

CITY OF SPRINGFIELD, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED JUNE 30, 2015

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



View of the Springfield Federal Courthouse.

City of Springfield, Massachusetts

Comprehensive Annual Financial Report

For the Year Ended June 30, 2015



Prepared by:

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

CITY OF SPRINGFIELD, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

Introductory Section	1
Letter of Transmittal.....	3
Organizational Chart.....	19
Directory of Officials.....	20
Certificate of Achievement for Excellence in Financial Reporting.....	21
Financial Section	23
Independent Auditor's Report.....	25
Management's Discussion and Analysis	28
Basic Financial Statements	38
Statement of Net Position.....	39
Statement of Activities	40
Governmental Funds – Balance Sheet.....	42
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position	43
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances.....	44
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	45
Proprietary Funds – Statement of Net Position	46
Proprietary Funds – Statement of Revenues, Expenses and Changes in Net Position.....	47
Proprietary Funds – Statement of Cash Flows.....	48
Fiduciary Funds – Statement of Fiduciary Net Position.....	49
Fiduciary Funds – Statement of Changes in Fiduciary Net Position	50
Notes to Basic Financial Statements.....	51
Required Supplementary Information.....	86
Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund – Budget and Actual.....	88
Pension Plan Schedules - Retirement System.....	92
Schedule of Changes in the Net Pension Liability and Related Ratios	93

Schedule of Contributions.....	94
Schedule of Investment Return	95
Pension Plan Schedules - City	96
Schedule of the City's Proportionate Share of the Net Pension Liability.....	97
Schedule of the City's Contributions.....	98
Schedule of the Special Funding Amounts of the Net Pension Liability.....	99
Other Postemployment Benefit Plan Schedules.....	100
Other Postemployment Benefit Plan Schedule of Funding Progress and Employer Contributions.....	101
Other Postemployment Benefit Plan Actuarial Methods and Assumptions.....	102
Notes to Required Supplementary Information	103
Combining and Individual Fund Statements.....	107
Nonmajor Governmental Funds - Combining Balance Sheet.....	110
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	114
Internal Service Funds – Combining Statement of Net Position.....	119
Internal Service Funds – Combining Statement of Revenues, Expenses, and Changes in Net Position	120
Internal Service Funds – Combining Statement of Cash Flows	121
Agency Fund – Statement of Changes in Assets and Liabilities	123
Statistical Section	125
Net Position by Component – Last Ten Years	126
Changes in Net Position – Last Ten Years.....	127
Fund Balances, Governmental Funds – Last Ten Years	128
Changes in Fund Balances, Governmental Funds – Last Ten Years	129
Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates – Last Ten Years	130
Principal Taxpayers – Current Year and Nine Years Ago.....	131
Property Tax Levies and Collections – Last Ten Years	132
Ratios of Outstanding Debt and General Bonded Debt – Last Ten Years.....	133
Direct and Overlapping Governmental Activities Debt	134
Computation of Legal Debt Margin – Last Ten Years	135
Demographic and Economic Statistics – Last Ten Years	136
Principal Employers – Current Year and Nine Years Ago.....	137
Full-time Equivalent City Employees by Function - Last Ten Years	138
Operating Indicators by Function/Program – Last Ten Years	139
Capital Asset Statistics by Function/Program – Last Ten Years	140
Free Cash & Stabilization Fund Balances – Last Ten Years	141

Introductory Section



The Annual Bright Nights Display - named seven times as one of North America's top attractions by the American Business Association.

City of Springfield, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2015



The Everett H. Barney mausoleum in Forest Park. Barney bequeathed his estate and an endowment to Springfield to create this public park.

Introductory Section

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THE CITY OF SPRINGFIELD, MASSACHUSETTS

Letter of Transmittal

December 10, 2015

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, 2015.

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, 2015, 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, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Powers & Sullivan, LLC concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2015 are fairly presented in conformity with GAAP. An "unmodified opinion" means that the Auditors have no significant reservation regarding information provided in the financial statements. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with

special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Springfield's separately issued Single Audit Report.

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

Profile of the City

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

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

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

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

Profile of Government

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

The Mayor is elected for four years in November with the latest term starting in January 2016. The Mayor is the administrative head of the City and chairman ex-officio of the School Committee, the Board of Library Trustees, and the Board of Trust Fund Commissioners. The Mayor acts with the City Council and School Committee to carry out city business. The Mayor appoints his or her office staff, the City Solicitor, and the Assistant City Solicitor without City Council confirmation. The appointment of City Clerk, Director of Internal Audit, and members of the various boards and commissions, however, require City Council confirmation. The Mayor has the right to veto any order, resolution, or ordinance passed by the Council. However, a veto may be overturned by a two-thirds vote of all councilors. As the general administrator of all City departments, the Mayor is consulted by department heads pertaining to the City's welfare.

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

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

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

Local Economy

Springfield is the regional employment center for Western Massachusetts, with a diverse and balanced mix of financial, manufacturing, commercial and service trade industries. The financial sector is characterized by a strong presence of insurance and regional banking operations that have continued to expand including Massachusetts Mutual Insurance Company (headquartered in Springfield), Liberty Mutual, Bank of America, and TD Bank. Springfield also serves as the largest manufacturing employer in the region producing a wide range of precision-manufactured parts, medical devices, chemicals, paper and metal products, as well as home to the headquarters of Smith & Wesson.

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

Private educational institutions have also invested in Springfield. Cambridge College opened a new graduate studies satellite office with classrooms in downtown Springfield's Tower Square complex. Bay Path University opened a new online educational office and advisory center at 1350 Main Street, and in September 2014, the University of Massachusetts held a grand opening of its new UMass satellite center to be located at Tower Square.

The technology industry continues to experience sustained growth and through Springfield Technical Community College's nationally recognized expertise in technology education, Springfield is poised for future advances in information technology. Springfield is also home to a booming healthcare industry, led by Baystate Health which recently completed a \$300 million expansion that has also helped spur private medical office development in the neighborhoods surrounding its medical center.

Industry and Commerce

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

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

Furthermore, in July of 2013, MGM International approved and signed the host community agreement with the City and has been awarded a state gaming license for its proposed \$800 million resort casino complex to be built on the border of the Downtown and South End neighborhoods. That project has been locally approved and the State-wide repeal vote failed on November 4, 2014. The project is expected to bring approximately 3,000 new jobs to the city. The project will include a new 250 room MGM hotel as well as the restoration of the long dormant

13-31 Elm Street building. It will also bring new residential apartments, retail, restaurants, movie theatre, bowling alley, and outdoor public skating rink.

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

Technology

Springfield Technical Community College Technology Park provides 465,000 square feet of lease space for telecommunication technology-based and light manufacturing companies. Currently the Technology Park is home to over 20 tenant companies employing over 1,000 employees and with an incubator facility. Liberty Mutual, a fortune 100 company, established a Customer Response Center at the site a few years ago. Their total investment was over \$3.5 million with potential for future expansion. Liberty Mutual considers the operation one of their most competitive and efficient customer centers and is pleased with their ability to attract and retain qualified employees. Complementing the City's existing technological infrastructure, the Commonwealth announced in 2010 the redevelopment of the former Tech High School into the state's new \$76 million data center. The center now houses virtually all of the state's electronic records. The local facility has generated about 70 full-time jobs. Construction was completed in early 2013. The Technology Park is currently in the midst of an \$11 million project to upgrade space and create additional parking.

Additionally, in 2009 the Massachusetts Broadband Institute (MBI), a division of Massachusetts Technology Collaborative began a \$71.6 million project connecting 120 communities in western and north-central Massachusetts with more than 1,300 miles of fiber optic network. Just as the City benefited economically from its location along interstates 91, 291 and 90, Springfield is well-positioned as a hub for digital commerce and information exchange.

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

Manufacturing

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

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

In December 2013 Smith & Wesson Corporation and the City announced the company's decision to relocate their long barrel rifle business from Rochester, New Hampshire to Springfield resulting in the creation of 225 new jobs in Springfield. The company also committed to investing an additional \$63 million dollars into facility improvements and new technology over the next five years. The Commonwealth approved \$6 million in tax

credits and the City was poised to approve a 5-year Special Tax Assessment (STA) agreement resulting in \$600,000 in savings to the company. Smith & Wesson has enjoyed continued growth over the last five years and is actively engaged with Springfield's Putnam Vocational Technical High School and Springfield Technical Community College to create training programs for new machinists. Smith & Wesson donated \$250,000 for equipment needs in the new Putnam High School that formally opened in September, 2012.

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

The City has also worked hard to assist smaller manufacturing shops prosper in Springfield. In 2012, the City worked to bring Nash Manufacturing from Holyoke to Springfield and assisted Custom Carbide in relocating to a larger building within the City. The City also attracted prominent roofing company Titan Roofing in 2013 to make a \$2 million investment in relocating its headquarters facility from Chicopee to Springfield. In 2014, the City continued these efforts by assisting in the relocation of Advance Welding into Springfield as well as the expansion of Dave's Trucking and Freedom Credit Union.

Recognizing the demand for new industrial land, in 2003 the City created the Springfield Smith & Wesson Industrial Park on 85 acres, next to the Smith & Wesson headquarters. The park has the potential to produce 650,000 square feet of industrial, commercial and general office space and generate as many as 1,000 jobs. Grants in the amount of \$2.48 million from the Federal Economic Development Administration (EDA) and a Public Works Economic Development grant (PWED) was used to design and build the infrastructure in the park. The first investor was Performance Food Group (PFG) – a Fortune 500 company - purchased 35 acres and opened a 210,000 square foot facility in 2007. In 2012, F.W. Webb purchased 15 acres of the property for \$1 million from the Springfield Redevelopment Authority and built a 70,000 square foot facility with a showroom that opened in 2013.

