information

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

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Basic Financial Statements

STATEMENT OF NET ASSETS

JUNE 30, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Springfield Redevelopment Authority	Springfield Library and Museums Association
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 187,207,429	\$ 2,279,532	\$ 189,486,961	\$ 153,541	\$ 15,268
Restricted cash and cash equivalents.....	3,351,214	-	3,351,214	4,032,418	-
Investments.....	-	-	-	-	9,031,726
Receivables, net of allowance for uncollectibles:					
Real estate and personal property taxes.....	4,050,984	-	4,050,984	-	-
Tax liens.....	1,637,417	-	1,637,417	-	-
Motor vehicle excise taxes.....	2,274,652	-	2,274,652	-	-
Departmental and other.....	3,625,594	-	3,625,594	650,000	-
Trash fees.....	-	952,561	952,561	-	-
Intergovernmental.....	39,069,092	-	39,069,092	2,222,631	-
Loans.....	375,000	-	375,000	-	-
Contributions.....	-	-	-	-	438,475
Other.....	-	-	-	-	226,588
Prepaid expenses and supplies.....	-	-	-	-	314,143
Working capital deposit.....	100,000	-	100,000	-	-
NONCURRENT:					
Restricted cash and cash equivalents held by custodian.....	790,196	-	790,196	-	-
Receivables, net of allowance for uncollectibles:					
Departmental and other.....	1,323,867	-	1,323,867	4,663,016	-
Intergovernmental.....	71,812,774	-	71,812,774	-	-
Loans.....	4,721,095	-	4,721,095	-	-
Contributions.....	-	-	-	-	3,009,272
Beneficial interest in perpetual trusts.....	-	-	-	-	23,028,128
Capital assets, non depreciable.....	77,100,462	-	77,100,462	2,833,897	-
Capital assets, net of accumulated depreciation.....	464,347,548	2,013,867	466,361,415	3,153,930	18,972,079
TOTAL ASSETS.....	861,787,324	5,245,960	867,033,284	17,709,433	55,035,679
LIABILITIES					
CURRENT:					
Warrants payable.....	16,832,909	207,754	17,040,663	482,066	624,493
Accrued unemployment liability.....	1,030,000	-	1,030,000	-	-
Accrued payroll.....	10,321,200	38,683	10,359,883	-	-
Accrued expenses.....	-	-	-	-	374,922
Employee contributions paid in advance.....	2,108,455	-	2,108,455	-	-
Health claims payable.....	112,703	-	112,703	-	-
Tax refunds payable.....	14,380,424	-	14,380,424	-	-
Accrued interest.....	5,490,591	-	5,490,591	30,310	-
Other liabilities.....	4,670,255	-	4,670,255	18,772	-
Taxes collected in advance and unearned revenue.....	18,974	-	18,974	2,105,838	-
Capital lease obligations.....	755,152	585,609	1,340,761	-	-
Landfill closure.....	750,000	-	750,000	-	-
Compensated absences.....	6,584,000	-	6,584,000	-	-
Workers' compensation.....	1,039,000	-	1,039,000	-	-
Due to granting agencies.....	3,597,000	-	3,597,000	-	-
Lines of credit.....	-	-	-	-	3,640,073
Bonds and notes payable.....	27,123,976	-	27,123,976	2,277,763	196,794
NONCURRENT:					
Capital lease obligations.....	1,592,986	1,161,560	2,754,546	-	-
Due to granting agencies.....	4,964,000	-	4,964,000	-	-
Compensated absences.....	12,933,199	-	12,933,199	-	-
Workers' compensation.....	2,426,000	-	2,426,000	-	-
Unearned revenue.....	-	-	-	3,834,022	-
Landfill closure.....	7,250,000	-	7,250,000	-	-
Other postemployment benefits.....	99,545,355	309,551	99,854,906	-	-
Bonds and notes payable.....	265,809,756	-	265,809,756	2,486,765	508,669
TOTAL LIABILITIES.....	489,335,935	2,303,157	491,639,092	11,235,536	5,344,951
NET ASSETS					
Invested in capital assets, net of related debt.....	332,597,837	266,698	332,864,535	1,725,597	18,266,616
Restricted for:					
Chapter 656 Reserve.....	5,505,766	-	5,505,766	-	-
Debt service.....	790,196	-	790,196	-	2,626,724
Loans.....	132,095	-	132,095	-	-
Permanent funds.....	1,857,140	-	1,857,140	-	-
Grants and gifts.....	13,329,023	-	13,329,023	3,659,630	7,337,272
Unrestricted.....	18,239,332	2,676,105	20,915,437	1,088,670	21,460,116
TOTAL NET ASSETS.....	\$ 372,451,389	\$ 2,942,803	\$ 375,394,192	\$ 6,473,897	\$ 49,690,728

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 62,794,736	\$ 7,373,206	\$ 15,180,409	\$ -	\$ (40,241,121)
Public safety.....	110,047,282	7,059,899	7,891,502	-	(95,095,881)
Education.....	466,952,480	8,545,601	404,209,135	41,164,495	(13,033,249)
Public works.....	33,422,502	2,010,461	22,809	2,360,235	(29,028,997)
Health and welfare.....	10,299,084	288,121	3,630,728	-	(6,380,235)
Culture and recreation.....	22,118,556	2,763,002	1,333,722	-	(18,021,832)
Interest.....	13,266,838	-	6,592,371	-	(6,674,467)
Total Governmental Activities.....	718,901,478	28,040,290	438,860,676	43,524,730	(208,475,782)
<i>Business-Type Activities:</i>					
Trash.....	8,537,689	4,101,890	-	-	(4,435,799)
Total Primary Government.....	\$ 727,439,167	\$ 32,142,180	\$ 438,860,676	\$ 43,524,730	\$ (212,911,581)
Component Units:					
Springfield Redevelopment Authority.....	\$ 3,013,440	\$ 567,983	\$ 6,340,210	\$ -	\$ 3,894,753
Springfield Library and Museums Association....	7,163,418	1,721,029	3,166,530	-	(2,275,859)
Total Component Units.....	\$ 10,176,858	\$ 2,289,012	\$ 9,506,740	\$ -	\$ 1,618,894

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Springfield Redevelopment Authority	Springfield Library and Museums Association
Changes in net assets:					
Net (expense) revenue from previous page.....	\$ (208,475,782)	\$ (4,435,799)	\$ (212,911,581)	\$ 3,894,753	\$ (2,275,859)
<i>General revenues:</i>					
Real estate and personal property taxes, net of tax refunds payable.....	159,965,027	-	159,965,027	-	-
Tax liens.....	4,328,306	-	4,328,306	-	-
Motor vehicle and other excise taxes.....	7,323,777	-	7,323,777	-	-
Hotel/motel tax.....	767,571	-	767,571	-	-
Penalties and interest on taxes.....	1,677,741	-	1,677,741	-	-
Payments in lieu of taxes.....	5,082,080	-	5,082,080	-	-
Grants and contributions not restricted to specific programs.....	33,575,257	-	33,575,257	-	3,684,634
Unrestricted investment income.....	669,539	-	669,539	20,111	3,087,551
Miscellaneous.....	92,752	-	92,752	-	25,759
Special item - allowance for uncollectible receivables.....	-	-	-	(4,436,984)	-
Special item - forgiveness of debt - State loan.....	8,700,000	-	8,700,000	-	-
Transfers, net.....	(5,009,149)	5,009,149	-	-	-
Total general revenues.....	217,172,901	5,009,149	222,182,050	(4,416,873)	6,797,944
Change in net assets.....	8,697,119	573,350	9,270,469	(522,120)	4,522,085
<i>Net Assets:</i>					
Beginning of year.....	363,754,270	2,369,453	366,123,723	6,996,017	45,168,643
End of year.....	\$ 372,451,389	\$ 2,942,803	\$ 375,394,192	\$ 6,473,897	\$ 49,690,728

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2011

ASSET	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents.....	\$ 126,029,845	\$ 54,333,870	\$ 180,363,715
Restricted cash and investments.....	-	4,141,410	4,141,410
Receivables, net of uncollectibles:			
Real estate and personal property taxes.....	4,050,984	-	4,050,984
Tax liens	1,637,417	-	1,637,417
Motor vehicle excise taxes.....	2,274,652	-	2,274,652
Departmental and other.....	4,279,592	650,895	4,930,487
Intergovernmental.....	82,589,708	28,292,158	110,881,866
Loans.....	-	5,096,095	5,096,095
Due from other funds.....	-	1,645,346	1,645,346
Working capital deposit.....	100,000	-	100,000
TOTAL ASSETS.....	\$ 220,962,198	\$ 94,159,774	\$ 315,121,972
 LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Warrants payable.....	\$ 4,998,325	\$ 11,806,374	\$ 16,804,699
Accrued unemployment liability.....	360,000	-	360,000
Accrued payroll.....	8,805,290	1,515,910	10,321,200
Tax refunds payable.....	14,380,424	-	14,380,424
Due to granting agencies.....	-	8,561,000	8,561,000
Other liabilities.....	2,626,721	2,043,534	4,670,255
Deferred revenues.....	91,740,367	2,808,957	94,549,324
Due to other funds.....	-	1,645,346	1,645,346
TOTAL LIABILITIES.....	122,911,127	28,381,121	151,292,248
 FUND BALANCES:			
Restricted.....	30,421,176	66,102,729	96,523,905
Assigned.....	3,341,976	-	3,341,976
Unassigned.....	64,287,919	(324,076)	63,963,843
TOTAL FUND BALANCES.....	98,051,071	65,778,653	163,829,724
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 220,962,198	\$ 94,159,774	\$ 315,121,972

See notes to basic financial statements.

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

JUNE 30, 2011

Total governmental fund balances.....		\$ 163,829,724
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		541,448,010
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		94,549,324
Internal service funds are used by management to account for health insurance and parts inventory.		
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.....		4,594,346
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(5,490,591)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds and notes payable.....	(292,933,732)	
Capital lease obligations.....	(2,348,138)	
Landfill closure liability.....	(8,000,000)	
Accrued unemployment liability.....	(670,000)	
Workers compensation liability.....	(3,465,000)	
Compensated absences.....	(19,517,199)	
Other postemployment benefits.....	<u>(99,545,355)</u>	
Net effect of reporting long-term liabilities.....		<u>(426,479,424)</u>
Net assets of governmental activities.....		<u>\$ 372,451,389</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2011

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
Real estate and personal property taxes, net of tax refunds.....	\$ 160,413,338	\$ -	\$ 160,413,338
Tax liens.....	3,448,477	-	3,448,477
Motor vehicle and other excise taxes.....	7,691,115	-	7,691,115
Hotel/motel tax.....	767,571	-	767,571
Charges for services.....	786,852	567,092	1,353,944
Penalties and interest on taxes.....	1,677,741	-	1,677,741
Payments in lieu of taxes.....	5,082,080	-	5,082,080
Licenses and permits.....	3,432,098	-	3,432,098
Fines and forfeitures.....	5,422,955	28,850	5,451,805
Intergovernmental.....	364,379,280	164,507,056	528,886,336
Departmental and other.....	9,345,615	6,187,988	15,533,603
Contributions.....	-	2,568,421	2,568,421
Investment income.....	553,353	122,165	675,518
TOTAL REVENUES.....	563,000,475	173,981,572	736,982,047
EXPENDITURES:			
Current:			
General government.....	36,621,229	21,078,542	57,699,771
Public safety.....	59,310,809	13,717,227	73,028,036
Education.....	344,177,906	138,149,244	482,327,150
Public works.....	11,276,758	3,430,088	14,706,846
Health and welfare.....	4,240,890	4,757,138	8,998,028
Culture and recreation.....	13,397,356	2,357,390	15,754,746
Pension benefits.....	24,254,094	-	24,254,094
Employee fringe benefits - non school.....	1,342,238	-	1,342,238
Employee health benefits - non school.....	22,470,194	-	22,470,194
State, county and district assessments.....	2,896,717	-	2,896,717
Debt service:			
Principal.....	26,509,108	-	26,509,108
Interest.....	14,656,717	-	14,656,717
TOTAL EXPENDITURES.....	561,154,016	183,489,629	744,643,645
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	1,846,459	(9,508,057)	(7,661,598)
OTHER FINANCING SOURCES (USES):			
Capital lease financing.....	-	1,436,799	1,436,799
Transfers in.....	264,879	8,839,593	9,104,472
Transfers out.....	(10,910,492)	(3,203,129)	(14,113,621)
TOTAL OTHER FINANCING SOURCES (USES).....	(10,645,613)	7,073,263	(3,572,350)
SPECIAL ITEM:			
Forgiveness of debt - State loan.....	-	8,700,000	8,700,000
NET CHANGE IN FUND BALANCES.....	(8,799,154)	6,265,206	(2,533,948)
FUND BALANCES AT BEGINNING OF YEAR (AS REVISED)...	106,850,225	59,513,447	166,363,672
FUND BALANCES AT END OF YEAR.....	\$ 98,051,071	\$ 65,778,653	\$ 163,829,724

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds.....	\$	(2,533,948)
<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.....	65,920,413	
Depreciation expense.....	<u>(32,895,173)</u>	
Net effect of reporting capital assets.....		33,025,240
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>		
		(14,851,063)
<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 assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Capital lease financing.....	(1,436,799)	
Capital lease principal payments.....	723,551	
Amortization of bond premiums.....	916,111	
Debt service principal payments.....	<u>26,509,108</u>	
Net effect of reporting long-term debt.....		26,711,971
<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.....	(29,729)	
Net change in workers compensation accrual.....	121,000	
Net change in accrued interest on long-term debt.....	473,768	
Net change in unemployment liability accrual.....	(20,000)	
Net change in landfill accrual.....	(3,289,382)	
Other postemployment benefits.....	<u>(30,560,032)</u>	
Net effect of recording long-term liabilities.....		(33,304,375)
<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>(350,706)</u>
Change in net assets of governmental activities.....	\$	<u><u>8,697,119</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2011

	<u>Business-type Activities- Trash Enterprise Fund</u>	<u>Governmental Activities - Internal Service Funds</u>
ASSETS		
CURRENT:		
Cash and cash equivalents.....	\$ 2,279,532	\$ 6,843,714
Receivables, net of allowance for uncollectibles:		
Trash fees.....	952,561	-
Departmental and other.....	-	18,974
	<u>3,232,093</u>	<u>6,862,688</u>
Total current assets.....		
	<u>3,232,093</u>	<u>6,862,688</u>
NONCURRENT:		
Capital assets, net of accumulated depreciation.....	<u>2,013,867</u>	<u>-</u>
TOTAL ASSETS.....	<u>5,245,960</u>	<u>6,862,688</u>
LIABILITIES		
CURRENT:		
Warrants payable.....	207,754	28,210
Accrued payroll.....	38,683	-
Unearned revenues.....	-	18,974
Capital lease obligations.....	585,609	-
Employee contributions paid in advance.....	-	2,108,455
Health claims payable.....	-	112,703
	<u>832,046</u>	<u>2,268,342</u>
Total current liabilities.....		
	<u>832,046</u>	<u>2,268,342</u>
NONCURRENT:		
Capital lease obligations.....	1,161,560	-
Other postemployment benefits.....	309,551	-
	<u>1,471,111</u>	<u>-</u>
Total noncurrent liabilities.....		
	<u>1,471,111</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>2,303,157</u>	<u>2,268,342</u>
NET ASSETS		
Invested in capital assets, net of related debt.....	266,698	-
Unrestricted.....	<u>2,676,105</u>	<u>4,594,346</u>
TOTAL NET ASSETS.....	<u>\$ 2,942,803</u>	<u>\$ 4,594,346</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Activities- Trash Enterprise Fund	Governmental Activities - Internal Service Funds
OPERATING REVENUES:		
Employee contributions	\$ -	\$ 18,584,420
Employer contributions	-	57,994,748
Charges for services.....	4,101,890	1,769,456
TOTAL OPERATING REVENUES	4,101,890	78,348,624
OPERATING EXPENSES:		
Cost of services and administration	7,425,797	1,723,242
Employee benefits	668,482	76,983,394
Depreciation.....	443,410	-
TOTAL OPERATING EXPENSES	8,537,689	78,706,636
OPERATING INCOME (LOSS).....	(4,435,799)	(358,012)
NONOPERATING REVENUES (EXPENSES):		
Investment income.....	-	7,306
NET INCOME (LOSS) BEFORE TRANSFERS.....	(4,435,799)	(350,706)
TRANSFERS:		
Transfers in.....	5,009,149	-
CHANGE IN NET ASSETS.....	573,350	(350,706)
NET ASSETS AT BEGINNING OF YEAR.....	2,369,453	4,945,052
NET ASSETS AT END OF YEAR.....	\$ 2,942,803	\$ 4,594,346

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Activities- Trash Enterprise Fund	Governmental Activities - Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from customers and users.....	\$ 4,314,871	\$ 18,462,849
Receipts from interfund services provided.....	-	59,566,931
Payments to vendors.....	(4,791,976)	-
Payments to employees.....	(3,136,722)	-
Payments for interfund services used.....	-	(78,774,126)
NET CASH FROM OPERATING ACTIVITIES.....	(3,613,827)	(744,346)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Transfers in.....	5,009,149	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Capital lease payments.....	(500,971)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Investment income.....	-	7,306
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	894,351	(737,040)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	1,385,181	7,580,754
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 2,279,532	\$ 6,843,714
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>		
Operating income (loss).....	\$ (4,435,799)	\$ (358,012)
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation.....	443,410	-
Changes in assets and liabilities:		
Trash fees.....	217,268	-
Departmental and other.....	-	403
Warrants payable.....	31,867	(67,490)
Accrued payroll.....	38,683	-
Unearned revenues.....	(4,287)	(211,309)
Other postemployment benefits.....	95,031	-
Employee contributions paid in advance.....	-	(121,571)
Health claims payable.....	-	13,633
Total adjustments.....	821,972	(386,334)
NET CASH FROM OPERATING ACTIVITIES.....	\$ (3,613,827)	\$ (744,346)
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>		
Acquisition of capital assets under capital lease obligations.....	\$ 1,092,251	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2011

	Pension Trust Fund (as of December 31, 2010)	Agency Funds
ASSETS		
Cash and cash equivalents.....	\$ 2,164,197	\$ 546,152
Investments:		
Alternative investments.....	3,285,224	-
Pension reserve investment trust funds.....	243,773,158	-
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	3,277	-
TOTAL ASSETS	<u>249,225,856</u>	<u>546,152</u>
LIABILITIES		
Liabilities due depositors.....	-	546,152
NET ASSETS		
Held in trust for pension benefits.....	<u>\$ 249,225,856</u>	<u>\$ -</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2011

	Pension Trust Fund (year ended December 31, 2010)
<u>ADDITIONS:</u>	
Contributions:	
Employer.....	\$ 35,984,472
Plan members.....	11,739,338
Total contributions.....	47,723,810
Net investment income:	
Net change in fair value of investments.....	23,578,828
PRIT investment income.....	6,431,362
Total investment income.....	30,010,190
Less: investment expense.....	(1,134,454)
Net investment income.....	28,875,736
Intergovernmental.....	1,167,295
Transfers from other systems.....	1,000,149
TOTAL ADDITIONS.....	78,766,990
<u>DEDUCTIONS:</u>	
Administration.....	667,300
Transfers to other systems.....	2,000,766
Retirement benefits and refunds.....	58,853,907
TOTAL DEDUCTIONS.....	61,521,973
CHANGE IN NET ASSETS.....	17,245,017
NET ASSETS AT BEGINNING OF YEAR.....	231,980,839
NET ASSETS AT END OF YEAR.....	\$ 249,225,856

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.

Blended Component Units – Blended component units are entities that are legally separate from the City, but are so related that they are, in substance, the same as the City or entities providing services entirely or almost entirely for the benefit of the City. The following component unit is blended within the primary government:

In the Fiduciary Funds:

- (1) The Springfield Contributory Retirement System (the System) was established to provide retirement benefits to City employees and their beneficiaries. The System is governed by a five-member board comprised of the Director of Internal Audit (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:

- (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.
- (3) The Springfield Library and Museums Association (SLMA) is a private nonprofit education association which holds and cares for collections of many different kinds of materials, objects and artifacts, makes them accessible and promotes their use for educational, recreational and informational purposes by the residents of Greater Springfield and Western New England.

The Association has entered into certain agreements, including 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.

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, however, the City's accountability for these organizations does not extend beyond making these appointments.

Availability of Financial Information for Component Units

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

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

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Major Fund Criteria

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

- If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, certain compensated absences, and claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

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

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

The following major governmental funds are reported:

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

The nonmajor governmental funds consist of other special revenue, capital projects, debt service, and permanent 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.

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs. These resources are either nonspendable or restricted.

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 *agency fund* is used to account for assets held in a purely custodial capacity. Agency funds apply the accrual basis of accounting but do not have a measurement focus.

Government-Wide and Fund Financial Statements

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and propriety fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

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.

E. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

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

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

Motor Vehicle Excise

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

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

Intergovernmental

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

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

Other

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

F. Inventories*Government-Wide and Fund Financial Statements*

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

G. Capital Assets*Government-Wide and Proprietary Fund Financial Statements*

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

All purchases and construction costs in excess of \$15,000 are capitalized at the date of acquisition or construction with expected useful lives of greater than one year.

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

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

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

Governmental Fund Financial Statements

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

H. 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 assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net assets 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.

I. 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 assets. 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.

J. Deferred Revenue

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

K. Net Assets and Fund Equity*Government-Wide Financial Statements (Net Assets)*

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

Net assets reported as “invested in capital assets, net of related debt” 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 assets have 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.

“Permanent funds” represents amounts held in trust for which the expenditures are restricted by various trust agreements.

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

Fund Financial Statements (Fund Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are 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.

“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.

“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.

L. 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 assets. 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.

M. 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).

N. 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

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities.

O. Individual Fund Deficits

There are individual fund deficits with the special revenue funds at June 30, 2011. The deficits will be funded by grants and other available funds during fiscal year 2012.

P. Use of Estimates*Government-Wide and Fund Financial Statements*

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

Q. 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 – SPECIAL ITEM, FORGIVENESS OF DEBT

Beginning in fiscal year 2005 the Commonwealth of Massachusetts provided the City with a \$52 million state loan to assist the City in balancing its budget. After the establishment of an agreed upon repayment schedule the unspent loan proceeds totaling \$46.8 million were transferred into the Springfield Promise fund where the interest earnings were to be appropriated annually to provide Springfield students financial aid counseling for post-secondary education and “last dollar” scholarships of up to \$1,000 to City students. In June 2010 the City and the state agreed to repay the state loan in full. Subsequently, in August of 2010, the state agreed to forgive a portion of the loan and they returned \$8.7 million to the Springfield Promise fund.

NOTE 3 – CASH AND INVESTMENTS

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

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

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

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

The PRIT fund, as a pool, invests in various products including, but not limited to, money market mutual funds, equities, pooled foreign and domestic fixed income and equity funds, United States government sponsored enterprises and Treasury notes, real estate, and commodities. The underlying components of PRIT’s fixed income portfolio had an effective weighted duration rate ranging from .08 to 8.58 years. There is no credit quality rating for the fund.

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

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At fiscal year-end, the carrying amount of deposits totaled \$93,841,027 and the bank balance totaled \$112,828,529. Of the bank balance, \$1,559,352 was covered by Federal Depository Insurance, \$25,355,025 was covered by the Depositors Insurance Fund and \$85,914,152 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2010, the carrying amount of deposits for the Retirement System totaled \$2,164,197 and the bank balance totaled \$2,989,757. The entire bank balance of \$2,989,757 was covered by Federal Depository Insurance.

Investments

As of June 30, 2011, the City had the following investments:

Investment Type	Fair Value	Rating
<u>Other Investments</u>		
Money Market Mutual Funds.....	\$ 1,209,573	N/A
MMDT.....	<u>99,123,923</u>	Not Rated
 Total Investments.....	 \$ <u><u>100,333,496</u></u>	

As of December 31, 2010, the Retirement System had the following investments:

Investment Type	<u>Fair Value</u>
<u>Other Investments</u>	
Alternative Investments.....	\$ 3,285,224
Pension Reserve Investment Trust (PRIT).....	<u>243,773,158</u>
 Total Investments.....	 \$ <u><u>247,058,382</u></u>

Custodial Credit Risk – Investments

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

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

Of the Retirement System’s total investments of \$247,058,382 there was custodial credit risk exposure of \$3,285,224 in alternative investments because the related securities are uninsured, unregistered and held by the counterparty.

Investment Rate Risk

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

Credit Risk

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

Concentration Credit Risk

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

NOTE 4 – RECEIVABLES

At June 30, 2011, receivables for the individual major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 8,056,515	\$ (4,005,531)	\$ 4,050,984
Tax liens.....	6,549,668	(4,912,251)	1,637,417
Motor vehicle and other excise taxes.....	8,011,730	(5,737,078)	2,274,652
Departmental and other	4,930,487	-	4,930,487
Intergovernmental.....	110,881,866	-	110,881,866
Loans.....	5,096,095	-	5,096,095
Total.....	<u>\$ 143,526,361</u>	<u>\$ (14,654,860)</u>	<u>\$ 128,871,501</u>

The internal service fund has \$18,974 of departmental and other receivables at June 30, 2011.

At June 30, 2011 receivables for the trash enterprise fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Trash fees.....	\$ 952,561	\$ -	\$ 952,561

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

	General Fund	Other Governmental Funds	Total
<u>Receivable type:</u>			
Real estate and personal property taxes.....	\$ 1,954,116	\$ -	\$ 1,954,116
Tax liens.....	1,637,417	-	1,637,417
Motor vehicle excise.....	2,274,650	-	2,274,650
Departmental and other.....	3,284,476	650,895	3,935,371
Intergovernmental.....	82,589,708	2,025,967	84,615,675
Loans.....	-	132,095	132,095
Total.....	<u>\$ 91,740,367</u>	<u>\$ 2,808,957</u>	<u>\$ 94,549,324</u>

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 26,771,402	\$ 1,023,430	\$ -	\$ 27,794,832
Construction in progress.....	4,844,572	44,461,058	-	49,305,630
Total capital assets not being depreciated.....	<u>31,615,974</u>	<u>45,484,488</u>	<u>-</u>	<u>77,100,462</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	49,824,945	2,904,290	-	52,729,235
Buildings and improvements.....	395,469,947	6,908,935	(1,459,886)	400,918,996
Machinery and equipment.....	102,646,790	6,707,588	(20,704)	109,333,674
Infrastructure.....	424,113,804	3,915,112	(605,049)	427,423,867
Total capital assets being depreciated.....	<u>972,055,486</u>	<u>20,435,925</u>	<u>(2,085,639)</u>	<u>990,405,772</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(14,665,715)	(2,058,728)	-	(16,724,443)
Buildings and improvements.....	(131,146,466)	(14,989,939)	1,459,886	(144,676,519)
Machinery and equipment.....	(96,455,220)	(6,594,430)	20,704	(103,028,946)
Infrastructure.....	(252,981,289)	(9,252,076)	605,049	(261,628,316)
Total accumulated depreciation.....	<u>(495,248,690)</u>	<u>(32,895,173)</u>	<u>2,085,639</u>	<u>(526,058,224)</u>
Total capital assets being depreciated, net.....	<u>476,806,796</u>	<u>(12,459,248)</u>	<u>-</u>	<u>464,347,548</u>
Total governmental activities capital assets, net.....	<u>\$ 508,422,770</u>	<u>\$ 33,025,240</u>	<u>\$ -</u>	<u>\$ 541,448,010</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 2,011,618	\$ 1,092,251	\$ -	\$ 3,103,869
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(646,592)	(443,410)	-	(1,090,002)
Total business-type activities capital assets, net.....	<u>\$ 1,365,026</u>	<u>\$ 648,841</u>	<u>\$ -</u>	<u>\$ 2,013,867</u>

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

	<u>2011</u>
Governmental Activities:	
General government.....	\$ 3,948,995
Public safety.....	2,028,475
Education.....	13,786,347
Public works.....	10,800,385
Human services.....	8,142
Culture and recreation.....	<u>2,322,829</u>
Total depreciation expense - governmental activities.....	<u>\$ 32,895,173</u>
Business-Type Activities:	
Trash.....	<u>\$ 443,410</u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables between funds at June 30, 2011, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Federal Grants City	Tornado Relief	806,777 (1)
Federal Grants City	Highway Improvements	493,067 (1)
Public Buildings	Schools	<u>345,502 (1)</u>
		<u>\$ 1,645,346</u>

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

Interfund transfers for the fiscal year ended June 30, 2011, are summarized as follows:

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Trash Enterprise Fund</u>	
General Fund.....	\$ -	\$ 5,901,343	\$ 5,009,149	\$ 10,910,492 (1)
Nonmajor Governmental Funds.....	<u>264,879</u>	<u>2,938,250</u>	<u>-</u>	<u>3,203,129 (2)</u>
Total.....	<u>\$ 264,879</u>	<u>\$ 8,839,593</u>	<u>\$ 5,009,149</u>	<u>\$ 14,113,621</u>

(1) Represents budgeted transfers to various nonmajor capital projects funds and to the trash enterprise fund for operations.

(2) Represents budgeted transfers from various nonmajor funds, including \$237,000 from the debt service fund, to the general fund and transfers within various nonmajor funds.

NOTE 7 – LEASES

Capital Leases

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

The following identifies the assets acquired through capital lease agreements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<u>Asset description:</u>		
Machinery and equipment.....	\$ 11,444,288	\$ 3,103,869
Less: accumulated depreciation.....	<u>(9,074,828)</u>	<u>(1,090,001)</u>
Total.....	<u>\$ 2,369,460</u>	<u>\$ 2,013,868</u>

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

<u>Fiscal Years Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2012.....	\$ 799,516	\$ 614,652
2013.....	799,789	503,510
2014.....	220,511	170,158
2015.....	220,511	170,158
2016.....	220,511	170,158
2017.....	<u>220,511</u>	<u>170,158</u>
Total minimum lease payments.....	2,481,348	1,798,792
Less: amounts representing interest.....	<u>(133,210)</u>	<u>(51,623)</u>
Present value of minimum lease payments.....	<u>\$ 2,348,138</u>	<u>\$ 1,747,169</u>

Operating Leases

The City leases office equipment, vehicles, and various facilities utilized primarily by the school system, the department of public works, parks and recreation, and the animal control center under non-cancelable operating leases that expire on various dates through fiscal year 2028. The cost of the leases for the fiscal year ended June 30, 2011, totaled approximately \$2,505,000, and is reported as educational, public works, and general governmental expenditures in the general fund and special revenue funds.

The future minimum lease payments are as follows:

Fiscal Years Ending June 30	Governmental Activities
2012.....	\$ 2,747,838
2013.....	2,222,781
2014.....	1,761,616
2015.....	1,620,231
2016.....	1,652,479
2017 to 2021.....	6,622,260
2022 to 2026.....	2,929,664
2027 to 2028.....	902,995
	<u>\$ 20,459,865</u>

NOTE 8 – SHORT-TERM FINANCING

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

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

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

The City had no short-term debt activity or outstanding balances at June 30, 2011.