The Chicopee River Business Park, shared by Springfield and Chicopee, is ready for development and continues to be marketed by both cities and the Western Massachusetts Economic Development Corporation. The first tenant was Prima North America, an industrial laser company. Since its opening in 2003, the company expanded its building to 86,000 square feet. A new privately developed solar park is being developed on the property that will provide the City with approximately \$40,000 per year in new taxes. The following table summarizes tax increment financing agreements the City has relative to its economic development efforts.

Project	Type	Year Certified
Freedom Credit Union	TIF	2014
Dave's Truck	TIF	2014
Advance Welding	TIF	2014
Titan Roofing	TIF	2013
Latino Food Distributors	TIF	2013
Nash Manufacturing	STA	2013
Custom Carbide Corporation	STA	2012
F.W. Webb	TIF	2011
Smith and Wesson	STA	2011
TiteFlex	TIF	2010
Performance Food Service Corp.	TIF	2006
Springfield Riverfront Development Corp	TIF	2002
Big Y	TIF	1995

Housing Development

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

Higher Education

Higher education is available in Springfield at American International College, Springfield College, Western New England University and School of Law, Cambridge College and Springfield Technical Community College. In addition, the main campuses of the University of Massachusetts (UMass-Amherst), Amherst College, Hampshire College, Mount Holyoke College, Smith College, Bay Path University, Elms College and Westfield State University are located in nearby communities.

In 2010, UMass-Amherst established a presence in the City's downtown with the UMASS Amherst Design Center, which is home base for approximately 20 studio design projects in Springfield for the past two years. In September 2014, UMASS Amherst opened a new UMass satellite center at Tower Square in downtown Springfield to significantly expand the University's presence in Western Massachusetts.

Enrollment at Springfield's institutions of higher education includes approximately 19,000 full and part-time students. During the past several years, all four of these colleges have upgraded and expanded their facilities to accommodate student needs and remain competitive. In addition, a number of construction projects are underway or in the planning stages at these institutions.

Healthcare and Social Assistance

Baystate Health Systems is one of the largest employers in Western Massachusetts with approximately 10,000 employees in the region, of which an estimated 8,700 work in Springfield. In recent years, Baystate Health Systems was named one of the “Top 100 Most Highly Integrated Healthcare Networks” in the U.S. by Verispan for the eighth consecutive year and one of “America's Best Hospitals” by U.S. News and World Report. Baystate Health Systems recently completed a nearly \$300 million expansion of the Baystate Medical Center in Springfield. The project expanded the largest medical facility in Western Massachusetts with a new eight story, 600,000 square foot building. The expansion provided 200 construction jobs plus permanent employment for 50 doctors and 500 staff members.

Leisure and Hospitality

The opening of the Naismith Basketball Hall of Fame in September 2002 marked a milestone for Springfield's tourism economy. Located inside the Hall of Fame complex, it contains 100,000 square feet of exhibition space. In addition, occupants of the complex include Subway, Samuel's Tavern, Plan B Burger Bar, Cold Stone Creamery and Max's Tavern. The Springfield Visitor's Information Center is located at the Basketball Hall of Fame. The former Visitor's Information Center building located on Hall of Fame Avenue was purchased by a private developer and opened as a “Luxe Burger Bar” in early 2014, representing a private investment of over \$2 million.

The River's Landing Project, completed in the spring of 2008, is a \$14 million sports, fitness and entertainment destination in the former Naismith Memorial Basketball Hall of Fame along the City's waterfront. This 70,000 square foot entertainment and fitness center contains a LA Fitness facility, a four-story restaurant facility, and a Trillium Sports Medicine and Day Spa.

Springfield has continued to strengthen this sector of its economy with the opening of the new Basketball Hall of Fame, the Dr. Seuss Memorial Park, a Hilton Garden Inn, and a 3.5 mile bikeway/walkway that stretches the length of the Connecticut River in Springfield. Each of these projects complement the expanded Six Flags Amusement Park located across the river in Agawam, which attracts over one million visitors each year.

The hotel segment in Springfield continues to rebound with the rebranding and redevelopment of the former Holiday Inn to a La Quinta Inn & Suites. The LaQuinta project was awarded by its company as the best redevelopment of the year and the property has quickly become a very popular option for travelers in the region. A new 87-room Hampton Inn & Suites is nearing completion in the South End neighborhood, a 98 room Holiday Inn Express is under construction in downtown, and a 250 room MGM hotel will be built as part of their casino proposal. With these two projects the hotel inventory in just the downtown and South End areas of the City will reach over 1,250 rooms.

Hotel Inventory

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

Source: City of Springfield Economic Development Department.

Government Projects

The State has and continues to be a strong partner and advocate in the disaster recovery efforts of the City as it continues to recover from the June 2011 tornado and October 2011 snow storm. The tornado, estimated to cost the City a total of \$89 million in damages, most of which has been reimbursed by FEMA, impacted two schools and the local armory, which was being used as a community center, along with various emergency protective measures such as police, fire and code enforcement support. The Elias Brookings Elementary School was a three story, 85-year old school directly in the path of the tornado. Based on the need to update the building to current codes and standards, and the fact that enrollment was higher than the current school could accommodate, the decision was made to build a new school for the neighborhood, as opposed to repairing the damaged building. The Massachusetts School Building Authority (MSBA) approved the \$27 million project and will provide 100% eligible cost reimbursement to the City which began construction in 2013 and is now complete.

In addition to the Brookings project, the Mary Dryden Elementary School lost an entire wing of the building as a result of the tornado. The MSBA approved the rebuilding of the wing at a cost of approximately \$15 million, and will provide 100% eligible cost reimbursement to the City.

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

The City recently authorized funding for the redevelopment of Union Station. The project, estimated to cost over \$78 million will be completed in two phases which will restore the terminal and central concourse along with demolishing the baggage claim to provide space for the bus terminal and parking. The project will integrate intercity rail service, PVRTA bus service and Peter Pan bus service into one area.

Financial Overview

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

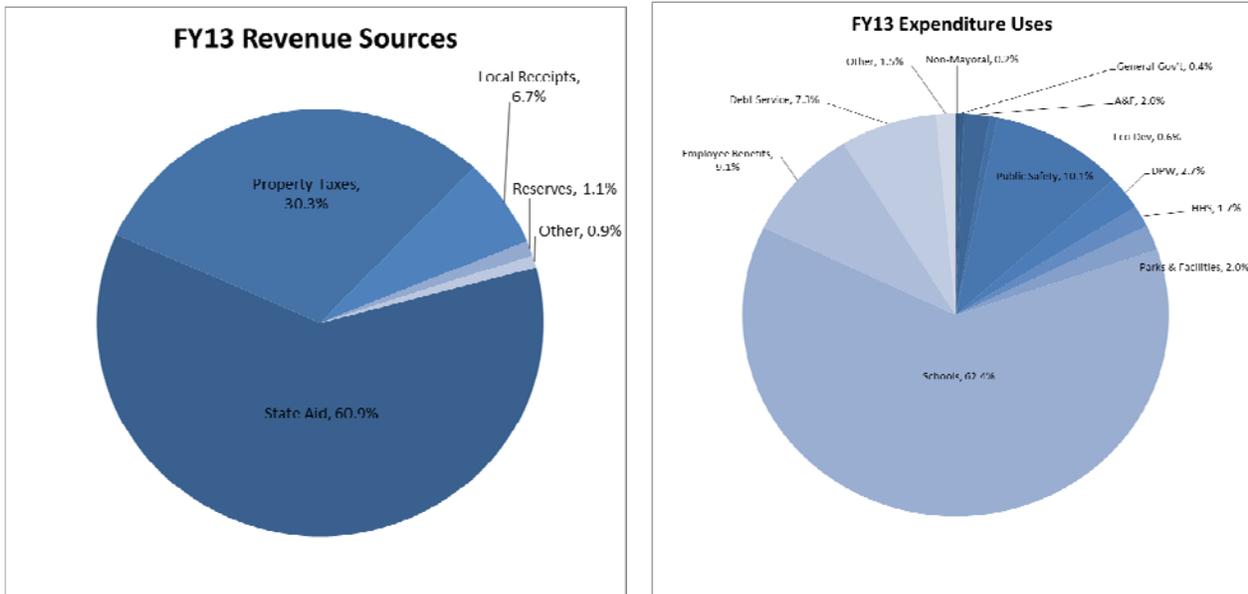
As a result of an initiative law adopted in November 1980, school committees are no longer autonomous with respect to school expenditures for current purposes. The School budget is limited to the total amount appropriated by the City Council, but the School Committee retains full power to allocate the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

Budget Highlights

Fiscal Year 2013 - The Mayor's Recommended Budget for Fiscal Year 2013 is \$551,776,343. This represents a 1.8% increase over the FY12 Adopted Budget and a 1.8% decrease from the FY12 Projected Budget. For FY13, the projected gap at the beginning of the process totaled \$30.1 million. A balanced approach was used to solve the projected budget gap. This approach relied upon spending reductions, revenue increases and a use of stabilization reserves. All of these things were considered in the context of providing vital programs and services to the City with the intention of minimizing layoffs that would impact vital services. Every department was impacted by budget reductions in the Fiscal Year 2013 budget planning process. Including \$10.2 million in reductions from personal services (salaries, benefits, elimination of vacant positions, layoffs), \$4.6 million in reductions from other than personal services (OTPS), and \$269,000 in reductions to capital expenditures. Overall, the budget reductions across departments impacted 108.0 requested FTEs which are divided into the elimination of 96.0 FTE vacancies and the layoff of 12.0 FTEs. The General Fund FTE complement is at its lowest to date at 1,207.3 FTEs. That is a reduction of 374 FTEs (-24%) since Fiscal Year 2008. The City is using a total of \$8 million in reserves from its \$40 million reserve account. This amount leaves the fund balance at 6% of the overall budget which complies with the City's financial ordinances. Utilizing reserves is necessary to fund programs and services that would otherwise be decimated by that level of reductions. The City utilized revenue growth initiatives including enacting the final municipal partnership act local option for an increase to the hotel/motel tax from 4% to 5%, an increase to the trash fee from \$75 to \$90, and targeted increases in Departmental Fees. The City is currently at its Levy ceiling and could not recognize new growth as part the FY13