NOTE 9 – LONG-TERM DEBT

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

Details related to the City’s outstanding general obligation indebtedness at June 30, 2011, and the debt service requirements are as follows:

Bonds Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2010	Issued	Redeemed	Outstanding at June 30, 2011
State Qualified Bonds Dated August 1, 2001.....	3.50 - 5.0	\$ 11,785,000	\$ -	\$ 2,730,000	\$ 9,055,000
Qualified Zone Academy Bonds Dated July 25, 2002.....	1.28	3,500,000	-	500,000	3,000,000
State Qualified Refunding Bonds Dated February 15, 2003.....	2.0 - 5.0	11,133,730	-	3,605,555	7,528,175
State Qualified Refunding Bonds Dated July 7, 2005.....	3.0 - 5.25	87,430,000	-	9,130,000	78,300,000
State Qualified New Money Bonds Dated July 7, 2005.....	3.0 - 5.25	41,315,000	-	2,180,000	39,135,000
State Qualified New Money Bonds Dated February 7, 2007.....	4.5 - 5.75	45,250,000	-	2,945,000	42,305,000
State Qualified Refunding Bonds Dated February 7, 2007.....	4.5 - 5.75	73,740,001	-	10,000	73,730,001
State Qualified Refunding Bonds Dated April 15, 2009.....	3.00	15,725,000	-	3,355,000	12,370,000
State Qualified New Money Bonds Dated April 15, 2009.....	2.0 - 4.0	3,215,000	-	1,595,000	1,620,000
State Qualified General Obligation School Bonds.....	6.00	17,864,000	-	-	17,864,000
August 1, 2001 MWPAT 91-59.....	5.0 - 6.13	534,425	-	95,375	439,050
August 1, 2001 Phase 1 MWPAT 94-24.....	5.0 - 6.13	1,337,713	-	238,732	1,098,981
State Qualified New Money Bonds Dated February 15, 2003....	2.0 - 5.0	386,269	-	124,446	261,823
Total General Obligation Bonds.....		313,216,138	-	26,509,108	286,707,030
Unamortized Premiums on Bonds.....		7,142,813	-	916,111	6,226,702
Total Long Term Debt.....		\$ 320,358,951	\$ -	\$ 27,425,219	\$ 292,933,732

The bonds outstanding at June 30, 2011 relate to the following projects:

Public education.....	\$ 185,200,000
City-wide non-school buildings.....	69,500,000
Parks and recreation.....	12,600,000
Infrastructure.....	9,600,000
Equipment and other.....	9,800,000
Total long-term debt outstanding.....	\$ 286,700,000

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012.....	\$ 26,243,152	\$ 13,588,228	\$ 39,831,380
2013.....	27,063,276	12,342,644	39,405,920
2014.....	28,024,556	10,920,824	38,945,380
2015.....	26,132,047	9,540,324	35,672,371
2016.....	25,044,995	8,221,158	33,266,153
2017.....	24,245,000	7,020,483	31,265,483
2018.....	19,970,000	5,943,858	25,913,858
2019.....	20,989,999	4,927,145	25,917,144
2020.....	17,660,000	3,967,908	21,627,908
2021.....	17,744,999	3,123,630	20,868,629
2022.....	15,104,999	2,370,052	17,475,051
2023.....	10,820,007	1,770,990	12,590,997
2024.....	4,150,000	1,422,871	5,572,871
2025.....	1,830,000	1,284,915	3,114,915
2026.....	1,885,000	1,201,327	3,086,327
2027.....	19,799,000	1,115,377	20,914,377
Total.....	\$ <u>286,707,030</u>	\$ <u>88,761,734</u>	\$ <u>375,468,764</u>

Qualified School Construction

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

On July 15, 2010, the City entered into an Investment Repurchase Agreement with Bayerische Landesbank wherein the City agreed to deposit \$776,911 annually on December 1, 2010 through December 1, 2026 into a sinking fund held by Wells Fargo Bank, National Association, acting as custodian and trustee for the agreement between the City and Bayerische Landesbank; the City's annual deposit of \$776,911 will be invested by Bayerische Landesbank, and at termination of the agreement on June 1, 2027, \$17,864,000 will be made available to the City to retire the maturing Bonds. The City's annual deposits are fully collateralized with either cash, obligations of the United States of America (i.e. treasury securities), Government National Mortgage Association securities (GNMAs), or Small Business Administration securities (SBAs); and the resulting fixed interest rate the City will earn over the life of the investment agreement is guaranteed at 3.42%. The use of the repurchase agreement reduced the City's net borrowing cost to approximately 0.9509%. At June 30, 2011, the Bond Sinking Fund has a balance of \$790,196 which is classified as a restricted asset in the City's debt service fund.

The interest subsidy received by the City amounted to approximately \$899,000 in Fiscal Year 2011. The City expects to receive future interest subsidies totaling approximately \$15.5 million over the life of the bonds.

School Building Assistance

The City has been approved to receive school construction assistance on various older school construction projects through the Massachusetts School Building Authority (MSBA). The MSBA provides resources for eligible construction costs and related debt interest and borrowing costs. During fiscal year 2011, approximately \$16.6 million of such assistance was received. Approximately \$110 million is expected to be received in future fiscal years. Of this amount, \$27 million represents reimbursement of long-term interest costs, and \$83 million represents reimbursement of approved construction costs. Accordingly, a \$83 million intergovernmental receivable and corresponding deferred revenue have been reported in governmental fund financial statements. The deferred revenue for the entire grant has been recognized as revenue in the conversion to the government-wide financial statements for prior fiscal years.

More recently, the MSBA offers a construction grant program which pays the City the State's share of approved school construction costs and therefore eliminates the need for the City to fund the State's share through long-term debt. In addition to the construction of the new Putnam High School various on-going school projects are being funded by this grant program. The City has been approved for a grant of up to 90% or \$112,500,000 of eligible construction costs towards the new Putnam School. During the fiscal year the City received \$22.2 million and recorded a receivable for an additional \$20.9 million for these newer projects.

Advance Refunding and Defeased Bonds

In prior fiscal years, in order to take advantage of favorable interest rates, certain general obligation bonds were defeased by placing the proceeds of 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, 2011, \$75,200,000 of the bonds refunded remain outstanding and are considered defeased.

Authorized and Unissued Debt

The City is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2011, the City has \$31.5 million of authorized and unissued debt for various City-wide projects.

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2011, the following changes occurred in long-term liabilities:

	Balance June 30, 2010	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Balance June 30, 2011	Current Amount Due
<u>Governmental Activities:</u>							
Long-Term Bonds Payable.....	\$ 313,216,138	\$ -	\$ (26,509,108)	\$ -	\$ -	\$ 286,707,030	\$ 26,243,152
Capital Lease Obligations.....	1,634,890	-	-	1,436,799	(723,551)	2,348,138	755,152
Unamortized Bond Premium.....	7,142,813	-	(916,111)	-	-	6,226,702	880,824
Compensated Absences.....	19,487,470	-	-	6,613,729	(6,584,000)	19,517,199	6,584,000
Workers' Compensation.....	3,586,000	-	-	918,000	(1,039,000)	3,465,000	1,039,000
Due to Granting Agencies.....	9,156,000	-	-	-	(595,000)	8,561,000	3,597,000
Landfill Closure.....	4,710,618	-	-	4,039,382	(750,000)	8,000,000	750,000
Other Postemployment Benefits.....	68,985,323	-	-	52,981,777	(22,421,745)	99,545,355	-
Total governmental activity long-term liabilities.....	427,919,252	-	(27,425,219)	65,989,687	(32,113,296)	434,370,424	39,849,128
<u>Business-Type Activities:</u>							
Capital Lease Obligations.....	1,155,889	-	-	1,092,251	(500,971)	1,747,169	585,609
Other Postemployment Benefits.....	214,520	-	-	164,755	(69,724)	309,551	-
Total business-type activity long-term liabilities.....	1,370,409	-	-	1,257,006	(570,695)	2,056,720	585,609
Total.....	\$ 429,289,661	\$ -	\$ (27,425,219)	\$ 67,246,693	\$ (32,683,991)	\$ 436,427,144	\$ 40,434,737

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

In fiscal year 2011, the City implemented 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.

In accordance with Statement No. 54, the stabilization funds have been reported in the general fund, and accordingly, the general fund and nonmajor governmental funds beginning balances have been revised from \$75,495,564 to \$106,850,225 and from \$90,868,108 to \$59,513,447, respectively. At fiscal year end the balance of the General Stabilization Funds is \$45.1 million and is reported as unassigned fund balance within the General Fund.

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

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

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- 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.

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

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances			
Restricted for:			
Utility/Telephone..... \$	-	\$ 380,415	\$ 380,415
Receipts reserved.....	-	1,295,020	1,295,020
School Lunch.....	-	2,021,658	2,021,658
Highway Improvements.....	-	232,805	232,805
Revolving Funds.....	-	3,975,649	3,975,649
Federal Grants School.....	-	7,675,888	7,675,888
Federal Grants City.....	-	1,945,657	1,945,657
State Grants School.....	-	5,849,903	5,849,903
State Grants City.....	-	978,937	978,937
Debt Service Reserve.....	-	2,611,768	2,611,768
Other Special Revenue Funds.....	-	3,668,518	3,668,518
Bond Sinking Fund.....	-	790,196	790,196
School Capital Projects.....	-	14,794,235	14,794,235
Public Buildings Capital Projects.....	-	1,995,686	1,995,686
Parks Capital Projects.....	-	265,743	265,743
Equipment Capital Projects.....	-	2,287,110	2,287,110
Public Works Capital Projects.....	-	3,379,416	3,379,416
Other Capital Project Funds.....	-	2,012,590	2,012,590
Promise Fund.....	-	8,084,395	8,084,395
Other Municipal Trust Funds.....	-	1,857,140	1,857,140
Education.....	24,915,410	-	24,915,410
MGL Chapter 656.....	5,505,766	-	5,505,766
Assigned to:			
General government.....	2,286,377	-	2,286,377
Public safety.....	299,299	-	299,299
Public works.....	236,030	-	236,030
Human services.....	12,473	-	12,473
Culture and recreation.....	444,143	-	444,143
Employee fringe benefits.....	63,654	-	63,654
Unassigned.....	<u>64,287,919</u>	<u>(324,076)</u>	<u>63,963,843</u>
Total Fund Balances..... \$	<u>98,051,071</u>	<u>\$ 65,778,653</u>	<u>\$ 163,829,724</u>

NOTE 11 – LANDFILL CLOSURE AND POSTCLOSURE CARE

State and Federal laws and regulations require the City to construct a final capping system on the Bondi’s Island and Armory Street landfill sites as they stop accepting waste, and to perform certain maintenance and monitoring functions postclosure. The City closed the Armory Street landfill in 2010 and is currently implementing a post-closure monitoring plan. The Bondi’s Island site is partially closed and is currently just accepting ash deposits and it is expected to be closed within 10 years. The City is developing plans for its closure and postclosure monitoring. To date, the City has expended approximately \$6.8 for both sites and has recorded an estimated \$8.0 million liability for capping at Bondi’s Island and postclosure maintenance and monitoring functions at both sites. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

NOTE 12 – RISK FINANCING

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

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

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

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

(a) *Dental and Eye Care Insurance*

The estimate of Incurred But Not Reported (IBNR) claims based on an estimate of claims incurred but unpaid at year end. At June 30, 2011, the liability for dental and eye care insurance claims totaled approximately \$113,000. This liability is the best estimate based on available information. Changes in the reported liability since July 1, 2009, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claim Payments	Balance at Fiscal Year-End Currently Due
Fiscal Year 2010.....\$	114,222	\$ 2,877,034	\$ (2,892,186)	\$ 99,070
Fiscal Year 2011.....	99,070	2,958,794	(2,945,161)	112,703

(b) *Workers' Compensation*

The estimated future workers' compensation liability is based on history and injury type. At June 30, 2011, the amount of the estimated liability for workers' compensation claims totaled approximately \$3.5 million. Changes in the reported liability since July 1, 2009 are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claim Payments	Balance at Fiscal Year-End	Current Portion
Fiscal Year 2010.....	\$ 3,940,000	\$ 3,684,146	\$ (4,038,146)	\$ 3,586,000	\$ 1,076,000
Fiscal Year 2011.....	3,586,000	4,368,829	(4,489,829)	3,465,000	1,039,000

The liability for unemployment claims at June 30, 2011 is based on known claims reported to the Massachusetts Division of Unemployment Assistance and the future liability at fiscal year end was estimated to be approximately \$1,030,000.

NOTE 13 – PENSION PLAN

Plan Description - The City contributes to the System, a multi-employer cost-sharing defined benefit pension plan administered by the Springfield Contributory Retirement System (System). Substantially all employees are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the City does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled \$44,476,537 for the fiscal year ended June 30, 2011, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

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

At December 31, 2010, the System's membership consists of the following:

Active members.....	3,401
Inactive members.....	969
Disabled members.....	445
Retirees and beneficiaries currently receiving benefits.....	<u>2,383</u>
Total.....	<u><u>7,198</u></u>

Funding Policy - Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The City is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative

expenses are funded through investment earnings. Chapter 32 of the MGL governs the contributions of plan members and the City.

Annual Pension Cost - The City contributions to the System for the fiscal years ended June 30, 2011, 2010, and 2009 were \$32,253,937, \$31,039,501, and \$28,597,332, respectively, which equaled its required contribution for each fiscal year. At June 30, 2011, the City did not have a net pension obligation. The required contribution was determined as part of the January 1, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included an 8.5% investment rate of return and a 4% rate of salary increases per year. The actuarial value of the System's assets was determined using the fair value of the assets. The System's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at January 1, 2010, was 30 years with payments increasing at 3.75% per year.

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

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/10	\$ 278,377	\$ 799,916	\$ 521,539	34.8%	\$ 124,130	420.2%
1/1/08	296,522	699,026	402,504	42.4%	126,478	318.2%
1/1/05	276,286	649,023	372,737	42.6%	115,383	323.0%
1/1/04	291,017	615,605	324,588	47.3%	109,937	295.2%
1/1/03	266,402	573,138	306,736	46.5%	113,848	269.4%
1/1/02	268,001	570,958	302,957	46.9%	137,353	220.6%
1/1/01	291,264	539,502	248,238	54.0%	131,363	189.0%
1/1/00	292,172	515,716	223,544	56.7%	126,095	177.3%

NOTE 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

At June 30, 2010, the Plan's membership consisted of the following:

Current retirees, beneficiaries, and dependents.....	3,289
Current active members.....	<u>5,701</u>
Total.....	<u><u>8,990</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 \$22.5 million during fiscal year 2011 towards these benefits. Administrative costs of the Plan are assumed to be included in the fully insured premium rates.

Annual OPEB Costs and Net OPEB Obligation - The City's annual other postemployment benefit (OPEB) cost/expense is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the City's annual OPEB cost for the 2011 fiscal year, the estimated amount actually contributed to the plan, and changes in the City's net OPEB obligations are summarized in the following table:

Annual required contribution.....	\$ 52,758,767
Interest on net OPEB obligation.....	2,421,994
Adjustments to annual required contribution.....	<u>(2,034,229)</u>
Annual OPEB cost/expense.....	53,146,532
Contributions made.....	<u>(22,491,469)</u>
Increase in net OPEB obligation.....	30,655,063
Net OPEB obligation - beginning of year.....	<u>69,199,843</u>
Net OPEB obligation - end of year.....	<u><u>\$ 99,854,906</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding year is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 53,146,532	42.3%	\$ 99,854,906
6/30/2010	50,774,249	41.2%	69,199,843
6/30/2009	43,555,361	57.4%	39,357,931

Funded Status and Funding Progress - The funded status of the Plan as of the most recent actuarial valuation date, June 30, 2010, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/2010	\$ -	\$ 854,411,443	\$ 854,411,443	0.00%	\$ 250,719,136	340.78%

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

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

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

Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Amortization payments increasing at 4.50%
Remaining amortization period.....	26 years as of July 1, 2011, closed
Actuarial Assumptions:	
Investment rate of return.....	3.50%, pay-as-you-go scenario
Inflation rate.....	3.2%
Projected salary increases.....	4.0%
Medical/drug cost trend rate.....	8.38% decreasing to 5.00% in year 2019 and thereafter

NOTE 15 – COMMITMENTS*Museum Services Agreement*

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

Waste Services Agreement

In August 1998, the City of Springfield and 6 other communities entered into nearly identical "Service Agreements" with what is now eco/Springfield, LLC, a company that owns and operates a 240 ton per day waste-to-energy facility located on Bondi's Island, Agawam, Massachusetts. Under the Service Agreement, the City has agreed to deliver for disposal at the facility, in each year for a period of 25 years, specified quantities of solid waste and to pay a specified monthly service fee. The City's obligation to pay the monthly service fee is absolute and unconditional and is payable whether or not it receives solid waste disposal services from the facility. For the fiscal year ending June 30, 2011, the City's costs under the Service Agreement were approximately \$3.3 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, 2011. However, management believes that the disposition of matters that are pending or asserted will not have a materially adverse affect on the financial statements.

Federal Grants

The City participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2011, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2011, the following GASB pronouncements were implemented:

- GASB Statement #54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented in fiscal year 2011. Financial statements changes include new fund balance designations and the reclassification of stabilization funds from the special revenue fund to the general fund. Notes to the basic financial statements were changed to provide additional disclosure on the new designations of fund balance.
- GASB Statement #59, *Financial Instruments Omnibus*, was implemented in fiscal year 2011 and did not impact the financial statements.

Future implementation of GASB pronouncements:

- The GASB issued Statement #60, *Accounting and Financial Reporting for Service Concession Arrangements*, which is required to be implemented in fiscal year 2013. This Statement addresses service concession arrangements, which are a type of public-private or public-public partnership. Management is evaluating whether this pronouncement will require additional disclosure or impact the basic financial statements.
- The GASB issued Statement #61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No.34*, which is required to be implemented in fiscal year 2013. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. Management does not believe that this pronouncement will require additional disclosure or impact the basic financial statements.
- The GASB issued Statement #62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is required to be implemented in fiscal year 2013. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that does not conflict with or contradict GASB pronouncements. Management does not believe that this pronouncement will require additional disclosure or impact the basic financial statements.
- The GASB issued Statement #63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which is required to be implemented in fiscal year 2013. Management's current assessment is that this pronouncement will have a significant impact on the basic financial statements.
- The GASB issued Statement #64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No. 53*, which is required to be implemented in fiscal year 2012. Management does not believe that this pronouncement will require additional disclosure or impact the basic financial statements.

Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

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

FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 161,236,913	\$ 163,982,560	\$ 160,974,873	\$ -	\$ (3,007,687)
Tax liens.....	-	-	3,448,477	-	3,448,477
Motor vehicle and other excise taxes.....	8,000,000	7,500,000	7,691,115	-	191,115
Hotel/motel tax.....	900,000	900,000	767,571	-	(132,429)
Charges for services.....	804,821	804,821	786,852	-	(17,969)
Penalties and interest on taxes.....	1,690,000	1,690,000	1,677,741	-	(12,259)
Payments in lieu of taxes.....	5,458,713	5,458,713	5,082,080	-	(376,633)
Licenses and permits.....	4,415,230	3,815,230	3,432,098	-	(383,132)
Fines and forfeitures.....	6,023,909	6,023,909	5,422,955	-	(600,954)
Intergovernmental.....	321,593,726	321,080,610	319,902,743	-	(1,177,867)
Departmental and other.....	9,551,245	9,130,000	9,345,615	-	215,615
Investment income.....	1,288,898	495,640	453,700	-	(41,940)
TOTAL REVENUES.....	520,963,455	520,881,483	518,985,820	-	(1,895,663)
EXPENDITURES:					
Current:					
GENERAL GOVERNMENT					
City Council					
Personal Services.....	307,169	313,694	312,506	-	1,188
Expenditures.....	14,830	13,300	9,317	2,255	1,728
Total City Council.....	321,999	326,994	321,823	2,255	2,916
Mayor					
Personal Services.....	426,643	424,330	424,330	-	-
Expenditures.....	15,383	15,383	6,953	-	8,430
Total Mayor.....	442,026	439,713	431,283	-	8,430
Finance					
Personal Services.....	609,852	542,209	538,986	-	3,223
Expenditures.....	102,170	149,149	139,858	6,416	2,875
Total Finance.....	712,022	691,358	678,844	6,416	6,098
Department of Administration and Finance					
Personal Services.....	283,183	264,818	264,649	-	169
Expenditures.....	153,420	272,994	247,392	4,275	21,327
Total Department of Administration and Finance.....	436,603	537,812	512,041	4,275	21,496
CITISTAT					
Personal Services.....	766,089	603,417	599,247	-	4,170
Expenditures.....	26,750	26,750	16,702	318	9,730
Capital.....	3,000	3,000	-	-	3,000
Total CITISTAT.....	795,839	633,167	615,949	318	16,900
Comptroller					
Personal Services.....	763,875	959,607	709,951	-	249,656
Expenditures.....	85,406	190,253	172,359	14,081	3,813
Total Comptroller.....	849,281	1,149,860	882,310	14,081	253,469
Internal Audit					
Personal Services.....	229,514	219,521	219,521	-	-
Expenditures.....	243,262	234,691	142,807	42,320	49,564
Total Internal Audit.....	472,776	454,212	362,328	42,320	49,564
Office of Procurement					
Personal Services.....	571,832	420,880	420,880	-	-
Expenditures.....	87,169	113,235	103,995	9,072	168
Total Office of Procurement.....	659,001	534,115	524,875	9,072	168
Board of Assessors					
Personal Services.....	650,853	650,369	647,839	-	2,530
Expenditures.....	279,183	362,829	208,976	68,858	84,995
Total Board of Assessors.....	930,036	1,013,198	856,815	68,858	87,525

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Treasurer					
Personal Services.....	505,841	482,049	482,049	-	-
Expenditures.....	2,835,144	2,113,240	1,899,794	27,069	186,377
Total Treasurer.....	3,340,985	2,595,289	2,381,843	27,069	186,377
Collector					
Personal Services.....	325,599	317,590	317,547	-	43
Expenditures.....	187,856	187,856	104,201	688	82,967
Total Collector.....	513,455	505,446	421,748	688	83,010
Law					
Personal Services.....	1,354,552	1,288,942	1,288,942	-	-
Expenditures.....	491,151	676,115	632,275	27,976	15,864
Total Law.....	1,845,703	1,965,057	1,921,217	27,976	15,864
Department of Humans Resources & Labor Relations					
Personal Services.....	1,120,412	1,080,994	1,072,330	-	8,664
Expenditures.....	664,558	649,281	499,219	37,061	113,001
Total Department of Humans Resources & Labor Relations.....	1,784,970	1,730,275	1,571,549	37,061	121,665
Medical & Dental					
Expenditures.....	1,200,000	1,385,337	1,456,888	-	(71,551)
Payroll					
Personal Services.....	316,316	259,275	256,902	-	2,373
Expenditures.....	687,952	341,510	292,702	39,940	8,868
Capital.....	500	500	489	-	11
Total Payroll.....	1,004,768	601,285	550,093	39,940	11,252
Information Technology					
Personal Services.....	1,234,238	1,091,014	1,091,014	-	-
Expenditures.....	1,378,367	1,436,860	1,386,316	24,659	25,885
Capital.....	-	143,773	76,468	67,257	48
Total Information Technology.....	2,612,605	2,671,647	2,553,798	91,916	25,933
City Clerk					
Personal Services.....	511,026	512,926	512,152	-	774
Expenditures.....	35,495	48,116	38,718	7,608	1,790
Total City Clerk.....	546,521	561,042	550,870	7,608	2,564
Board of Election Commission					
Personal Services.....	395,667	377,879	365,926	2,319	9,634
Expenditures.....	128,683	127,354	115,186	14,278	(2,110)
Total Board of Election Commission.....	524,350	505,233	481,112	16,597	7,524
Planning					
Personal Services.....	781,812	773,281	773,281	-	-
Expenditures.....	464,845	464,836	425,404	24,107	15,325
Total Planning.....	1,246,657	1,238,117	1,198,685	24,107	15,325
Facilities Management					
Personal Services.....	2,945,084	2,811,707	2,791,376	-	20,331
Expenditures.....	10,186,583	10,945,002	9,739,142	1,110,553	95,307
Capital.....	40,559	116,500	123,069	304	(6,873)
Total Facilities Management.....	13,172,226	13,873,209	12,653,587	1,110,857	108,765
Capital Asset Construction					
Personal Services.....	232,799	235,799	235,683	-	116
Expenditures.....	467,964	428,763	275,764	149,352	3,647
Total Capital Asset Construction.....	700,763	664,562	511,447	149,352	3,763
Provisions for Uncompensated Absences					
Expenditures.....	(625,000)	50,860	-	-	50,860

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
M.C.D.I. Contract					
Expenditures.....	825,000	825,000	825,000	-	-
Reserve for Contingencies					
Expenditures.....	300,000	2,479	-	-	2,479
Parking Contract					
Expenditures.....	1,340,599	1,279,521	1,199,374	80,147	-
Pay-As-You-Go Capital					
Capital.....	4,663,550	3,901,816	3,231,402	525,464	144,950
Homeless Initiative					
Expenditures.....	150,000	150,000	150,000	-	-
TOTAL GENERAL GOVERNMENT.....	40,766,735	40,286,604	36,844,881	2,286,377	1,155,346
<u>PUBLIC SAFETY</u>					
Police					
Personal Services.....	35,597,113	34,647,112	33,970,606	-	676,506
Expenditures.....	2,009,737	1,998,135	1,773,632	128,509	95,994
Capital.....	16,676	592,264	579,102	946	12,216
Total Police.....	37,623,526	37,237,511	36,323,340	129,455	784,716
Fire					
Personal Services.....	17,573,211	17,573,211	17,287,868	-	285,343
Expenditures.....	1,351,394	1,604,175	1,466,096	69,840	68,239
Capital.....	-	33,505	32,962	-	543
Total Fire.....	18,924,605	19,210,891	18,786,926	69,840	354,125
Building - Code Enforcement					
Personal Services.....	1,275,946	1,230,999	1,227,523	-	3,476
Expenditures.....	60,980	60,980	44,228	-	16,752
Total Building - Code Enforcement.....	1,336,926	1,291,979	1,271,751	-	20,228
Housing - Code Enforcement					
Personal Services.....	544,770	426,822	424,779	-	2,043
Expenditures.....	314,104	298,164	202,180	11,937	84,047
Total Housing - Code Enforcement.....	858,874	724,986	626,959	11,937	86,090
Centralized Dispatch					
Personal Services.....	1,318,919	1,249,389	1,238,644	-	10,745
Expenditures.....	27,791	96,485	73,606	804	22,075
Capital.....	6,000	6,000	1,900	-	4,100
Total Centralized Dispatch.....	1,352,710	1,351,874	1,314,150	804	36,920
Animal Control					
Personal Services.....	389,090	372,137	357,340	-	14,797
Expenditures.....	916,352	843,601	649,510	87,263	106,828
Total Animal Control.....	1,305,442	1,215,738	1,006,850	87,263	121,625
TOTAL PUBLIC SAFETY.....	61,402,083	61,032,979	59,329,976	299,299	1,403,704
<u>EDUCATION</u>					
School Department.....	314,685,496	323,220,556	299,504,867	23,622,778	92,911
<u>PUBLIC WORKS</u>					
Personal Services.....	3,714,536	3,507,536	3,356,854	-	150,682
Expenditures.....	6,044,087	8,439,010	8,074,528	236,030	128,452
TOTAL PUBLIC WORKS.....	9,758,623	11,946,546	11,431,382	236,030	279,134
<u>HEALTH & HUMAN SERVICES</u>					
Health & Human Services					
Personal Services.....	1,320,067	1,276,137	1,270,893	-	5,244
Expenditures.....	187,649	217,666	186,952	9,109	21,605
Total Health & Human Services.....	1,507,716	1,493,803	1,457,845	9,109	26,849

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Department of Elder Affairs					
Personal Services.....	272,533	274,533	274,183	-	350
Expenditures.....	396,566	29,237	24,463	3,364	1,410
Total Department of Elder Affairs.....	669,099	303,770	298,646	3,364	1,760
Veterans Services					
Personal Services.....	219,507	212,180	210,244	-	1,936
Expenditures.....	1,436,283	2,469,538	2,274,155	-	195,383
Veterans Services.....	1,655,790	2,681,718	2,484,399	-	197,319
TOTAL HEALTH & HUMAN SERVICES.....	3,832,605	4,479,291	4,240,890	12,473	225,928
CULTURE & RECREATION					
Library					
Personal Services.....	2,405,837	2,405,837	2,405,837	-	-
Expenditures.....	1,426,248	1,591,735	1,491,415	24,368	75,952
Capital.....	40,000	40,000	38,533	-	1,467
Total Library.....	3,872,085	4,037,572	3,935,785	24,368	77,419
Museum					
Expenditures.....	1,320,000	1,320,000	1,320,000	-	-
Parks					
Personal Services.....	4,339,310	4,387,501	4,259,076	-	128,425
Expenditures.....	4,243,907	4,368,342	3,901,140	419,775	47,427
Total Parks.....	8,583,217	8,755,843	8,160,216	419,775	175,852
TOTAL CULTURE & RECREATION.....	13,775,302	14,113,415	13,416,001	444,143	253,271
OTHER					
Debt Service.....	41,627,144	41,627,144	41,165,825	-	461,319
State Assessments					
Expenditures.....	2,953,688	2,715,228	2,896,717	-	(181,489)
Contribution Retirement Pension					
Expenditures.....	24,297,185	24,297,185	23,926,835	-	370,350
Non-Contributory Pensions					
Expenditures.....	315,000	315,000	327,259	-	(12,259)
Unemployment					
Expenditures.....	447,900	475,087	270,433	63,654	141,000
Workers Compensation					
Expenditures.....	1,429,000	1,043,663	995,783	-	47,880
Health Insurance - Non School					
Expenditures.....	22,491,219	23,391,285	22,470,194	-	921,091
TOTAL EXPENDITURES.....	537,781,980	548,943,983	516,821,043	26,964,754	5,158,186
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(16,818,525)	(28,062,500)	2,164,777	(26,964,754)	3,262,523
OTHER FINANCING SOURCES (USES):					
Transfers in.....	12,500,000	15,378,313	15,614,902	-	236,589
Transfers out.....	(5,341,494)	(39,906,782)	(39,906,782)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	7,158,506	(24,528,469)	(24,291,880)	-	236,589
NET CHANGE IN FUND BALANCE.....	(9,660,019)	(52,590,969)	(22,127,103)	(26,964,754)	3,499,112
BUDGETARY FUND BALANCE, Beginning of year.....	88,943,628	88,943,628	88,943,628	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 79,283,609	\$ 36,352,659	\$ 66,816,525	\$ (26,964,754)	\$ 3,499,112

See notes to required supplementary information.

(Concluded)

Retirement System Schedules of Funding Progress and Employer Contributions

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

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

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

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/10	\$ 278,377,005	\$ 799,915,756	\$ 521,538,751	34.8%	\$ 124,129,569	420.2%
1/1/08	296,522,245	699,026,798	402,504,553	42.4%	126,478,597	318.2%
1/1/05	276,286,563	649,023,965	372,737,402	42.6%	115,383,642	323.0%
1/1/04	291,017,758	615,605,168	324,587,410	47.3%	109,937,408	295.2%
1/1/03	266,402,470	573,138,293	306,735,823	46.5%	113,848,147	269.4%
1/1/02	268,001,414	570,958,349	302,956,935	46.9%	137,353,027	220.6%
1/1/01	291,264,389	539,502,444	248,238,055	54.0%	131,363,563	189.0%
1/1/00	292,172,562	515,716,954	223,544,392	56.7%	126,095,614	177.3%

See notes to required supplementary information.

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

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

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

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

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

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Schedule of Funding Progress

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

Schedule of Employer Contributions

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

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

See notes to required supplementary information.