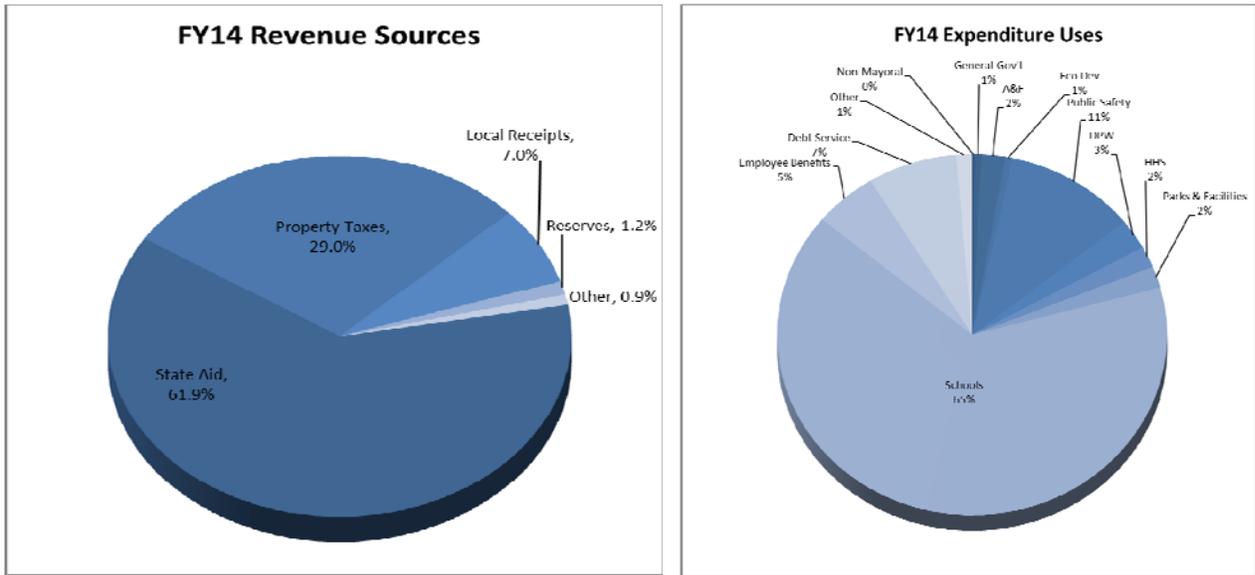
tax rate setting process. On June 29, the City Council held its formal budget meeting to adopt an FY13 budget. The Council approved the Mayor’s budget as submitted.

FY13 Sources & Uses



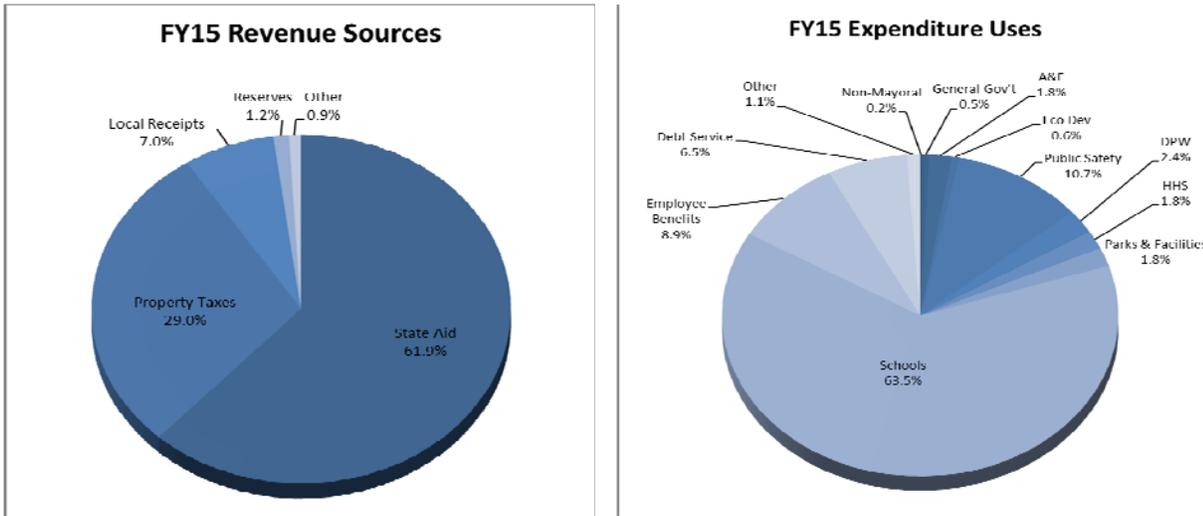
Fiscal Year 2014 – On June 3, 2013 the Mayor presented the Fiscal Year 2014 budget to the City Council totaling \$571,878,838, a 1.03% increase over the Fiscal Year 2013 revised budget. For FY14, the projected gap at the beginning of the process totaled \$23.5 million. The challenge of balancing the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

FY14 Sources & Uses



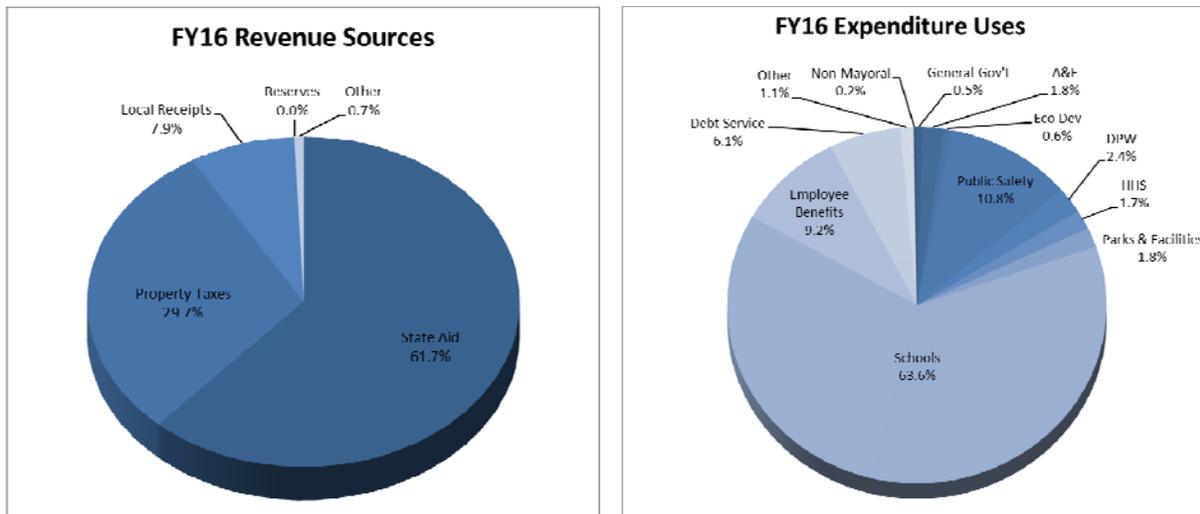
Fiscal Year 2015 – The Adopted Budget for Fiscal Year 2015 is \$581,922,838. This represents a 1.8% increase over the FY14 Adopted Budget and a 1.7% increase from the FY14 Revised Budget. Fiscal Year 2015 marks an upswing for the City’s finances with a second consecutive year of increases to the City’s assessed property valuations, budgeted State Aid, local receipt estimates, and reduced reliance on reserves. Costs, however, continue to increase with the need to support legal and contractual obligations, employee salaries and benefits, and other city-wide fixed costs. The City has also been strategically addressing the structural deficit by reducing the use of reserves to fund operating expenses. Through the annual planning process of building the City’s four-year Multi Year Financial Plan and amassing department budget requests, the City contended with a \$21.8 million deficit. The City’s goals for the FY15 budget process were threefold. The first step was solving for a \$21.8 million deficit due to rising salaries, benefits, contractual costs and stagnant projected revenue. Second was to reduce our reliance on one-time revenue to solve for the budget gap. Finally, with these limited resources, provide strategic investments to the City. In addition, budgets were analyzed and presented based on departmental programs. This is the first time the City has budgeted on a programmatic basis, allowing for more data-driven decision making. By analyzing and presenting departmental funding in this manner, programs are clarified improving expenditure prioritization. The City’s resources are allocated to the programs that deliver the greatest benefits to the community.