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

Actuarial Methods:

Valuation date.....	June 30, 2010
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Amortization payments increasing at 4.50%
Remaining amortization period.....	26 years as of July 1, 2011, closed
Actuarial Assumptions:	
Investment rate of return.....	3.50%, pay-as-you-go scenario
Inflation rate.....	3.2%
Projected salary increases.....	4.0%
Medical/drug cost trend rate.....	8.38% decreasing to 5.00% in year 2019 and thereafter

Plan Membership:

Current retirees, beneficiaries, and dependents.....	3,289
Current active members.....	<u>5,701</u>
Total.....	<u><u>8,990</u></u>

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2011 approved budget authorized approximately \$543 million in appropriations and other amounts to be raised. During the fiscal year the City approved additional appropriations totaling approximately \$46 million, including transfers out of \$35 million to the stabilization fund and to other 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 fiscal year ended June 30, 2011, is presented below:

Net change in fund balance - budgetary basis.....	\$ (22,127,103)
<u>Basis of accounting differences:</u>	
Increase in revenues due to on-behalf payments.....	44,476,537
Increase in expenditures due to on-behalf payments.....	(44,476,537)
Net change in recording 60 day receipts and other accrued revenues.....	215,436
Net change in recording other accrued expenses.....	143,564
Net change in recording tax refunds payable.....	(776,971)
<u>Perspective difference:</u>	
Activity of the stabilization funds recorded in the general fund for GAAP.....	<u>13,745,920</u>
Net change in fund balance - GAAP basis.....	<u>\$ (8,799,154)</u>

C. Appropriation Deficits

During fiscal year 2011, expenditures exceeded budgeted appropriations for medical & dental, the board of election commission, facilities management, state assessments, and non-contributory pensions. These deficits will be funded through tax levy in fiscal year 2012.

NOTE B – PENSION PLAN

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

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

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

Actuarial Methods and Assumptions:

Valuation Date.....	January 1, 2010
Actuarial Cost Method.....	Entry Age Normal Cost Method
Amortization Method.....	Increasing at 3.75% per year
Remaining Amortization Period.....	30 years remaining as of January 1, 2010
Asset Valuation Method.....	Market Value as reported by the Public Employees' Retirement Administration Commission (PERAC). The actuarial value is based on a 5 year smoothing of realized and unrealized earnings greater than or less than the expected return.
Investment Rate of Return.....	8.500%
Projected Salary Increases.....	4.00%
Cost of Living Adjustments.....	3.00% for the first \$12,000 of retirement income.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

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

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

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

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

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

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

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Combining Statements

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

DEBT SERVICE FUNDS

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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

PERMANENT FUND

The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs. The City maintains one fund to account for nonexpendable contributions and expendable earnings that can be spent on governmental purposes.

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2011

<i>Special Revenue Funds</i>					
ASSET	Utility/ Telephone	Receipts Reserved	Tornado Relief	School Lunch	Highway Improvements
Cash and cash equivalents.....	\$ 594,008	\$ 1,295,020	\$ -	\$ 3,349,164	\$ -
Restricted cash and investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	-	-
Intergovernmental.....	-	-	485,000	-	2,771,797
Loans.....	-	-	-	-	-
Due from other funds.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 594,008	\$ 1,295,020	\$ 485,000	\$ 3,349,164	\$ 2,771,797
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 212,516	\$ -	\$ 2,299	\$ 1,318,791	\$ 16,913
Accrued payroll.....	1,077	-	-	8,715	3,045
Due to granting agencies.....	-	-	-	-	-
Other liabilities.....	-	-	-	-	-
Deferred revenues.....	-	-	-	-	2,025,967
Due to other funds.....	-	-	806,777	-	493,067
TOTAL LIABILITIES.....	213,593	-	809,076	1,327,506	2,538,992
FUND BALANCES:					
Restricted.....	380,415	1,295,020	-	2,021,658	232,805
Unassigned.....	-	-	(324,076)	-	-
TOTAL FUND BALANCES.....	380,415	1,295,020	(324,076)	2,021,658	232,805
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 594,008	\$ 1,295,020	\$ 485,000	\$ 3,349,164	\$ 2,771,797

Special Revenue Funds

Revolving	Federal Grants School	Federal Grants City	State Grants School	State Grants City	Promise Fund	Other	Sub-total
\$ 4,082,710	\$ 9,354,252	\$ 568,205	\$ 6,420,887	\$ 179,267	\$ 8,116,880	\$ 5,764,875	\$ 39,725,268
-	-	3,351,214	-	-	-	-	3,351,214
650,895	-	-	-	-	-	-	650,895
-	1,992,216	1,038,473	-	1,106,430	-	5,451	7,399,367
-	-	5,096,095	-	-	-	-	5,096,095
-	-	1,299,844	-	-	-	-	1,299,844
<u>\$ 4,733,605</u>	<u>\$ 11,346,468</u>	<u>\$ 11,353,831</u>	<u>\$ 6,420,887</u>	<u>\$ 1,285,697</u>	<u>\$ 8,116,880</u>	<u>\$ 5,770,326</u>	<u>\$ 57,522,683</u>
\$ 39,825	\$ 2,392,389	\$ 649,727	\$ 522,837	\$ 268,698	\$ 32,485	\$ 52,573	\$ 5,509,053
59,596	1,278,191	65,352	48,147	38,062	-	13,341	1,515,526
-	-	8,561,000	-	-	-	-	8,561,000
7,640	-	-	-	-	-	2,035,894	2,043,534
650,895	-	132,095	-	-	-	-	2,808,957
-	-	-	-	-	-	-	1,299,844
<u>757,956</u>	<u>3,670,580</u>	<u>9,408,174</u>	<u>570,984</u>	<u>306,760</u>	<u>32,485</u>	<u>2,101,808</u>	<u>21,737,914</u>
3,975,649	7,675,888	1,945,657	5,849,903	978,937	8,084,395	3,668,518	36,108,845
-	-	-	-	-	-	-	(324,076)
<u>3,975,649</u>	<u>7,675,888</u>	<u>1,945,657</u>	<u>5,849,903</u>	<u>978,937</u>	<u>8,084,395</u>	<u>3,668,518</u>	<u>35,784,769</u>
<u>\$ 4,733,605</u>	<u>\$ 11,346,468</u>	<u>\$ 11,353,831</u>	<u>\$ 6,420,887</u>	<u>\$ 1,285,697</u>	<u>\$ 8,116,880</u>	<u>\$ 5,770,326</u>	<u>\$ 57,522,683</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2011

	<u>Debt Service</u>			<u>Capital Projects</u>	
	Bond Sinking Fund	Debt Service Reserve	Sub-total	Schools	Public Buildings
Cash and cash equivalents.....	\$ -	\$ 2,611,768	\$ 2,611,768	\$ -	\$ 1,739,801
Restricted cash and investments.....	790,196	-	790,196	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	-	-
Intergovernmental.....	-	-	-	20,892,791	-
Loans.....	-	-	-	-	-
Due from other funds.....	-	-	-	-	345,502
TOTAL ASSETS.....	<u>\$ 790,196</u>	<u>\$ 2,611,768</u>	<u>\$ 3,401,964</u>	<u>\$ 20,892,791</u>	<u>\$ 2,085,303</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ -	\$ -	\$ -	\$ 5,753,054	\$ 89,617
Accrued payroll.....	-	-	-	-	-
Due to granting agencies.....	-	-	-	-	-
Other liabilities.....	-	-	-	-	-
Deferred revenues.....	-	-	-	-	-
Due to other funds.....	-	-	-	345,502	-
TOTAL LIABILITIES.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,098,556</u>	<u>89,617</u>
FUND BALANCES:					
Restricted.....	790,196	2,611,768	3,401,964	14,794,235	1,995,686
Unassigned.....	-	-	-	-	-
TOTAL FUND BALANCES.....	<u>790,196</u>	<u>2,611,768</u>	<u>3,401,964</u>	<u>14,794,235</u>	<u>1,995,686</u>
TOTAL LIABILITIES AND FUND BALANCES.....	<u>\$ 790,196</u>	<u>\$ 2,611,768</u>	<u>\$ 3,401,964</u>	<u>\$ 20,892,791</u>	<u>\$ 2,085,303</u>

Capital Projects					Permanent Funds	Total
Parks	Equipment	Public Works	Other	Sub-total	Other Municipal Trust Funds	Nonmajor Governmental Funds
\$ 469,606	\$ 2,318,392	\$ 3,391,230	\$ 2,169,574	\$ 10,088,603	\$ 1,908,231	\$ 54,333,870
-	-	-	-	-	-	4,141,410
-	-	-	-	-	-	650,895
-	-	-	-	20,892,791	-	28,292,158
-	-	-	-	-	-	5,096,095
-	-	-	-	345,502	-	1,645,346
<u>\$ 469,606</u>	<u>\$ 2,318,392</u>	<u>\$ 3,391,230</u>	<u>\$ 2,169,574</u>	<u>\$ 31,326,896</u>	<u>\$ 1,908,231</u>	<u>\$ 94,159,774</u>
\$ 203,863	\$ 31,282	\$ 11,814	\$ 156,984	\$ 6,246,614	\$ 50,707	\$ 11,806,374
-	-	-	-	-	384	1,515,910
-	-	-	-	-	-	8,561,000
-	-	-	-	-	-	2,043,534
-	-	-	-	-	-	2,808,957
-	-	-	-	345,502	-	1,645,346
<u>203,863</u>	<u>31,282</u>	<u>11,814</u>	<u>156,984</u>	<u>6,592,116</u>	<u>51,091</u>	<u>28,381,121</u>
265,743	2,287,110	3,379,416	2,012,590	24,734,780	1,857,140	66,102,729
-	-	-	-	-	-	(324,076)
<u>265,743</u>	<u>2,287,110</u>	<u>3,379,416</u>	<u>2,012,590</u>	<u>24,734,780</u>	<u>1,857,140</u>	<u>65,778,653</u>
<u>\$ 469,606</u>	<u>\$ 2,318,392</u>	<u>\$ 3,391,230</u>	<u>\$ 2,169,574</u>	<u>\$ 31,326,896</u>	<u>\$ 1,908,231</u>	<u>\$ 94,159,774</u>

(Concluded)

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

FISCAL YEAR ENDED JUNE 30, 2011

Special Revenue Funds

	Utility/ Telephone	Receipts Reserved	Tornado Relief	School Lunch	Highway Improvements
REVENUES:					
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures.....	-	-	-	-	-
Intergovernmental.....	-	-	485,000	11,966,217	3,231,095
Departmental and other.....	-	-	-	1,470,647	-
Contributions.....	-	-	-	-	-
Investment income.....	-	-	-	5,488	385
TOTAL REVENUES.....	-	-	485,000	13,442,352	3,231,480
EXPENDITURES:					
Current:					
General government.....	437,538	-	809,076	-	-
Public safety.....	-	-	-	-	-
Education.....	-	-	-	12,142,312	-
Public works.....	-	-	-	-	2,680,270
Health and welfare.....	-	-	-	-	-
Culture and recreation.....	-	-	-	-	-
TOTAL EXPENDITURES.....	437,538	-	809,076	12,142,312	2,680,270
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(437,538)	-	(324,076)	1,300,040	551,210
OTHER FINANCING SOURCES (USES):					
Capital lease financing.....	-	-	-	-	-
Transfers in.....	-	-	-	-	-
Transfers out.....	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	-	-
SPECIAL ITEM:					
Forgiveness of debt - State loan.....	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	(437,538)	-	(324,076)	1,300,040	551,210
FUND BALANCES AT BEGINNING OF YEAR.....	817,953	1,295,020	-	721,618	(318,405)
FUND BALANCES AT END OF YEAR.....	\$ 380,415	\$ 1,295,020	\$ (324,076)	\$ 2,021,658	\$ 232,805

Special Revenue Funds

Revolving	Federal Grants School	Federal Grants City	State Grants School	State Grants City	Promise Fund	Other	Sub-total
\$ 465,112	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,980	\$ 567,092
-	-	-	-	-	-	28,850	28,850
542,751	73,675,924	18,901,983	7,038,286	4,313,158	-	-	120,154,414
4,708,260	-	-	-	-	-	9,081	6,187,988
-	-	-	-	-	-	2,133,657	2,133,657
-	-	11,821	-	433	90,576	-	108,703
<u>5,716,123</u>	<u>73,675,924</u>	<u>18,913,804</u>	<u>7,038,286</u>	<u>4,313,591</u>	<u>90,576</u>	<u>2,273,568</u>	<u>129,180,704</u>
46	-	14,798,445	-	138,631	-	127,448	16,311,184
4,360,152	-	573,435	-	5,336,905	-	265,045	10,535,537
1,033,381	66,192,062	8,359	5,492,713	-	704,781	965,109	86,538,717
74,463	-	-	-	-	-	-	2,754,733
-	-	2,517,732	-	1,993,182	-	246,224	4,757,138
<u>175,704</u>	<u>-</u>	<u>192,932</u>	<u>-</u>	<u>256,771</u>	<u>-</u>	<u>742,198</u>	<u>1,367,605</u>
<u>5,643,746</u>	<u>66,192,062</u>	<u>18,090,903</u>	<u>5,492,713</u>	<u>7,725,489</u>	<u>704,781</u>	<u>2,346,024</u>	<u>122,264,914</u>
<u>72,377</u>	<u>7,483,862</u>	<u>822,901</u>	<u>1,545,573</u>	<u>(3,411,898)</u>	<u>(614,205)</u>	<u>(72,456)</u>	<u>6,915,790</u>
-	-	-	-	-	-	-	-
-	-	10,380	-	-	-	-	10,380
-	-	(37,270)	-	-	(1,400)	-	(38,670)
-	-	(26,890)	-	-	(1,400)	-	(28,290)
-	-	-	-	-	8,700,000	-	8,700,000
72,377	7,483,862	796,011	1,545,573	(3,411,898)	8,084,395	(72,456)	15,587,500
3,903,272	192,026	1,149,646	4,304,330	4,390,835	-	3,740,974	20,197,269
<u>\$ 3,975,649</u>	<u>\$ 7,675,888</u>	<u>\$ 1,945,657</u>	<u>\$ 5,849,903</u>	<u>\$ 978,937</u>	<u>\$ 8,084,395</u>	<u>\$ 3,668,518</u>	<u>\$ 35,784,769</u>

(Continued)

NONMAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2011

	<u>Debt Service</u>			<u>Capital Projects</u>	
	Bond Sinking Fund	Debt Service Reserve	Sub-total	Schools	Public Buildings
REVENUES:					
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures.....	-	-	-	-	-
Intergovernmental.....	-	-	-	44,352,642	-
Departmental and other.....	-	-	-	-	-
Contributions.....	-	-	-	-	-
Investment income.....	13,285	-	13,285	-	-
TOTAL REVENUES.....	13,285	-	13,285	44,352,642	-
EXPENDITURES:					
Current:					
General government.....	-	-	-	-	1,550,041
Public safety.....	-	-	-	-	1,744,891
Education.....	-	-	-	51,610,527	-
Public works.....	-	-	-	-	-
Health and welfare.....	-	-	-	-	-
Culture and recreation.....	-	-	-	-	296,497
TOTAL EXPENDITURES.....	-	-	-	51,610,527	3,591,429
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	13,285	-	13,285	(7,257,885)	(3,591,429)
OTHER FINANCING SOURCES (USES):					
Capital lease financing.....	-	-	-	-	-
Transfers in.....	776,911	-	776,911	5,562,434	-
Transfers out.....	-	(236,589)	(236,589)	(1,069,684)	-
TOTAL OTHER FINANCING SOURCES (USES).....	776,911	(236,589)	540,322	4,492,750	-
SPECIAL ITEM:					
Forgiveness of debt - State loan.....	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	790,196	(236,589)	553,607	(2,765,135)	(3,591,429)
FUND BALANCES AT BEGINNING OF YEAR.....	-	2,848,357	2,848,357	17,559,370	5,587,115
FUND BALANCES AT END OF YEAR.....	\$ 790,196	\$ 2,611,768	\$ 3,401,964	\$ 14,794,235	\$ 1,995,686