FY15 Sources & Uses



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

FY16 Sources & Uses



Long Term Financial Planning

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

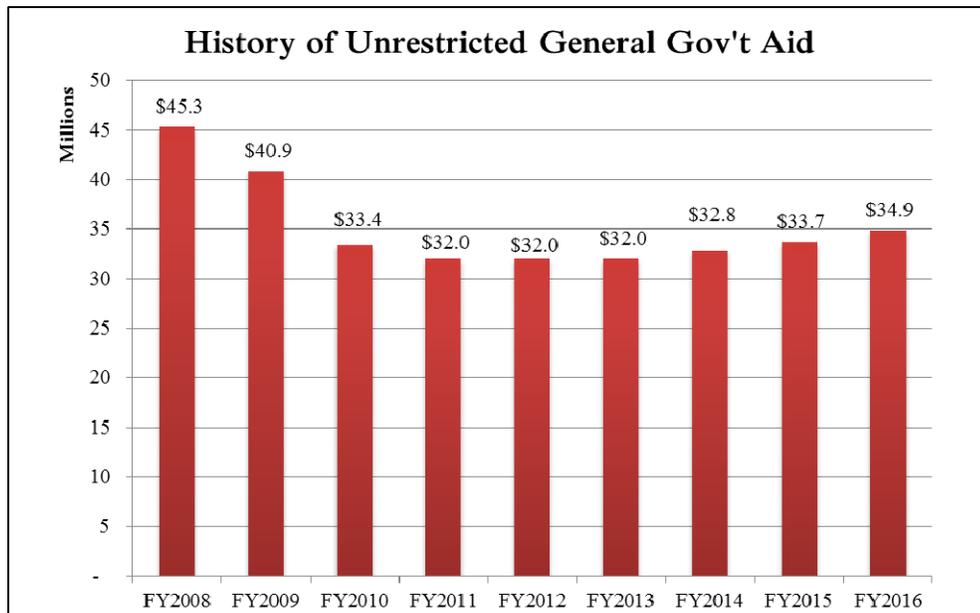
	FISCAL 2014 ACTUAL	FISCAL 2015 ADOPTED	FISCAL 2016 MYFP - PROJECTED	FISCAL 2017 MYFP - PROJECTED	FISCAL 2018 MYFP - PROJECTED	FISCAL 2019 MYFP - PROJECTED
SPENDING ASSUMPTIONS						
Administration and Finance Division	10,349,526	10,629,745	11,011,089	11,231,311	11,305,937	11,382,056
Development Division	3,238,005	3,461,440	3,530,669	3,601,283	3,673,308	3,746,775
General Government Division	2,709,521	2,923,400	2,906,868	2,965,005	3,024,306	3,084,792
Non-Mayoral Division	1,095,780	1,302,048	1,328,089	1,354,650	1,381,743	1,409,378
Health and Human Services Division	10,113,087	10,663,636	10,924,942	11,143,441	11,366,310	11,593,636
Public Safety Division	57,468,103	62,356,954	66,900,794	68,238,810	69,603,586	70,995,658
Public Works Division	15,001,627	14,147,011	14,429,951	14,718,550	15,012,921	15,313,180
Parks & Facilities Division	10,211,299	10,740,732	10,955,546	11,174,657	11,398,151	11,626,114
School Department	385,133,545	369,413,119	378,293,493	389,642,298	401,331,567	413,371,514
Debt	39,985,466	38,090,246	38,791,143	38,561,801	36,294,316	36,010,791
Health Insurance & Fringe	24,526,383	25,048,460	26,665,381	26,946,762	27,231,325	27,519,111
Pensions	25,558,596	26,809,120	28,392,007	30,079,524	31,868,292	33,764,386
Other Spending	9,000,208	6,336,928	8,531,767	8,703,845	8,880,123	9,060,703
TOTAL	594,391,147	581,922,839	602,661,739	618,361,937	632,371,884	648,878,092
REVENUE ASSUMPTIONS						
Property Taxes	161,237,933	174,280,896	175,662,918	180,154,491	184,758,354	189,477,312
Local Receipts	46,880,221	46,387,824	42,289,689	42,289,689	42,289,689	42,289,691
State Aid	353,658,564	358,397,988	367,193,475	372,537,050	375,385,555	384,155,869
Reserves	7,350,000	2,856,130	-	-	-	-
Net School Spending	27,374,666	-	-	-	-	-
Other Financing Sources	4,531,859	-	-	-	-	-
Casino Revenue	-	-	3,000,000	3,000,000	17,600,000	17,600,000
TOTAL	601,033,242	581,922,839	588,146,082	597,981,231	620,033,598	633,522,872
SURPLUS / (GAP)	6,642,095	0	(14,515,657)	(20,380,706)	(12,338,286)	(15,355,220)

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

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

Levy Calculation	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Prior Year Levy Limit	170,824,032	171,233,218	169,400,199	167,780,962	172,987,842	176,123,213	176,123,213	176,123,213	176,123,213
2.5% Increase	4,292,701	4,318,594	4,452,106	4,194,524	4,324,696	4,403,080	4,403,080	4,403,080	4,403,080
Subtotal	175,116,733	175,551,812	173,852,305	171,975,486	177,312,538	180,526,293	180,526,293	180,526,293	180,526,293
New Growth	3,482,214	4,526,534	5,868,281	5,796,076	3,893,490	2,000,000	2,000,000	2,000,000	2,000,001
Levy Limit	178,598,947	180,078,346	179,720,586	177,771,562	181,206,028	182,526,293	182,526,293	182,526,293	182,526,294
Levy Ceiling (Actual Levy Limit)	171,233,218	169,400,199	167,408,833	172,959,829	176,123,213	176,123,213	176,123,213	176,123,213	176,123,213
LOST REVENUE						6,403,080	6,403,080	6,403,080	6,403,081
TO SUPPORT OPERATIONS	7,365,729	10,678,147	12,311,753	4,811,733	5,082,815				
	<i>Total lost to date FY11-FY15:</i>			40,250,177		<i>Total estimated lost FY11-FY19:</i>			25,612,322

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



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

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
CITY GRAND TOTAL	1,581.5	1,557.9	1,433.2	1,410.3	1,298.8	1,208.3	1,242.2	1,289.2	1,322.3

- Benefits** - Prior to Fiscal Year 2007, the City's health insurance costs were increasing at a rate of 18 percent annually. The City became the first community to join the Group Insurance Commission (GIC). The GIC purchases health insurance for 265,000 state employees and retirees and has significant purchasing power. Over the last number of years, GIC premiums increased at an average 5% annually which is significant growth but much more controlled than under the previous situation.

- **Retirement** - Retirement benefits for local and state employees are uniform across the Commonwealth. Until July 2009, Chapter 32 of the Massachusetts General Laws required municipalities to fully fund their retirement liability by 2028. The Commonwealth's Fiscal Year 2010 budget included an extension of this requirement to 2030, and further modifications to 2040 were adopted in FY11. The City must revalue its schedule every 2 years and adjust the schedule accordingly. Springfield's most recent actuarial valuation estimated the City's unfunded actuarial accrued liability (UAAL) at \$636 million as of January 1, 2014. Our funded status is 27.0%.
- **Other Post-Employment Benefits** - In addition to providing pension benefits, the City provides health, dental, vision and life insurance to retired employees and their survivors, in accordance with Chapter 32 of the Massachusetts General Laws. The City's OPEB unfunded actuarial accrued liability is estimated at \$873 million based on the most recent actuarial valuation dated July 1, 2013. In order to fully fund this liability in 30 years, as it does with retirement, the City would have to appropriate approximately \$61 million on an annual basis. We currently fund approximately 38% of this amount.
- **Debt Service and Capital Needs** - The City has a \$540.4 million Capital Improvement Plan that identifies major equipment and construction needs over the next five years. Due to previous deferred maintenance and the number of facilities and parks, the City has significant capital needs.

Awards & Acknowledgements

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Springfield for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the fourth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Distinguished Budget Award

The GFOA awarded a Distinguished Budget Presentation Award to the City of Springfield for its budget document for fiscal year 2015. This was the seventh consecutive year the City has received this prestigious award. The GFOA established the Distinguished Budget Award in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's recommended practices on budgeting and then to recognize individual governments that succeed in achieving that goal. A Budget Presentation Award is valid for a period of one year only. We believe our current FY2016 budget will meet the criteria to be eligible for a seventh award.

Acknowledgements

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

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

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

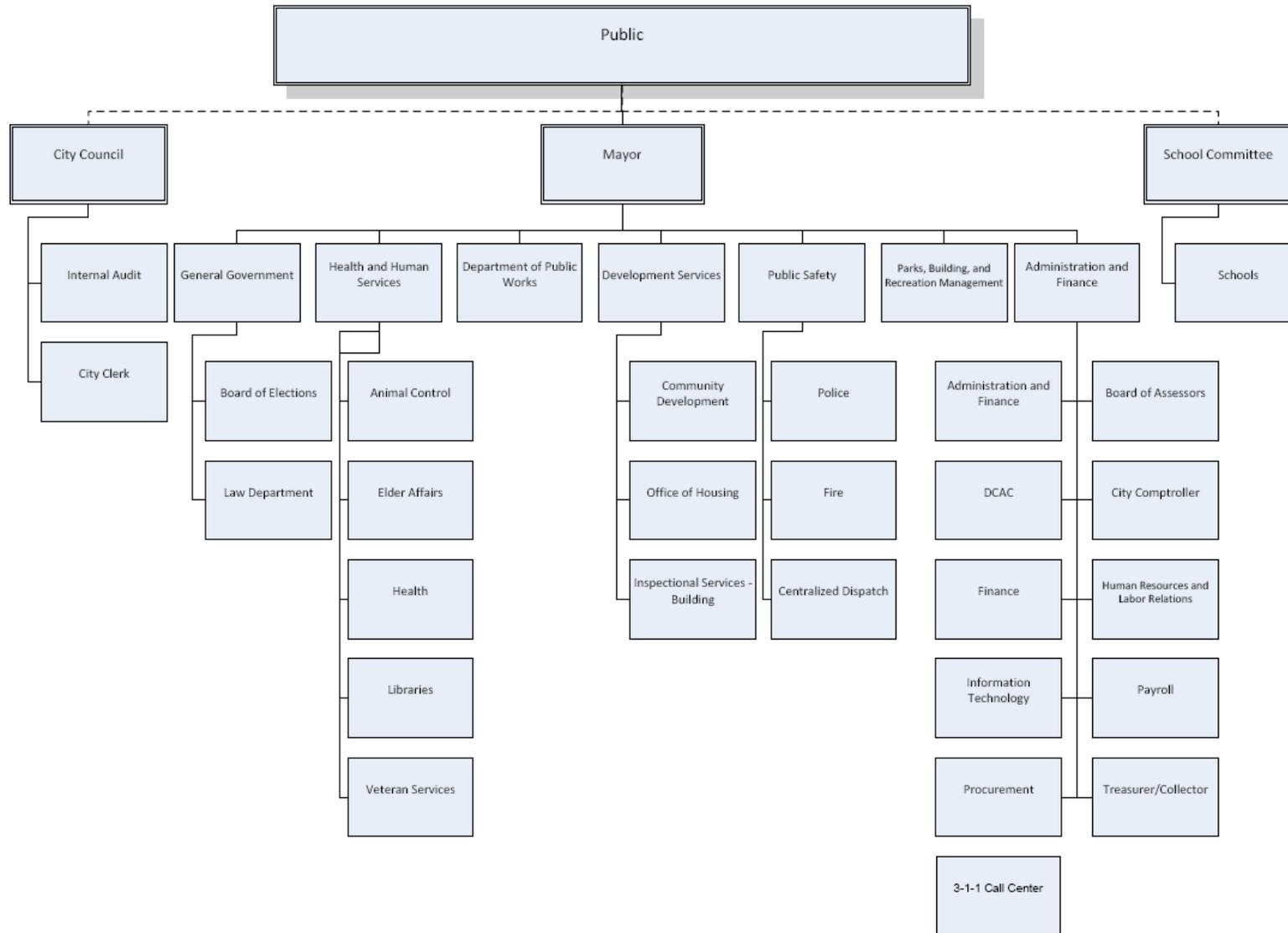
Patrick S. Burns	City Comptroller
Jennifer Winkler	Budget Director
Joanne Raleigh	Deputy Comptroller
Antoinette Basile	Sr. Financial Accountant
Beth Gokey	Financial Accountant
Maria Lopez-Santiago	Business Process Coordinator
Sharolyn Vickers	Financial Accountant
Leslie Labonte	Office Manager
Diane Jendrysik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