Capital Projects					Permanent Funds	Total
Parks	Equipment	Public Works	Other	Sub-total	Other Municipal Trust Funds	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 567,092
-	-	-	-	-	-	28,850
-	-	-	-	44,352,642	-	164,507,056
-	-	-	-	-	-	6,187,988
-	-	-	-	-	434,764	2,568,421
-	-	-	-	-	177	122,165
-	-	-	-	44,352,642	434,941	173,981,572
-	488,457	1,609	2,727,071	4,767,178	180	21,078,542
-	1,436,799	-	-	3,181,690	-	13,717,227
-	-	-	-	51,610,527	-	138,149,244
-	-	675,355	-	675,355	-	3,430,088
-	-	-	-	-	-	4,757,138
357,033	-	-	-	653,530	336,255	2,357,390
357,033	1,925,256	676,964	2,727,071	60,888,280	336,435	183,489,629
(357,033)	(1,925,256)	(676,964)	(2,727,071)	(16,535,638)	98,506	(9,508,057)
-	1,436,799	-	-	1,436,799	-	1,436,799
127,000	1,909,444	355,387	98,037	8,052,302	-	8,839,593
-	(314,762)	(1,443,424)	(100,000)	(2,927,870)	-	(3,203,129)
127,000	3,031,481	(1,088,037)	(1,963)	6,561,231	-	7,073,263
-	-	-	-	-	-	8,700,000
(230,033)	1,106,225	(1,765,001)	(2,729,034)	(9,974,407)	98,506	6,265,206
495,776	1,180,885	5,144,417	4,741,624	34,709,187	1,758,634	59,513,447
\$ 265,743	\$ 2,287,110	\$ 3,379,416	\$ 2,012,590	\$ 24,734,780	\$ 1,857,140	\$ 65,778,653

(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 ASSETS

JUNE 30, 2011

	Public Works Shared Services	Health Insurance	Total Internal Service Funds
ASSETS			
CURRENT:			
Cash and cash equivalents..... \$	623,866	\$ 6,219,848	\$ 6,843,714
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	-	18,974	18,974
Total current assets.....	<u>623,866</u>	<u>6,238,822</u>	<u>6,862,688</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	28,210	-	28,210
Unearned revenues.....	-	18,974	18,974
Employee contributions paid in advance.....	-	2,108,455	2,108,455
Health claims payable.....	-	112,703	112,703
Total current liabilities.....	<u>28,210</u>	<u>2,240,132</u>	<u>2,268,342</u>
NET ASSETS			
Unrestricted..... \$	<u>595,656</u>	<u>\$ 3,998,690</u>	<u>\$ 4,594,346</u>

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

FISCAL YEAR ENDED JUNE 30, 2011

	Public Works Shared Services	Health Insurance	Total Internal Service Funds
<u>OPERATING REVENUES:</u>			
Employee contributions	\$ -	\$ 18,584,420	\$ 18,584,420
Employer contributions	-	57,994,748	57,994,748
Charges for services.....	1,769,456	-	1,769,456
TOTAL OPERATING REVENUES	1,769,456	76,579,168	78,348,624
<u>OPERATING EXPENSES:</u>			
Cost of services and administration	1,723,242	-	1,723,242
Employee benefits	-	76,983,394	76,983,394
TOTAL OPERATING EXPENSES	1,723,242	76,983,394	78,706,636
OPERATING INCOME.....	46,214	(404,226)	(358,012)
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Investment income.....	-	7,306	7,306
CHANGE IN NET ASSETS.....	46,214	(396,920)	(350,706)
NET ASSETS AT BEGINNING OF YEAR.....	549,442	4,395,610	4,945,052
NET ASSETS AT END OF YEAR.....	\$ 595,656	\$ 3,998,690	\$ 4,594,346

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2011

	Public Works Shared Services	Health Insurance	Total Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Receipts from customers and users.....	\$ -	\$ 18,462,849	\$ 18,462,849
Receipts from interfund services provided.....	1,769,456	57,797,475	59,566,931
Payments for interfund services used.....	<u>(1,790,732)</u>	<u>(76,983,394)</u>	<u>(78,774,126)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>(21,276)</u>	<u>(723,070)</u>	<u>(744,346)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Investment income.....	<u>-</u>	<u>7,306</u>	<u>7,306</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(21,276)	(715,764)	(737,040)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>645,142</u>	<u>6,935,612</u>	<u>7,580,754</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 623,866</u>	<u>\$ 6,219,848</u>	<u>\$ 6,843,714</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>			
Operating income.....	\$ 46,214	\$ (404,226)	\$ (358,012)
Adjustments to reconcile operating income to net cash from operating activities:			
Changes in assets and liabilities:			
Departmental and other.....	-	403	403
Warrants payable.....	(67,490)	-	(67,490)
Unearned revenues.....	-	(211,309)	(211,309)
Employee contributions paid in advance.....	-	(121,571)	(121,571)
Health claims payable.....	<u>-</u>	<u>13,633</u>	<u>13,633</u>
Total adjustments.....	<u>(67,490)</u>	<u>(318,844)</u>	<u>(386,334)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ (21,276)</u>	<u>\$ (723,070)</u>	<u>\$ (744,346)</u>

Fiduciary Funds

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

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FISCAL YEAR ENDED JUNE 30, 2011

	Agency Accounts July 1, 2010	Additions	Deletions	Agency Accounts June 30, 2011
ASSETS				
Cash and cash equivalents.....	\$ 1,101,852	\$ 103,240,311	\$ (103,796,011)	\$ 546,152
LIABILITIES				
Liabilities due depositors.....	\$ 1,101,852	\$ 103,240,311	\$ (103,796,011)	\$ 546,152

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Statistical Section

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



The White Street Fire Station opened in 2011.

City of Springfield, Massachusetts
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2011

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 Assets By Component

Last Ten Fiscal Years

Fiscal Year

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
Invested in capital assets, net of related debt.....	\$ 12,956,507	\$ 23,999,233	\$ 35,527,345	\$ 152,135,812	\$ 337,293,007	\$ 355,316,577	\$ 341,183,744	\$ 325,029,046	\$ 320,198,349	\$ 332,597,837
Restricted.....	145,767,617	9,061,095	9,202,820	25,282,204	20,736,803	13,972,030	12,177,583	20,024,916	16,968,807	21,614,220
Unrestricted.....	<u>(29,188,317)</u>	<u>(28,246,654)</u>	<u>(26,633,470)</u>	<u>16,537,288</u>	<u>48,403,696</u>	<u>38,245,570</u>	<u>40,383,452</u>	<u>42,521,496</u>	<u>26,587,114</u>	<u>18,239,332</u>
Total governmental activities net assets.....	\$ <u>129,535,807</u>	\$ <u>4,813,674</u>	\$ <u>18,096,695</u>	\$ <u>193,955,304</u>	\$ <u>406,433,506</u>	\$ <u>407,534,177</u>	\$ <u>393,744,779</u>	\$ <u>387,575,458</u>	\$ <u>363,754,270</u>	\$ <u>372,451,389</u>
Business-type activities										
Invested in capital assets, net of related debt.....	18,814	24,443	101,374	-	-	-	19,485	106,681	209,137	266,698
Unrestricted.....	<u>135,870</u>	<u>270,027</u>	<u>469,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>727,929</u>	<u>1,050,992</u>	<u>2,160,316</u>	<u>2,676,105</u>
Total business-type activities net assets.....	\$ <u>154,684</u>	\$ <u>294,470</u>	\$ <u>570,754</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>747,414</u>	\$ <u>1,157,673</u>	\$ <u>2,369,453</u>	\$ <u>2,942,803</u>
Primary government										
Invested in capital assets, net of related debt.....	12,975,321	24,023,676	35,628,719	152,135,812	337,293,007	355,316,577	341,203,229	325,135,727	320,407,486	332,864,535
Restricted.....	145,767,617	9,061,095	9,202,820	25,282,204	20,736,803	13,972,030	12,177,583	20,024,916	16,968,807	21,614,220
Unrestricted.....	<u>(29,052,447)</u>	<u>(27,976,627)</u>	<u>(26,164,090)</u>	<u>16,537,288</u>	<u>48,403,696</u>	<u>38,245,570</u>	<u>41,111,381</u>	<u>43,572,488</u>	<u>28,747,430</u>	<u>20,915,437</u>
Total primary government net assets.....	\$ <u>129,690,491</u>	\$ <u>5,108,144</u>	\$ <u>18,667,449</u>	\$ <u>193,955,304</u>	\$ <u>406,433,506</u>	\$ <u>407,534,177</u>	\$ <u>394,492,193</u>	\$ <u>388,733,131</u>	\$ <u>366,123,723</u>	\$ <u>375,394,192</u>

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

Changes in Net Assets

Last Ten Fiscal Years

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental activities:										
General government.....	\$ 57,445,980	\$ 55,774,420	\$ 49,309,817	\$ 33,893,533	\$ 37,313,464	\$ 37,430,911	\$ 48,467,529	\$ 54,328,653	\$ 63,024,227	\$ 62,794,736
Public safety.....	74,389,225	64,756,965	57,476,808	81,568,471	85,728,406	92,037,703	103,672,758	101,547,545	108,229,250	110,047,282
Education.....	278,105,743	283,088,674	301,128,474	346,130,455	362,864,927	397,224,731	420,017,056	440,556,125	455,624,524	466,952,480
Public works.....	34,902,708	30,761,581	22,092,283	35,625,891	39,852,304	42,335,873	34,956,415	30,235,260	26,963,956	33,422,502
Health and human services.....	5,101,481	4,896,292	5,012,259	5,599,409	14,629,017	10,665,056	12,075,838	8,244,515	9,813,743	10,299,084
Culture and recreation.....	17,063,333	13,990,907	10,788,760	14,854,349	17,056,712	18,500,551	22,120,662	23,275,504	21,342,468	22,118,556
Employee benefits.....	53,842,136	62,805,501	79,541,619	-	-	-	-	-	-	-
State and county charges.....	2,613,691	2,699,066	2,416,185	17,997,676	-	-	-	-	-	-
Finance Control Board.....	-	-	-	871,757	2,017,262	1,648,086	2,178,191	-	-	-
Interest.....	16,674,113	15,886,536	16,094,549	14,413,659	16,128,784	14,415,119	15,314,660	14,352,351	13,458,084	13,266,838
Claims and judgments.....	-	-	-	-	532,192	556,750	642,918	496,923	-	-
Miscellaneous.....	235,781	421,644	373,701	-	-	-	-	-	-	-
Total government activities expenses.....	540,374,191	535,081,586	544,234,455	550,955,200	576,123,068	614,814,780	659,446,027	673,036,876	698,456,252	718,901,478
Business-type activities:										
Parking.....	494,568	545,403	485,031	-	-	-	-	-	-	-
Trash.....	-	-	-	-	-	-	6,178,931	6,158,565	5,962,662	8,537,689
Total business type activities expenses.....	494,568	545,403	485,031	-	-	-	6,178,931	6,158,565	5,962,662	8,537,689
Total primary government expenses.....	\$ 540,868,759	\$ 535,626,989	\$ 544,719,486	\$ 550,955,200	\$ 576,123,068	\$ 614,814,780	\$ 665,624,958	\$ 679,195,441	\$ 704,418,914	\$ 727,439,167
Program Revenues										
Governmental activities:										
Education charges for services.....	\$ 6,330,707	\$ 16,020,619	\$ 14,832,327	\$ 7,585,941	\$ 6,011,926	\$ 8,341,036	\$ 9,545,159	\$ 8,333,298	\$ 7,903,176	\$ 8,545,601
Public safety charges for services.....	5,562,294	7,295,696	6,843,220	8,483,586	10,312,098	9,589,823	7,789,484	9,190,168	7,743,422	7,059,899
Other charges for services.....	10,857,927	11,246,983	7,808,285	25,565,737	23,265,544	8,347,038	8,854,798	11,363,902	14,075,803	12,434,790
Operating grants and contributions.....	302,049,788	300,741,279	323,819,663	339,811,117	345,756,999	363,885,595	394,416,551	413,665,113	419,677,283	438,860,676
Capital grant and contributions.....	26,853,223	25,738,366	25,280,773	4,543,703	4,537,749	12,815,331	7,585,134	3,467,296	10,232,406	43,524,730
Total government activities program revenues.....	351,653,939	361,042,943	378,584,268	385,990,084	389,884,316	402,978,823	428,191,126	446,019,777	459,632,090	510,425,696
Business-type activities:										
Charges for services - Parking.....	527,353	685,189	761,315	-	-	-	-	-	-	-
Charges for services - Trash.....	-	-	-	-	-	-	4,237,986	3,814,824	3,913,653	4,101,890
Total business-type activities program revenues.....	527,353	685,189	761,315	-	-	-	4,237,986	3,814,824	3,913,653	4,101,890
Total primary government program revenues.....	\$ 352,181,292	\$ 361,728,132	\$ 379,345,583	\$ 385,990,084	\$ 389,884,316	\$ 402,978,823	\$ 432,429,112	\$ 449,834,601	\$ 463,545,743	\$ 514,527,586
Net (Expense)/Revenue										
Governmental activities.....	\$ (188,720,252)	\$ (174,038,643)	\$ (165,650,187)	\$ (164,965,116)	\$ (186,238,752)	\$ (211,835,957)	\$ (231,254,901)	\$ (227,017,099)	\$ (238,824,162)	\$ (208,475,782)
Business-type activities.....	32,785	139,786	276,284	-	-	-	(1,940,945)	(2,343,741)	(2,049,009)	(4,435,799)
Total primary government net expense.....	\$ (188,687,467)	\$ (173,898,857)	\$ (165,373,903)	\$ (164,965,116)	\$ (186,238,752)	\$ (211,835,957)	\$ (233,195,846)	\$ (229,360,840)	\$ (240,873,171)	\$ (212,911,581)
General Revenues and other Changes in Net Assets										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 112,725,703	\$ 112,905,843	\$ 123,589,276	\$ 132,057,410	\$ 132,539,064	\$ 140,716,369	\$ 145,585,893	\$ 156,376,934	\$ 162,066,493	\$ 159,965,027
Tax liens.....	(A)	(A)	(A)	5,926,760	5,442,194	5,160,748	2,937,208	2,595,712	3,820,323	4,328,306
Motor vehicle and other excise taxes.....	8,622,642	7,580,414	6,860,469	8,770,981	8,928,670	8,207,546	7,779,625	9,155,042	7,602,869	7,323,777
Hotel/motel tax.....	-	-	-	694,458	934,715	944,735	960,544	876,507	727,765	767,571
Penalties and interest on taxes.....	8,390,626	8,636,525	10,061,195	3,892,106	3,537,692	3,360,657	2,185,178	2,342,311	1,613,260	1,677,741
Payments in lieu of taxes.....	-	-	-	6,785,417	6,363,640	7,077,264	6,936,565	5,820,090	6,523,169	5,082,080
Grants and contributions not restricted to specific programs.....	83,704,701	37,900,797	31,025,567	35,367,054	37,288,365	46,897,842	45,286,984	42,560,162	35,073,838	33,575,257
Unrestricted investment income.....	1,677,777	178,322	183,203	1,263,014	3,845,110	7,742,338	8,405,541	3,850,833	807,832	669,539
Miscellaneous.....	63,319	908,130	342,374	5,223,206	49,922	789,028	76,324	24,187	92,752	92,752
Special items:	-	-	-	-	-	-	(2,688,359)	(2,754,000)	(3,260,789)	(5,009,149)
Forgiveness of debt - state loan.....	-	-	-	-	-	-	-	-	-	8,700,000
Court settlement.....	2,486,885	-	-	-	-	-	-	-	-	-
Total governmental activities.....	217,671,653	168,110,031	173,882,084	199,980,406	198,929,372	220,896,527	217,465,503	220,847,778	215,002,974	217,172,901
Business-type activities:										
Transfers.....	-	-	-	-	-	-	2,688,359	2,754,000	3,260,789	5,009,149
Total primary government.....	\$ 217,671,653	\$ 168,110,031	\$ 173,882,084	\$ 199,980,406	\$ 198,929,372	\$ 220,896,527	\$ 220,153,862	\$ 223,601,778	\$ 218,263,763	\$ 222,182,050
Changes in Net Assets										
Governmental activities.....	\$ 28,951,401	\$ (5,928,612)	\$ 8,231,897	\$ 35,015,290	\$ 12,690,620	\$ 9,060,570	\$ (13,789,398)	\$ (6,169,321)	\$ (23,821,188)	\$ 8,697,119
Business-type activities.....	32,785	139,786	276,284	-	-	-	747,414	410,259	1,211,780	573,350
Total primary government.....	\$ 28,984,186	\$ (5,788,826)	\$ 8,508,181	\$ 35,015,290	\$ 12,690,620	\$ 9,060,570	\$ (13,041,984)	\$ (5,759,062)	\$ (22,609,408)	\$ 9,270,469