Respectfully submitted,



Timothy J. Plante
Chief Administrative & Financial Officer

Organizational Chart



Directory of Officials

Mayor

Domenic J. Sarno

City Council

Michael Fenton, Ward 2 (President)

Orlando Ramos, Ward 8 (Vice President)

Zaida Luna, Ward 1

Melvin A. Edwards, Ward 3

E. Henry Twiggs, Ward 4

Clodovaldo Concepcion, Ward 5

Kenneth E. Shea, Ward 6

Timothy Allen, Ward 7

Kateri Walsh, At Large

Thomas Ashe, At Large

Justin Hurst, At Large

Timothy J. Rooke, At Large

Bud L. Williams, At Large

School Committee

Mayor Domenic J. Sarno (Chairman)

Christopher Collins, District 3 (Vice-Chair)

Rosa Perez, District 1

Barbara Gresham, District 2

Denise Hurst, At Large

Attorney Peter Murphy, District 4

Calvin MacFadden, At Large

Appointed City Executive Branch

Chief Administrative and Financial Officer

Timothy J. Plante

Comptroller

Patrick S. Burns

Budget Director

Jennifer Winkler

Director of Internal Audit

Yong Ju No

Treasurer/Collector

Stephen Lonergan

Chairman of the Board of Assessors

Richard J. Allen

City Clerk

Wayman Lee, Esq



Government Finance Officers Association

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

Presented to

**City of Springfield
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

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Financial Section



The 15th hole of Franconia Golf Course - one of two Springfield Public Golf courses.

City of Springfield, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2015



The Basketball Hall of Fame and Connecticut River - Springfield, Massachusetts.

Financial Section

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Springfield, Massachusetts, as of and for the year ended June 30, 2015 (except for the Springfield Contributory Retirement System which is as of and for the year ended December 31, 2014), and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Springfield, Massachusetts, as of June 30, 2015 (except for the Springfield Contributory Retirement System which is as of and for the year ended December 31, 2014), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2015, on our consideration of the City of Springfield, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Springfield, Massachusetts' internal control over financial reporting and compliance.

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

December 10, 2015

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the City of Springfield, Massachusetts, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City of Springfield for the year ended June 30, 2015. This is the fourteenth 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 auditor may issue a modified opinion or a disclaimer (where no opinion is given). These types of opinions may have an adverse effect on the City's bond rating and our ability to borrow money at favorable interest rates. The financial statements of the primary government have received an unmodified auditor's opinion.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on the City's non fiduciary assets and deferred outflows of resources, deferred inflows of resources and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

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

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

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

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

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

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

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

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its trash activities. The trash enterprise fund is not intended to be self-supporting and requires a substantial subsidy from the general fund; \$4,091,000 and \$4,532,000 in 2015 and 2014, respectively.

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City of Springfield's total net position is in a deficit position of \$293 million as a result of the implementation of GASB Statement #68, Accounting and Financial Reporting for Pensions and Statement #71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Key components of the City's activities are presented below.

Governmental Activities

	2015	2014 (As Revised)
	<u>2015</u>	<u>(As Revised)</u>
Assets:		
Current assets.....	\$ 238,843,678	\$ 252,851,305
Noncurrent assets (excluding capital).....	37,267,895	46,825,178
Capital assets, non depreciable.....	27,817,539	68,361,456
Capital assets, net of accumulated depreciation.....	<u>630,486,492</u>	<u>565,775,314</u>
Total assets.....	<u>934,415,604</u>	<u>933,813,253</u>
Deferred Outflows of Resources:		
Deferred outflows of resources related to pensions.....	<u>1,012,622</u>	<u>-</u>
Liabilities:		
Current liabilities (excluding debt).....	73,458,789	83,084,469
Noncurrent liabilities (excluding debt).....	904,614,297	852,673,271
Current debt.....	40,699,506	69,123,825
Noncurrent debt.....	<u>209,711,834</u>	<u>182,798,445</u>
Total liabilities.....	<u>1,228,484,426</u>	<u>1,187,680,010</u>
Net Position:		
Net investment in capital assets.....	469,947,179	449,486,707
Restricted.....	12,985,477	12,596,529
Unrestricted.....	<u>(775,988,856)</u>	<u>(715,949,993)</u>
Total net position.....	<u>\$ (293,056,200)</u>	<u>(253,866,757)</u>

Governmental net position of \$470 million reflects its investment in capital assets (e.g., land, buildings, infrastructure, and machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position of \$13 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* resulted in a \$776 million deficit mainly relating to the cumulative effect of recording \$634 million of governmental net pension liabilities and \$245 million of governmental other postemployment benefit (OPEB) liabilities through June 30, 2015.

Net position decreased by \$39.2 million in 2015 after revising the beginning net position balance downwards by \$619 million for net pension liabilities. Contributing to the current year decrease are the following factors; the \$37.3 million increase in the liability for other postemployment benefits, the increase of \$14.6 in the net pension liability, depreciation expense exceeding debt principal payments by \$16.5 million, and the transfer of approximately \$4.1 million to the Trash enterprise fund.

Education expenses and operating grants decreased by approximately \$22 million for on-behalf payments made by the Commonwealth of Massachusetts for teacher retirement benefits as a result of being measured on a different basis than in 2014 due to the implementation of GASB Statements mentioned above.

	2015	2014 (As Revised)
Program revenues:		
Charges for services.....	\$ 36,171,794	\$ 37,580,389
Operating grants and contributions.....	435,396,915	456,798,724
Capital grants and contributions.....	47,911,551	41,100,524
General Revenues:		
Real estate and personal property taxes.....	174,498,102	176,044,524
Motor vehicle and other excise taxes.....	12,862,459	11,876,703
Penalties and interest on taxes.....	1,865,149	1,831,584
Grants and contributions not restricted to specific programs.....	33,726,234	32,849,552
Unrestricted investment income.....	754,978	567,353
Payments in lieu of taxes.....	2,553,962	2,133,729
Other revenues.....	303,704	-
Total revenues.....	746,044,848	760,783,082
Expenses:		
General government.....	56,103,956	48,796,742
Public safety.....	122,391,784	110,564,124
Education.....	529,212,400	520,281,758
Public works.....	32,648,659	30,653,951
Health and welfare.....	10,951,993	10,108,674
Culture and recreation.....	22,587,575	21,915,878
Claims and judgements.....	-	1,000,000
Storm damage - October 2011 snow storm.....	-	52,408
Interest.....	7,852,070	9,221,794
Total expenses.....	781,748,437	752,595,329
Excess (Deficiency) before extraordinary items and transfers.....	(35,703,589)	8,187,753
Extraordinary item - tornado reimbursements.....	1,062,077	1,155,928
Extraordinary item - tornado expenses.....	(457,097)	(1,173,848)
Transfers.....	(4,090,834)	(4,532,450)
Change in net position.....	(39,189,443)	3,637,383
Net position - beginning, as revised.....	(253,866,757)	(257,504,140)
Net position - ending.....	\$ (293,056,200)	\$ (253,866,757)

Financial notes related to governmental activities:

- Charges for services represent 5% of governmental activities resources. The City can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the City are included in this category.
- Operating and capital grants and contributions accounted for 65% of the governmental activities resources. Most of these resources apply to education operations. These resources offset costs within the school department in addition to their General Fund operating budget.
- Property and excise taxes are a significant revenue source for the City's governmental activities. They comprised 25% of current resources.
- Other taxes and other revenues comprised a total of 5% of the governmental activity's resources. Other revenues consist mainly of grants and contributions and investment income earned on the City's deposits.
- Education is by far the largest governmental activity of the City. Approximately \$529.2 million in expenses were recorded in 2015. After accounting for \$448.5 million in program revenues, an additional \$80.7 million in taxes and other revenues were needed to cover its 2015 operating expenses. Approximately \$29.9 million of a pension contribution made by the state on-behalf of Springfield teachers has been recorded as an expense and grant revenue.
- Public safety, general government, and public works are the second, third, and fourth largest activities of the City. Approximately \$108.7 million, \$24.7 million, and \$25.3 million, respectively, of taxes and other revenues were needed to cover their 2015 operating expenses.