(A) = In years 2002 through 2004 tax lien revenue was included with real estate and personal property tax revenue.
Source: Audited Financial Statements

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved for										
Encumbrances and continuing appropriations..... \$	8,537,889	5,714,805	9,620,120	20,047,085	30,904,387	14,563,295	9,885,173	7,440,386	9,660,020	-
Chapter 656 reserve.....	-	-	-	4,341,962	4,869,332	5,049,684	5,624,879	6,042,256	5,794,053	-
Schools	-	-	-	-	-	-	-	-	10,881,300	-
Unreserved.....	2,113,074	2,268,083	3,882,756	26,562,000	48,042,132	53,639,496	41,892,849	44,551,976	49,160,191	-
Restricted.....	-	-	-	-	-	-	-	-	-	30,421,176
Assigned.....	-	-	-	-	-	-	-	-	-	3,341,976
Unassigned.....	-	-	-	-	-	-	-	-	-	64,287,919
Total general fund.....	\$ 10,650,963	\$ 7,982,888	\$ 13,502,876	\$ 50,951,047	\$ 83,815,851	\$ 73,252,475	\$ 57,402,901	\$ 58,034,618	\$ 75,495,564	\$ 98,051,071
All Other Governmental Funds										
Reserved.....	741,889	719,120	732,241	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds.....	19,952,942	12,246,240	11,287,416	12,805,678	18,752,274	56,822,330	86,576,180	109,664,713	54,400,287	-
Capital projects funds.....	(96,775,015)	(33,754,131)	(35,656,164)	14,963,595	12,777,318	55,089,820	27,432,020	40,654,091	34,709,187	-
Permanent funds.....	814,950	-	-	899,467	1,519,975	2,345,985	1,629,236	1,638,295	1,758,634	-
Restricted.....	-	-	-	-	-	-	-	-	-	66,102,729
Unassigned.....	-	-	-	-	-	-	-	-	-	(324,076)
Total all other governmental funds.....	\$ (75,265,234)	\$ (20,788,771)	\$ (23,636,507)	\$ 28,668,740	\$ 33,049,567	\$ 114,258,135	\$ 115,637,436	\$ 151,957,099	\$ 90,868,108	\$ 65,778,653

Notes:

Source: Audited Financial Statements

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

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

Fiscal Year

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 108,864,653	\$ 114,705,199	\$ 123,381,108	\$ 122,261,374	\$ 130,987,539	\$ 141,134,996	\$ 142,947,339	\$ 157,510,645	\$ 164,367,177	\$ 160,413,338
Tax liens	-	-	-	5,926,760	7,194,890	5,160,748	4,472,030	3,309,149	3,768,128	3,448,477
Motor vehicle and other excise taxes.....	8,049,061	7,452,124	8,966,277	9,206,553	9,211,096	8,635,626	8,921,591	8,340,690	7,839,549	7,691,115
Hotel/Motel tax.....	-	-	-	694,458	934,715	944,735	960,544	876,507	727,765	767,571
Charges for services.....	19,874,597	9,840,705	26,160,700	15,214,204	13,431,571	7,854,157	3,599,893	2,148,630	2,439,774	1,353,944
Penalties and interest on taxes.....	8,390,626	8,636,525	10,061,195	3,892,106	3,537,692	3,360,657	2,185,178	2,342,311	1,613,260	1,677,741
Payments in lieu of taxes.....	-	-	-	6,785,417	6,363,640	7,077,264	6,936,565	5,820,090	6,523,169	5,082,080
Licenses and permits.....	1,558,496	1,803,961	1,836,229	3,067,713	2,953,760	3,341,714	2,556,063	5,414,924	3,734,353	3,432,098
Fines and forfeitures.....	1,363,596	1,480,731	1,422,400	1,672,981	2,187,751	1,480,434	1,437,672	6,720,709	6,444,218	5,451,805
Intergovernmental.....	385,465,339	377,689,227	377,357,995	394,065,295	406,253,585	426,261,115	447,473,783	465,309,318	473,972,748	528,886,336
Departmental and other.....	-	-	-	19,159,203	14,083,962	15,165,511	19,884,792	17,271,932	11,806,484	15,533,603
Investment income.....	742,437	178,332	183,203	1,246,770	3,804,110	7,702,368	8,302,737	3,792,330	787,970	675,518
Miscellaneous.....	3,897,443	9,029,620	2,912,764	123,239	69,200	-	-	-	-	-
Contributions	-	-	-	2,267,323	2,991,764	3,620,174	2,574,334	2,913,485	2,888,734	2,568,421
Total Revenue.....	538,206,248	530,816,424	552,281,871	585,583,396	604,005,275	631,739,499	652,252,521	681,770,720	686,913,329	736,982,047
Expenditures:										
General government.....	60,783,532	59,245,036	48,787,210	35,604,663	35,023,044	37,433,149	49,623,102	44,061,974	59,236,857	57,699,771
Public safety.....	73,658,172	64,650,696	55,601,857	57,360,810	57,415,730	69,214,379	70,597,009	66,059,643	74,986,038	73,028,036
Education.....	289,296,172	280,013,848	293,744,880	292,822,538	352,200,997	391,340,765	397,535,802	414,768,913	437,093,450	482,327,150
Public works.....	37,695,525	28,892,591	22,233,205	29,853,711	29,205,295	34,228,445	29,313,471	20,307,276	13,750,634	14,706,846
Health and human services.....	5,091,798	4,784,340	5,059,594	5,093,759	13,453,222	9,684,540	11,094,903	7,364,096	8,828,544	8,998,028
Culture and recreation.....	17,814,813	13,938,398	11,508,301	10,556,657	13,139,890	15,233,919	17,408,776	17,186,787	16,222,484	15,754,746
Finance Control Board Expenditures.....	-	-	-	871,757	2,017,262	1,648,086	2,178,191	-	-	-
Pension benefits.....	-	-	-	22,446,447	17,479,734	18,655,982	21,685,459	20,844,905	22,372,681	24,254,094
Employee benefits.....	55,671,298	63,618,153	75,597,564	-	-	-	-	-	-	-
Miscellaneous.....	235,781	207,205	191,342	-	-	-	-	-	-	-
Employee fringe benefits.....	-	-	-	470,127	1,068,473	3,739,401	1,604,431	1,607,929	427,412	1,342,238
Employee health benefits.....	-	-	-	56,898,020	18,074,765	23,041,303	26,400,181	25,026,409	22,221,484	22,470,194
Claims and judgments.....	-	-	-	413,721	532,192	566,750	642,918	496,923	-	-
State, county, and district assessments.....	2,613,691	2,699,066	2,416,185	17,997,676	2,837,845	2,877,262	2,591,642	2,679,875	2,657,567	2,896,717
Debt service.....	29,402,883	31,172,018	34,469,481	-	-	-	-	-	-	-
Principal.....	-	-	-	19,324,296	18,952,085	20,528,965	20,477,383	26,269,682	72,701,316	26,509,108
Interest.....	-	-	-	15,598,461	13,790,706	15,057,019	16,445,028	15,532,168	14,646,118	14,656,717
Total Expenditures.....	572,263,665	549,221,351	549,609,619	565,312,643	575,191,240	643,249,965	667,598,296	662,206,580	745,144,585	744,643,645
Excess of revenues over (under) expenditures.....	<u>(34,057,417)</u>	<u>(18,404,927)</u>	<u>2,672,252</u>	<u>20,270,753</u>	<u>28,814,035</u>	<u>(11,510,466)</u>	<u>(15,345,775)</u>	<u>19,564,140</u>	<u>(58,231,256)</u>	<u>(7,661,598)</u>
Other Financing Sources (Uses)										
Issuance of long-term debt.....	61,316,000	75,314,000	-	49,236,000	-	53,605,000	-	19,500,000	17,864,000	-
Premium from issuance of bonds.....	-	-	-	-	3,463,068	1,875,817	-	599,991	-	-
Issuance of refunding bonds.....	-	7,575,000	-	-	98,274,000	73,795,000	-	4,805,000	-	-
Premium from issuance of refunding bonds.....	-	-	-	-	10,195,602	4,418,218	-	112,181	-	-
Payments to refunded bond escrow agent.....	-	(7,575,000)	-	-	(107,143,336)	(77,546,197)	-	(4,875,932)	-	-
State loan issuance.....	-	-	-	21,871,757	3,642,262	26,007,790	478,191	-	-	-
Capital lease financing.....	-	-	-	-	-	-	3,085,340	-	-	1,436,799
Transfers in.....	69,432	-	6,175,883	16,529,942	3,476,574	21,825,466	35,527,113	107,536,799	68,387,868	9,104,472
Transfers out.....	(69,432)	-	(6,175,883)	(16,529,942)	(3,476,574)	(21,825,466)	(38,215,472)	(110,290,799)	(71,648,657)	(14,113,621)
Total other financing sources (uses).....	61,316,000	75,314,000	-	71,107,757	8,431,596	82,155,628	875,172	17,387,240	14,603,211	(3,572,350)
Special Item - Forgiveness of Debt, State Loan.....	-	-	-	-	-	-	-	-	-	8,700,000
Net change in fund balance.....	\$ 27,258,583	\$ 56,909,073	\$ 2,672,252	\$ 91,378,510	\$ 37,245,631	\$ 70,645,162	\$ (14,470,603)	\$ 36,951,380	\$ (43,628,045)	\$ (2,533,948)
Debt service as a percentage of noncapital expenditures.....	5.15%	5.69%	6.41%	6.22%	5.80%	5.76%	5.82%	6.44%	12.33% (1)	6.07%

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

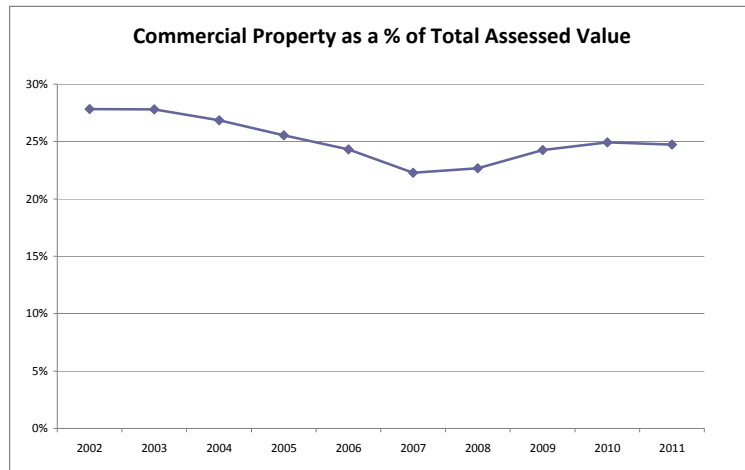
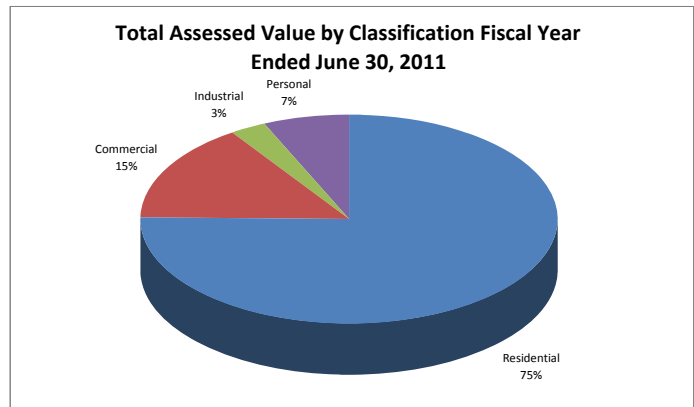
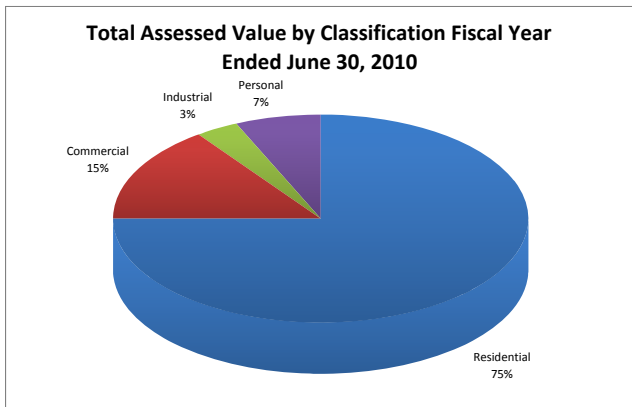
Source: Audited Financial Statements

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

Last Ten Fiscal Years

Fiscal Year	Assessed and Actual Values and Tax Rates								
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total CIP Value	CIP Tax Rate	Total Direct Rate	Total City Value
2002	(1) \$3,342,267,300	\$ 19.88	\$803,619,100	\$223,799,100	\$261,301,850	\$1,288,720,050	\$ 34.82	\$ 24.04	\$4,630,987,350
2003	\$3,364,538,700	\$ 19.41	\$798,829,100	\$221,760,600	\$274,896,260	\$1,295,485,960	\$ 34.54	\$ 23.62	\$4,660,024,660
2004	\$3,981,811,000	\$ 18.99	\$828,245,700	\$226,022,200	\$407,898,910	\$1,462,166,810	\$ 34.18	\$ 23.07	\$5,443,977,810
2005	(1) \$4,524,791,200	\$ 17.51	\$916,603,200	\$231,787,300	\$404,317,690	\$1,552,708,190	\$ 33.36	\$ 21.56	\$6,077,499,390
2006	\$5,015,641,700	\$ 17.00	\$965,788,700	\$233,789,700	\$412,180,550	\$1,611,758,950	\$ 33.02	\$ 20.90	\$6,627,400,650
2007	\$5,776,964,500	\$ 16.04	\$1,003,757,800	\$234,694,400	\$418,233,820	\$1,656,686,020	\$ 31.91	\$ 19.58	\$7,433,650,520
2008	(1) \$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

Source: Board Of Assessors



(1) Revaluation year.