Business-type Activities. Business-type activities decreased the City's net position by \$295,000 during 2015. These activities consist of the Trash enterprise fund.

Trash fund business-type activities assets and deferred outflows of resources exceeded liabilities by \$665,000 at the close of 2015. The net investment in capital assets of \$1.2 million relates to the acquisition of capital assets through capital lease financing. Unrestricted net position amounted to a deficit of \$494,000. The general fund subsidized the activities in the amount of \$4.1 million in 2015 and \$4.5 million in 2014. Operating and depreciation expenses amounted to \$7.8 million and \$777,000, respectively.

	2015	2014 (As Revised)
Assets:		
Current assets.....	\$ 2,832,896	\$ 2,789,864
Capital assets, net of accumulated depreciation.....	2,460,301	2,239,398
Total assets.....	5,293,197	5,029,262
Deferred Outflows of Resources:		
Deferred outflows of resources related to pensions....	3,709	-
Liabilities:		
Current liabilities (excluding debt).....	228,414	231,501
Non-current liabilities (excluding debt).....	3,102,493	2,914,313
Current debt.....	533,629	414,200
Noncurrent debt.....	767,034	508,472
Total liabilities.....	4,631,570	4,068,486
Net Position:		
Net investment in capital assets.....	1,159,638	1,316,726
Unrestricted.....	(494,302)	(355,950)
Total net position.....	\$ 665,336	\$ 960,776

	<u>2015</u>	<u>2014 (As Revised)</u>
Program revenues:		
Charges for services.....	\$ 4,207,837	\$ 4,457,622
Expenses:		
Trash.....	8,594,111	8,480,177
Excess (Deficiency) before transfers.....	(4,386,274)	(4,022,555)
Transfers.....	4,090,834	4,532,450
Change in net position.....	(295,440) \$	509,895
Net position - beginning, as revised.....	960,776	450,881
Net position - ending.....	\$ 665,336	\$ 960,776

The 2014 noncurrent liabilities and beginning net position have been revised by \$2,268,045 to reflect the implementation of GASB Statements #68 and #71 and the associated net pension liability.

Financial Analysis of the Government's Funds

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

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

As of the end of the current year, governmental funds reported combined ending fund balances of approximately \$127.7 million, an increase of approximately \$18.9 million from the prior year. The overall increase is primarily due to the issuance of \$50.5 million of long-term debt less the decrease in the general fund related to the planned use of fund balance as well as the nonmajor fund decrease related to the timing of when revenue and expenditures are recorded.

General Fund

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was approximately \$58.6 million, while total fund balance was approximately \$84.6 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 9% of total general fund expenditures, while total fund balance represents approximately 14% of that same amount. The General fund balance decreased by \$20.1 million from the prior year. The decrease is primarily due to the planned use of fund balance to balance the budget.

October 29, 2011 Snow Storm Fund

The City was hit with a major snow storm on October 29, 2011 that closed over 2,000 roads and downed power lines throughout the City. Clean-up costs as of June 30, 2015 amounted to \$28.9 million of which the City has received federal and state assistance of approximately \$24.3 million. The fund has an accumulated deficit of \$4.6 million at June 30, 2015. The City has requested reimbursement from the Federal Emergency Management Agency (FEMA). Any remaining deficit will be funded with bond proceeds.

Tornado Relief Fund

A category EF-3 tornado touched down in the City on June 1, 2011 devastating large sections of the City. The storm killed 3 people, injured 300 others, and left over 500 people homeless in addition to leaving 48,000 electric customers without power. The Governor of Massachusetts declared a state of emergency and President Obama declared Springfield and the surrounding area a Federal disaster area. Relief expenditures as of June 30, 2015 amounted to \$24.4 million, of which the City has received federal and state assistance of approximately \$23.5 million and \$809 thousand was transferred from the City's general fund. The fund has an accumulated deficit of \$123,000 at June 30, 2015.

School Capital Projects Fund

The school capital projects fund is used to account for the construction and renovation of various school buildings. The fund has an accumulated fund balance of \$9.7 million at June 30, 2015. The surplus relates to bond proceeds which will be spent in subsequent years.

General Fund Budgetary Highlights

The City of Springfield adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. Actual revenues exceeded budgeted revenues by \$1.3 million, while actual expenditures, including carryovers, were less than budgeted amounts by \$4.8 million. The City carried over \$20.0 million in appropriations to 2016.

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 2015 approximately \$14.6 million of such assistance was received. Approximately \$48.6 million is expected to be received in future years. Of this amount, \$11.1 million represents reimbursement of long-term interest costs, and \$37.5 million represents reimbursement of approved construction costs.

Additionally, the MSBA offers a construction grant program which pays the City the State's share of approved school construction costs and therefore eliminates the need for the City to fund the State's share through long-term debt. The City has been approved for a grant of up to 100% or \$27.9 million of eligible construction costs towards the construction of the new Elias Brookings School, up to 100% or \$15.1 million of eligible construction costs in conjunction with the Dryden Memorial School renovation, up to 90% or \$44.1 million for the Forest Park Middle School renovation, and 80% or 27.9 million for the Springfield Central High science lab initiative. During the year the City received \$23.7 million for these projects and has recognized a receivable for \$8.6 million.

Major capital assets are funded by the issuance of long-term debt. During 2015, the City spent and capitalized additions totaling approximately \$13.6 million on the Brookings Elementary School, \$8.8 million on the Central High School, \$2.0 million on the Dryden Memorial School, \$1.7 million on the Chestnut School, and an additional \$40.8 million on other City-wide projects. The Business-Type Activities acquired \$998,000 of new vehicles and equipment.

Outstanding long-term debt of the general government, as of June 30, 2015, totaled approximately \$233.7 million, including unamortized premiums of \$4.9 million.

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

Requests for Information

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

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Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Springfield Redevelopment Authority	Springfield Museums Corporation
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 188,985,210	\$ 1,414,414	\$ 190,399,624	\$ 797,404	\$ 987,030
Restricted cash and cash equivalents.....	1,439,910	-	1,439,910	2,843,137	-
Investments.....	1,973,705	-	1,973,705	-	-
Receivables, net of allowance for uncollectibles:					
Real estate and personal property taxes.....	8,695,859	-	8,695,859	-	-
Tax liens.....	3,066,004	-	3,066,004	-	-
Motor vehicle excise taxes.....	2,995,777	-	2,995,777	-	-
Departmental and other.....	2,515,676	-	2,515,676	-	669,889
Trash fees.....	-	1,418,482	1,418,482	-	-
Intergovernmental.....	26,491,106	-	26,491,106	64,331,058	-
Loans.....	375,000	-	375,000	-	-
Tax foreclosures.....	2,205,431	-	2,205,431	-	-
Prepaid expenses and supplies.....	-	-	-	-	381,158
Working capital deposit.....	100,000	-	100,000	-	-
NONCURRENT:					
Restricted cash and cash equivalents held by custodian.....	4,233,103	-	4,233,103	-	-
Investments.....	-	-	-	-	17,948,828
Receivables, net of allowance for uncollectibles:					
Intergovernmental.....	27,613,935	-	27,613,935	-	-
Loans.....	5,420,857	-	5,420,857	-	-
Contributions.....	-	-	-	-	1,398,145
Beneficial interest in perpetual trusts.....	-	-	-	-	24,022,281
Capital assets, non depreciable.....	27,817,539	-	27,817,539	2,408,233	-
Capital assets, net of accumulated depreciation.....	630,486,492	2,460,301	632,946,793	743,283	15,245,913
TOTAL ASSETS.....	934,415,604	5,293,197	939,708,801	71,123,115	60,653,244
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources related to pensions.....	1,012,622	3,709	1,016,331	-	-
LIABILITIES					
CURRENT:					
Warrants payable.....	14,965,011	153,816	15,118,827	2,288,658	471,367
Accrued unemployment liability.....	712,000	-	712,000	-	-
Accrued payroll and withholdings.....	20,744,352	74,598	20,818,950	-	-
Health claims payable.....	159,961	-	159,961	-	-
Tax refunds payable.....	16,331,519	-	16,331,519	-	-
Accrued interest.....	3,261,615	-	3,261,615	22,625	-
Other liabilities.....	7,325,145	-	7,325,145	30,048	1,379,622
Capital lease obligations.....	1,066,071	533,629	1,599,700	-	-
Landfill closure.....	750,000	-	750,000	-	-
Compensated absences.....	7,158,186	-	7,158,186	-	-
Workers' compensation.....	1,130,000	-	1,130,000	-	-
Due to granting agencies.....	921,000	-	921,000	-	-
Lines of credit.....	-	-	-	-	41,089
Notes payable.....	13,656,990	-	13,656,990	-	98,527
Bonds payable.....	25,976,445	-	25,976,445	160,000	-
NONCURRENT:					
Capital lease obligations.....	1,976,528	767,034	2,743,562	-	-
Due to granting agencies.....	7,113,000	-	7,113,000	-	-
Compensated absences.....	11,645,328	-	11,645,328	-	-
Workers' compensation.....	2,638,000	-	2,638,000	-	-
Landfill closure.....	4,250,000	-	4,250,000	-	-
Other postemployment benefits.....	245,125,331	781,026	245,906,357	-	-
Lines of credit.....	-	-	-	-	1,881,871
Notes payable.....	-	-	-	180,000	2,155,253
Bonds payable.....	207,735,306	-	207,735,306	1,005,000	-
Net pension liability.....	633,842,638	2,321,467	636,164,105	-	-
TOTAL LIABILITIES.....	1,228,484,426	4,631,570	1,233,115,996	3,686,331	6,027,729
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	-	-	-	63,441,455	-
NET POSITION					
Net investment in capital assets.....	469,947,179	1,159,638	471,106,817	1,986,516	15,245,913
Restricted for:					
Chapter 656 Reserve.....	5,941,911	-	5,941,911	-	-
Debt service.....	4,233,103	-	4,233,103	-	-
Loans.....	211,857	-	211,857	-	-
Permanent funds:					
Nonexpendable.....	-	-	-	-	24,943,543
Grants and gifts.....	2,598,606	-	2,598,606	1,398,793	-
Unrestricted.....	(775,988,856)	(494,302)	(776,483,158)	610,020	14,436,059
TOTAL NET POSITION.....	\$ (293,056,200)	\$ 665,336	\$ (292,390,864)	\$ 3,995,329	\$ 54,625,515