Source: Assessor's Department, City of Springfield
All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

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

Principal Taxpayers
Current Year and Nine Years Ago

Name	Nature of Business	2011			2002		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Western Mass Electric	Utility	\$ 142,789,600	1	2.1%	\$ 106,377,800	1	2.3%
Massachusetts Mutual	Insurance	88,460,800	2	1.3%	44,875,200	3	1.0%
Baystate Gas Co.	Utility	59,146,200	3	0.9%	42,078,830	4	0.9%
Verizon New England	Utility	45,614,400	4	0.7%	59,185,320	2	1.3%
Wireline Leasing Co.	Utility	32,849,750	5	0.5%	n/a	n/a	n/a
Solutia	Chemicals	25,631,500	6	0.4%	25,295,800	5	0.5%
Springfield Center 1 Associates	Retail	22,968,400	7	0.3%	19,606,700	7	0.4%
Eastfield Associates	Retail	22,632,800	8	0.3%	16,223,600	6	0.4%
Hubbard Real Estate	Retail	22,448,500	9	0.3%	21,082,900	8	0.5%
Ineos Nova LLC	Chemicals	19,950,810	10	0.3%	n/a	n/a	n/a
Leventhal, Norman	Housing	n/a	n/a	n/a	15,180,290	9	0.3%
Related Springfield Associates	Housing	n/a	n/a	n/a	13,748,700	10	0.3%
Totals		<u>\$ 482,492,760</u>		<u>7.0%</u>	<u>\$ 396,056,340</u>		<u>8.6%</u>

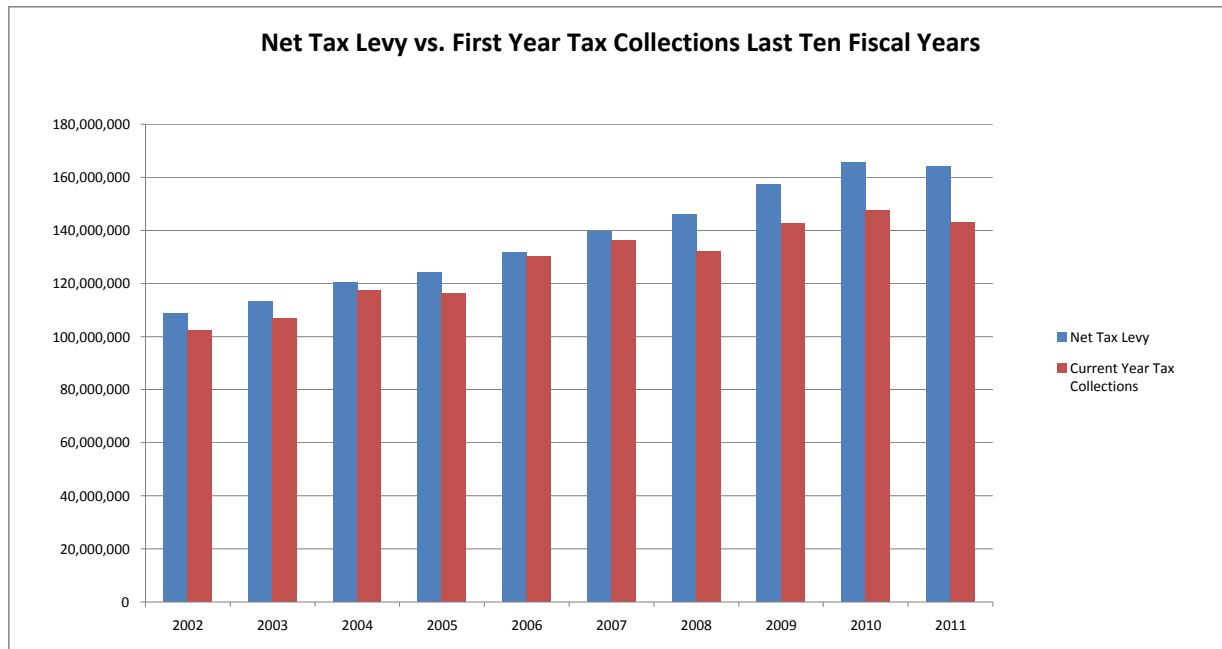
Source: Board of Assessors

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year		Total Tax Levy	Less Abatements & Exemptions	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
2002	(1)	\$111,317,506	\$2,411,106	\$108,906,400	\$102,353,095	94.0%	\$4,590,762	\$106,943,857	98.2%
2003		\$115,874,781	\$2,498,585	\$113,376,196	\$106,804,739	94.2%	\$4,559,436	\$111,364,175	98.2%
2004		\$125,591,452	\$5,407,439	\$120,184,013	\$117,137,994	97.5%	\$4,124,226	\$121,262,220	100.9%
2005	(1)	\$131,027,439	\$6,798,667	\$124,228,772	\$116,065,409	93.4%	\$8,146,933	\$124,212,342	100.0%
2006		\$138,488,062	\$6,700,000	\$131,788,062	\$130,093,942	98.7%	\$2,139,051	\$132,232,993	100.3%
2007		\$145,527,361	\$6,061,827	\$139,465,534	\$136,302,756	97.7%	\$1,914,080	\$138,216,836	99.1%
2008	(1)	\$153,489,174	\$7,622,699	\$145,866,475	\$132,147,421	90.6%	\$11,698,654	\$143,846,075	98.6%
2009		\$163,078,974	\$5,752,571	\$157,326,403	\$142,461,500	90.6%	\$15,477,873	\$157,939,373	100.4%
2010		\$170,816,604	\$5,369,540	\$165,447,064	\$147,362,304	89.1%	\$16,062,476	\$163,424,780	98.8%
2011		\$166,484,866	\$2,506,666	\$163,978,200	\$142,925,094	87.2%	\$0	\$142,925,094	87.2%

(1) Revaluation Year
Source: Board of Assessors, Official Statements



Ratios of Outstanding Debt and General Bonded Debt

Last Ten Fiscal Years

Fiscal Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities Debt				
				General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2002	152,082	\$2,365,060,978	\$4,630,987,350	\$253,032,609	\$5,152,866	\$1,698	10.92%	5.58%
2003	152,082	\$2,413,608,932	\$4,660,024,660	\$309,189,237	\$3,680,203	\$2,057	12.96%	6.71%
2004	152,082	\$2,462,156,886	\$5,443,977,810	\$300,575,865	\$3,878,727	\$2,002	12.37%	5.59%
2005	152,082	\$2,510,704,840	\$6,077,499,390	\$352,359,326	\$2,338,936	\$2,332	14.13%	5.84%
2006	152,082	\$2,559,252,794	\$6,627,400,650	\$335,463,503	\$1,488,928	\$2,216	13.17%	5.08%
2007	152,082	\$2,607,800,748	\$7,433,650,520	\$394,807,328	\$918,629	\$2,602	15.17%	5.32%
2008	152,082	\$2,656,348,702	\$7,807,142,500	\$374,808,136	\$3,056,230	\$2,485	14.22%	4.84%
2009	152,082	\$2,704,896,656	\$7,241,274,580	\$368,053,454	\$2,137,804	\$2,434	13.69%	5.11%
2010	153,060	\$2,771,151,300	\$6,994,818,900	\$313,216,138	\$1,737,837	\$2,058	11.37%	4.50%
2011	153,060	\$2,820,011,453	\$6,849,328,730	\$286,707,030	\$2,348,138	\$1,889	10.25%	4.22%

Fiscal Year	Business-type Activities		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2002	\$0	\$0	\$258,185,475	\$1,698	10.92%	5.58%
2003	\$0	\$0	\$312,869,440	\$2,057	12.96%	6.71%
2004	\$0	\$0	\$304,454,592	\$2,002	12.37%	5.59%
2005	\$0	\$0	\$354,698,262	\$2,332	14.13%	5.84%
2006	\$0	\$0	\$336,952,431	\$2,216	13.17%	5.08%
2007	\$0	\$0	\$395,725,957	\$2,602	15.17%	5.32%
2008	\$0	\$1,920,289	\$379,784,655	\$2,497	14.30%	4.86%
2009	\$0	\$1,545,719	\$371,736,977	\$2,444	13.74%	5.13%
2010	\$0	\$1,155,889	\$316,109,864	\$2,065	11.41%	4.52%
2011	\$0	\$1,747,169	\$290,802,337	\$1,900	10.31%	4.25%

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2011

<u>Overlapping Entity</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Pioneer Valley Regional Transit Authority..... \$	-	38.60%	\$ -
Pioneer Valley Planning Commission.....	-	None	-
City direct debt.....			<u>286,707,030</u>
Total direct and overlapping debt..... \$			<u><u>286,707,030</u></u>

(1) Estimated share based on debt service only.

Source: Official Statements, City Records

Computation of Legal Debt Margin

Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Equalized Valuation.....	\$ 4,732,628,000	\$ 4,855,466,000	\$ 4,855,466,000	\$ 5,778,583,600	\$ 5,778,583,600	\$ 7,118,922,700	\$ 7,118,922,700	\$ 8,479,854,100	\$ 8,479,854,100	\$ 7,856,633,600
Debt Limit -5% of Equalized Valuation.....	\$ 236,631,400	\$ 242,773,300	\$ 242,773,300	\$ 288,929,180	\$ 288,929,180	\$ 355,946,135	\$ 355,946,135	\$ 423,992,705	\$ 423,992,705	\$ 392,831,680
Less:										
Outstanding debt applicable to limit.....	48,274,000	44,743,000	37,018,892	128,303,001	112,072,606	157,484,340	150,050,738	161,499,705	166,996,788	154,580,881
Authorized and unissued debt.....	39,442,000	41,641,000	137,666,531	25,000,000	52,700,000	52,700,000	11,000,000	12,000,000	31,500,000	31,500,000
Legal debt margin.....	\$ 148,915,400	\$ 156,389,300	\$ 68,087,877	\$ 135,626,179	\$ 124,156,574	\$ 145,761,796	\$ 194,895,397	\$ 250,493,000	\$ 225,495,917	\$ 206,750,799
Total debt applicable to the limit as a percentage of debt limit.....	37.07%	35.58%	71.95%	53.06%	57.03%	59.05%	45.25%	40.92%	46.82%	47.37%

Source: Audited Financial Statements; Statement of Indebtedness

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2002	152,082	\$2,365,060,978	\$15,551	32.0	25,091	7.2%
2003	152,082	\$2,413,608,932	\$15,870	32.0	26,594	8.1%
2004	152,082	\$2,462,156,886	\$16,190	32.1	26,132	7.8%
2005	152,082	\$2,510,704,840	\$16,509	32.2	25,975	7.3%
2006	152,082	\$2,559,252,794	\$16,828	32.2	25,206	7.4%
2007	152,082	\$2,607,800,748	\$17,147	32.3	25,791	7.0%
2008	152,082	\$2,656,348,702	\$17,467	32.4	25,233	7.9%
2009	152,082	\$2,704,896,656	\$17,786	32.4	25,360	11.7%
2010	153,060	\$2,771,151,300	\$18,105	32.5	25,141	12.6%
2011	153,060	\$2,820,011,453	\$18,424	32.5	25,213	10.4%

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

Principal Employers
Current Year and Nine Years Ago

Employer	Nature of Business	2011			2002		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Baystate Health Systems	Healthcare	6,565	1	9.6%	6,100	1	8.9%
MassMutual Financial Group	Insurance	4,366	2	6.4%	4,343	2	6.4%
Big Y Foods	Grocery	3,337	3	4.9%	3,375	3	4.9%
Sisters of Providence Health Systems	Healthcare	2,253	4	3.3%	n/a	n/a	n/a
Center for Human Development/Behavioral Health Network	Human Services	945	5	1.4%	n/a	n/a	n/a
Smith & Wesson	Firearms	882	6	1.3%	1,000	6	1.5%
Peter Pan Bus Lines	Transportation	864	7	1.3%	n/a	n/a	n/a
Solutia Chemical	Manufacturing	750	8	1.1%	n/a	n/a	n/a
Springfield College	Education	650	9	1.0%	n/a	n/a	n/a
Western New England College	Education	589	10	0.9%	n/a	n/a	n/a
US Postal Service	Mail	n/a	n/a	n/a	3,208	4	4.7%
Mercy Hospital	Healthcare	See Sisters of Providence Health Systems		0.0%	1,385	5	2.0%
Unicare	Insurance	n/a	n/a	n/a	825	7	1.2%
Monsanto Chemical Company	Plastics and Chemicals	n/a	n/a	n/a	800	8	1.2%
NYNEX	Utility	n/a	n/a	n/a	760	9	1.1%
Fleet National Bank	Banking	n/a	n/a	n/a	646	10	0.9%
		<u>21,201</u>		<u>31.0%</u>	<u>22,442</u>		<u>32.8%</u>

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

Full-time Equivalent City Employees by Function

Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Function										
(A) General government.....	271	244	189	204	390	353	351	364	354	339
Public safety.....	1,189	1,068	844	867	852	903	927	918	891	894
Education.....	3,809	3,802	3,306	3,507	3,589	3,047	3,212	3,327	3,664	3,808
Public works.....	334	330	326	346	205	174	186	136	84	70
Health and human services.....	49	46	37	36	40	41	42	41	40	39
(A) Culture and recreation.....	437	282	285	185	102	84	84	80	63	64
Total	<u>6,088</u>	<u>5,771</u>	<u>4,986</u>	<u>5,145</u>	<u>5,178</u>	<u>4,602</u>	<u>4,802</u>	<u>4,865</u>	<u>5,097</u>	<u>5,214</u>

Source: Payroll Department

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

Operating Indicators by Function/Program

Last Ten Fiscal Years

<u>Function/Program</u>	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Marriage recordings.....	904	918	929	849	860	865	885	861	850	810
Birth recordings.....	5,700	5,700	5,597	5,537	5,679	5,627	5,586	5,588	5,297	4,468
Death recordings.....	2,106	2,270	2,028	2,038	2,015	2,098	2,035	1,922	2,006	1,581
Police										
Physical arrests.....	7,168	6,175	7,156	7,381	6,562	6,792	6,720	6,069	5,474	5,634
Motor vehicle violations.....	39,566	19,324	23,400	27,410	20,715	19,974	32,881	27,736	18,581	14,205
Police personnel and officers.....	738	687	530	538	538	563	589	581	583	467
Fire										
Inspections.....	6,531	6,123	6,705	8,853	8,258	8,815	7,774	6,658	5,657	7,397
Emergency responses.....	12,603	10,638	9,943	10,791	11,170	12,219	13,664	14,235	15,019	15,519
Fire personnel and officers.....	396	368	282	269	255	268	279	264	250	260
Education										
Number of students.....	25,091	26,594	26,132	25,975	25,206	25,791	25,233	25,360	25,141	25,213
Number of graduates.....	N/A	N/A	N/A	N/A	12,905	13,876	13,727	13,821	13,325	11,705
Number of teachers.....	N/A	N/A	2,302	2,235	2,308	2,215	2,208	1,882	2,144	2,076
Number of administrators.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	192
Elder Affairs										
Number of persons using COA transportation...	N/A	N/A	N/A	1,054	1,377	1,462	1,394	1,547	1,513	830
Number of personnel.....	N/A	N/A	N/A	12	13	13	13	15	14	1
Libraries										
Volumes in circulation.....	768,023	769,891	781,510	800,895	806,449	818,033	801,258	782,835	795,409	785,977
Total volumes borrowed.....	789,157	579,795	585,087	606,627	611,893	635,188	647,913	650,386	608,946	604,071

Source: MBLC Annual Report Surveys
 Van Trip Logs, Employee Workforce Reports
 Mass Board of Library Commissioners
 Annual Report Information Survey
 2011 Data

N/A - Information not available

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General government										
Number of buildings.....	38	38	38	38	38	38	38	38	39	39
Fire										
Number of stations.....	8	8	8	8	8	8	8	8	8	8
Police (1)										
Number of stations.....	11	2	2	2	2	2	2	2	2	2
Education										
Number of elementary schools.....	32	32	32	32	32	32	32	32	32	32
Number of middle/junior high schools...	7	7	7	7	7	7	7	7	7	8
Number of secondary schools.....	6	6	6	6	6	6	6	6	6	5
Culture and recreation										
Parks and playgrounds.....	35	35	35	35	35	36	36	38	38	38
Park and playground (acreage).....	2,091	2,091	2,091	2,091	2,091	2,093	2,093	2,102	2,102	2,102
Conservation land (acreage).....	430	430	430	430	430	430	430	430	430	430
Public beaches.....	1	1	1	1	1	1	2	2	2	2
Ball fields.....	62	62	62	62	62	62	62	62	62	62
Tennis courts.....	37	37	37	37	37	37	37	37	37	37

Source: City Departmental records.

(1) Includes substations

Free Cash & Stabilization Fund Balances

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Free Cash</u>	<u>Stabilization Fund (B)</u>
FY2011.....	\$ 4,698,933	\$ 45,100,661
FY2010 (A).....	\$ 33,776,930	\$ 31,354,741
FY2009.....	\$ 22,319,922	\$ 36,528,216
FY2008.....	\$ 12,543,347	\$ 68,047,256
FY2007.....	\$ 30,453,077	\$ 41,213,237
FY2006.....	\$ 17,372,051	-
FY2005.....	\$ 6,797,833	-
FY2004.....	\$ (37,357,636)	-
FY2003.....	\$ (22,957,298)	-
FY2002.....	\$ (57,510,507)	-

Source: City Records

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

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