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

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.....	\$ 56,103,956	\$ 14,888,464	\$ 12,301,951	\$ 4,185,702	\$ (24,727,839)
Public safety.....	122,391,784	10,199,759	3,473,007	-	(108,719,018)
Education.....	529,212,400	6,541,388	403,643,403	38,334,702	(80,692,907)
Public works.....	32,648,659	1,899,150	12,131	5,391,147	(25,346,231)
Health and welfare.....	10,951,993	436,055	6,065,103	-	(4,450,835)
Culture and recreation.....	22,587,575	2,206,978	3,457,510	-	(16,923,087)
Storm damage - October 2011 snow storm.....	-	-	2,243,856	-	2,243,856
Interest.....	7,852,070	-	4,199,954	-	(3,652,116)
Total Governmental Activities.....	781,748,437	36,171,794	435,396,915	47,911,551	(262,268,177)
<i>Business-Type Activities:</i>					
Trash.....	8,594,111	4,207,837	-	-	(4,386,274)
Total Primary Government.....	\$ 790,342,548	\$ 40,379,631	\$ 435,396,915	\$ 47,911,551	\$ (266,654,451)
Component Units:					
Springfield Redevelopment Authority.....	\$ 13,328,772	\$ 1,349,007	\$ 11,565,007	\$ -	\$ (414,758)
Springfield Museums Corporation.....	7,367,875	1,611,498	2,422,792	-	(3,333,585)
Total Component Units.....	\$ 20,696,647	\$ 2,960,505	\$ 13,987,799	\$ -	\$ (3,748,343)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Springfield Redevelopment Authority	Springfield Library and Museums Association
Changes in net position:					
Net (expense) revenue from previous page.....	\$ (262,268,177)	\$ (4,386,274)	\$ (266,654,451)	\$ (414,758)	\$ (3,333,585)
<i>General revenues:</i>					
Real estate and personal property taxes, net of tax refunds payable.....	172,273,135	-	172,273,135	-	-
Tax liens.....	2,224,967	-	2,224,967	-	-
Motor vehicle and other excise taxes.....	9,989,321	-	9,989,321	-	-
Hotel/motel tax.....	1,194,899	-	1,194,899	-	-
Local meals tax.....	1,678,239	-	1,678,239	-	-
Penalties and interest on taxes.....	1,865,149	-	1,865,149	-	-
Payments in lieu of taxes.....	2,553,962	-	2,553,962	-	-
Grants and contributions not restricted to specific programs.....	33,726,234	-	33,726,234	-	-
Unrestricted investment income.....	754,978	-	754,978	-	1,701,097
Miscellaneous.....	303,704	-	303,704	-	-
Sale of art collections.....	-	-	-	-	588
<i>Extraordinary item - Tornado reimbursements.....</i>	1,062,077	-	1,062,077	-	-
<i>Extraordinary item - Tornado expense.....</i>	(457,097)	-	(457,097)	-	-
<i>Transfers, net.....</i>	(4,090,834)	4,090,834	-	-	-
Total general revenues, extraordinary items, and transfers.....	223,078,734	4,090,834	227,169,568	-	1,701,685
Change in net position.....	(39,189,443)	(295,440)	(39,484,883)	(414,758)	(1,631,900)
<i>Net Position:</i>					
Beginning of year (as revised).....	(253,866,757)	960,776	(252,905,981)	4,410,087	56,257,415
End of year.....	\$ (293,056,200)	\$ 665,336	\$ (292,390,864)	\$ 3,995,329	\$ 54,625,515

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2015

	General	October 29, 2011 Snow Storm	Tornado Relief	School Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents.....	\$ 120,942,240	\$ -	\$ 9,780	\$ 5,925,586	\$ 50,664,486	\$ 177,542,092
Restricted cash and cash equivalents.....	-	-	-	-	1,439,910	1,439,910
Restricted cash and cash equivalents held by custodian.....	-	-	-	-	4,233,103	4,233,103
Investments.....	1,973,705	-	-	-	-	1,973,705
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	8,695,859	-	-	-	-	8,695,859
Tax liens	3,066,004	-	-	-	-	3,066,004
Motor vehicle excise taxes.....	2,995,777	-	-	-	-	2,995,777
Departmental and other.....	1,400,221	-	-	-	1,097,234	2,497,455
Intergovernmental.....	37,490,602	-	-	8,643,017	7,971,422	54,105,041
Loans.....	-	-	-	-	5,795,857	5,795,857
Due from other funds.....	2,001,745	-	-	-	-	2,001,745
Tax foreclosures.....	2,205,431	-	-	-	-	2,205,431
Working capital deposit.....	100,000	-	-	-	-	100,000
TOTAL ASSETS.....	\$ 180,871,584	\$ -	\$ 9,780	\$ 14,568,603	\$ 71,202,012	\$ 266,651,979
LIABILITIES						
Warrants payable.....	\$ 5,935,118	\$ -	\$ 9,780	\$ 76,144	\$ 8,943,969	\$ 14,965,011
Accrued unemployment liability.....	30,000	-	-	-	-	30,000
Accrued payroll and withholdings.....	16,197,979	-	-	-	2,324,688	18,522,667
Tax refunds payable.....	16,331,519	-	-	-	-	16,331,519
Due to granting agencies.....	-	-	-	-	8,034,000	8,034,000
Other liabilities.....	3,035,490	-	-	66,211	4,223,444	7,325,145
Due to other funds.....	-	-	-	-	2,001,745	2,001,745
Notes payable.....	-	4,566,891	122,539	4,700,000	4,267,560	13,656,990
TOTAL LIABILITIES.....	41,530,106	4,566,891	132,319	4,842,355	29,795,406	80,867,077
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues.....	54,759,770	-	-	-	3,259,931	58,019,701
FUND BALANCES						
Restricted.....	24,083,457	-	-	9,726,248	39,609,175	73,418,880
Assigned.....	1,870,366	-	-	-	-	1,870,366
Unassigned.....	58,627,885	(4,566,891)	(122,539)	-	(1,462,500)	52,475,955
TOTAL FUND BALANCES.....	84,581,708	(4,566,891)	(122,539)	9,726,248	38,146,675	127,765,201
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 180,871,584	\$ -	\$ 9,780	\$ 14,568,603	\$ 71,202,012	\$ 266,651,979

See notes to basic financial statements.

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

JUNE 30, 2015

Total governmental fund balances.....		\$ 127,765,201
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		658,304,031
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		58,019,701
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources of (deferred inflows of resources) related to pensions.....		1,012,622
Internal service funds are used by management to account for health insurance and parts inventory.		
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		9,079,693
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(3,261,615)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(233,711,751)	
Capital lease obligations.....	(3,042,599)	
Landfill closure liability.....	(5,000,000)	
Accrued unemployment liability.....	(682,000)	
Workers compensation liability.....	(3,768,000)	
Compensated absences.....	(18,803,514)	
Other postemployment benefits.....	(245,125,331)	
Net pension liability.....	<u>(633,842,638)</u>	
Net effect of reporting long-term liabilities.....		<u>(1,143,975,833)</u>
Net position of governmental activities.....		<u>\$ (293,056,200)</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2015

	General	October 29, 2011 Snow Storm	Tornado Relief	School Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Real estate and personal property taxes, net of tax refunds.....	\$ 170,978,385	\$ -	\$ -	\$ -	\$ -	\$ 170,978,385
Tax liens.....	2,141,570	-	-	-	-	2,141,570
Motor vehicle and other excise taxes.....	9,984,739	-	-	-	-	9,984,739
Hotel/motel tax.....	1,194,899	-	-	-	-	1,194,899
Local meals tax.....	1,678,239	-	-	-	-	1,678,239
Charges for services.....	750,815	-	-	-	1,563,169	2,313,984
Penalties and interest on taxes.....	1,865,149	-	-	-	-	1,865,149
Payments in lieu of taxes.....	2,553,962	-	-	-	-	2,553,962
Licenses and permits.....	5,092,038	-	-	-	-	5,092,038
Fines and forfeitures.....	6,585,291	-	-	-	24,978	6,610,269
Intergovernmental.....	389,180,559	2,243,856	-	38,334,702	96,500,776	526,259,893
Departmental and other.....	11,974,642	-	-	-	9,389,386	21,364,028
Contributions.....	-	-	-	-	1,866,126	1,866,126
Investment income.....	646,038	-	-	-	212,566	858,604
TOTAL REVENUES.....	604,626,326	2,243,856	-	38,334,702	109,557,001	754,761,885
EXPENDITURES:						
Current:						
General government.....	22,819,347	-	-	-	25,873,953	48,693,300
Public safety.....	64,288,722	-	-	-	10,695,568	74,984,290
Education.....	416,769,399	-	-	34,479,382	69,264,445	520,513,226
Public works.....	11,466,205	-	-	-	12,525,556	23,991,761
Health and welfare.....	4,562,335	-	-	-	5,312,747	9,875,082
Culture and recreation.....	14,413,148	-	-	-	5,485,303	19,898,451
Pension benefits.....	26,749,744	-	-	-	-	26,749,744
Employee fringe benefits - non school.....	602,201	-	-	-	-	602,201
Employee health benefits - non school.....	23,248,728	-	-	-	-	23,248,728
State, county and district assessments.....	3,143,173	-	-	-	-	3,143,173
Debt service:						
Principal.....	26,232,047	-	-	-	-	26,232,047
Interest.....	9,562,549	-	-	-	-	9,562,549
TOTAL EXPENDITURES.....	623,857,598	-	-	34,479,382	129,157,572	787,494,552
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(19,231,272)	2,243,856	-	3,855,320	(19,600,571)	(32,732,667)
OTHER FINANCING SOURCES (USES):						
Issuance of long-term bonds.....	-	-	-	24,986,033	25,556,967	50,543,000
Issuance of refunding bonds.....	18,245,000	-	-	-	-	18,245,000
Premium from issuance of bonds.....	2,583,499	-	-	-	195,752	2,779,251
Premium from issuance of refunding bonds.....	2,295,402	-	-	-	-	2,295,402
Payments to refunded bond escrow agent.....	(20,540,402)	-	-	-	-	(20,540,402)
Capital lease financing.....	1,750,034	-	-	-	-	1,750,034
Transfers in.....	234,357	-	-	1,965,628	1,666,231	3,866,216
Transfers out.....	(5,409,620)	-	-	-	(2,547,430)	(7,957,050)
TOTAL OTHER FINANCING SOURCES (USES).....	(841,730)	-	-	26,951,661	24,871,520	50,981,451
EXTRAORDINARY ITEM:						
Intergovernmental tornado revenue.....	-	-	1,062,077	-	-	1,062,077
Tornado relief expenditures.....	-	-	(457,097)	-	-	(457,097)
TOTAL EXTRAORDINARY ITEMS.....	-	-	604,980	-	-	604,980
NET CHANGE IN FUND BALANCES.....	(20,073,002)	2,243,856	604,980	30,806,981	5,270,949	18,853,764
FUND BALANCES AT BEGINNING OF YEAR.....	104,654,710	(6,810,747)	(727,519)	(21,080,733)	32,875,726	108,911,437
FUND BALANCES AT END OF YEAR.....	\$ 84,581,708	\$ (4,566,891)	\$ (122,539)	\$ 9,726,248	\$ 38,146,675	\$ 127,765,201

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds.....		\$ 18,853,764
<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.....	66,894,532	
Depreciation expense.....	<u>(42,727,271)</u>	
Net effect of reporting capital assets.....		24,167,261
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenues.....</p>		
		(10,308,209)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Issuance of refunding bonds.....	(18,245,000)	
Issuance of long-term bonds.....	(50,543,000)	
Premium from issuance of refunding bonds.....	(2,295,402)	
Premium from issuance of long-term bonds.....	(2,779,251)	
Capital lease financing.....	(1,750,034)	
Capital lease principal payments.....	1,225,716	
Amortization of bond premiums.....	529,339	
Debt service principal payments.....	26,232,047	
Payments to refunded bond escrow agent.....	20,540,402	
Other changes in long-term debt.....	<u>750,000</u>	
Net effect of reporting long-term debt.....		(26,335,183)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(1,160,978)	
Net change in court judgement liability.....	1,000,000	
Net change in workers compensation accrual.....	1,130,000	
Net change in accrued interest on long-term bonds.....	431,140	
Net change in unemployment liability accrual.....	87,000	
Net change in landfill liability accrual.....	750,000	
Net change in other postemployment benefits.....	(37,297,890)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	1,012,622	
Net change in net pension liability.....	<u>(14,585,973)</u>	
Net effect of recording long-term liabilities.....		(48,634,079)
<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>3,067,003</u>
Change in net position of governmental activities.....		<u>\$ (39,189,443)</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2015

	Business-type Activities - Trash Enterprise Fund	Governmental Activities - Internal Service Funds
ASSETS		
CURRENT:		
Cash and cash equivalents.....	\$ 1,414,414	\$ 11,443,118
Receivables, net of allowance for uncollectibles:		
Trash fees.....	1,418,482	-
Departmental and other.....	-	18,221
Total current assets.....	<u>2,832,896</u>	<u>11,461,339</u>
NONCURRENT:		
Capital assets, net of accumulated depreciation.....	<u>2,460,301</u>	<u>-</u>
TOTAL ASSETS.....	<u>5,293,197</u>	<u>11,461,339</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions.....	<u>3,709</u>	<u>-</u>
LIABILITIES		
CURRENT:		
Warrants payable.....	153,816	-
Accrued payroll and withholdings.....	74,598	2,221,685
Capital lease obligations.....	533,629	-
Health claims payable.....	-	159,961
Total current liabilities.....	<u>762,043</u>	<u>2,381,646</u>
NONCURRENT:		
Capital lease obligations.....	767,034	-
Other postemployment benefits.....	781,026	-
Net pension liability.....	<u>2,321,467</u>	<u>-</u>
Total noncurrent liabilities.....	<u>3,869,527</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>4,631,570</u>	<u>2,381,646</u>
NET POSITION		
Net investment in capital assets.....	1,159,638	-
Unrestricted.....	<u>(494,302)</u>	<u>9,079,693</u>
TOTAL NET POSITION.....	<u>\$ 665,336</u>	<u>\$ 9,079,693</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2015

	Business-type Activities- Trash Enterprise Fund	Governmental Activities - Internal Service Funds
<u>OPERATING REVENUES:</u>		
Employee contributions	\$ -	\$ 23,196,014
Employer contributions	-	62,137,935
Charges for services.....	4,207,837	1,566,718
TOTAL OPERATING REVENUES	4,207,837	86,900,667
<u>OPERATING EXPENSES:</u>		
Cost of services and administration	7,018,024	1,538,715
Employee benefits	799,167	82,319,403
Depreciation.....	776,920	-
TOTAL OPERATING EXPENSES	8,594,111	83,858,118
OPERATING INCOME (LOSS).....	(4,386,274)	3,042,549
<u>NONOPERATING REVENUES (EXPENSES):</u>		
Investment income.....	-	24,454
NET INCOME (LOSS) BEFORE TRANSFERS.....	(4,386,274)	3,067,003
<u>TRANSFERS:</u>		
Transfers in.....	4,090,834	-
CHANGE IN NET POSITION.....	(295,440)	3,067,003
NET POSITION AT BEGINNING OF YEAR (AS REVISED).....	960,776	6,012,690
NET POSITION AT END OF YEAR.....	\$ 665,336	\$ 9,079,693

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2015

	Business-type Activities- Trash Enterprise Fund	Governmental Activities - Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from customers and users.....	\$ 4,325,666	\$ 20,759,244
Receipts from interfund services provided.....	-	63,712,056
Payments to vendors.....	(4,178,940)	-
Payments to employees.....	(3,456,867)	-
Payments for interfund services used.....	-	(83,906,847)
NET CASH FROM OPERATING ACTIVITIES.....	(3,310,141)	564,453
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Transfers in.....	4,090,834	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Capital lease payments.....	(619,832)	-
NET CASH FROM OPERATING ACTIVITIES.....	(619,832)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Investment income.....	-	24,454
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	160,861	588,907
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	1,253,553	10,854,211
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 1,414,414	\$ 11,443,118
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>		
Operating income (loss).....	\$ (4,386,274)	\$ 3,042,549
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation.....	776,920	-
Deferred (outflows)/inflows related to pensions.....	(3,709)	-
Changes in assets and liabilities:		
Trash fees.....	117,829	-
Departmental and other.....	-	1,230
Warrants payable.....	(15,983)	(48,729)
Accrued payroll and withholdings.....	12,896	(2,436,770)
Other postemployment benefits.....	134,758	-
Health claims payable.....	-	6,173
Net pension liability.....	53,422	-
Total adjustments.....	1,076,133	(2,478,096)
NET CASH FROM OPERATING ACTIVITIES.....	\$ (3,310,141)	\$ 564,453
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>		
Acquisition of capital assets under capital lease obligations.....	\$ 997,823	-

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2015

	Pension Trust Fund (as of December 31, 2014)	Private Purpose Trust Funds	Agency Funds
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 2,711,345	\$ 136,294	\$ 907,685
Investments:		-	
Alternative investments.....	1,725,061	-	-
Pension Reserve Investment Trust (PRIT) funds.....	291,527,421	-	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	528,106	-	-
TOTAL ASSETS.....	296,491,933	136,294	907,685
LIABILITIES			
Warrants payable.....	85,619	-	-
Liabilities due depositors.....	-	-	907,685
TOTAL LIABILITIES.....	85,619	-	907,685
NET POSITION			
Restricted for pension benefits.....	296,406,314	-	-
Held in trust for other purposes.....	-	136,294	-
TOTAL NET POSITION.....	\$ 296,406,314	\$ 136,294	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2015

	Pension Trust Fund (year ended December 31, 2014)	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer.....	\$ 45,009,537	\$ -
Plan members.....	13,408,616	-
Total contributions.....	<u>58,418,153</u>	<u>-</u>
Net investment income:		
Net change in fair value of investments.....	14,563,498	-
PRIT investment income.....	7,662,659	-
Other investment income.....	-	3,445
Total investment income.....	<u>22,226,157</u>	<u>3,445</u>
Less: investment expense.....	<u>(1,544,536)</u>	<u>-</u>
Net investment income.....	<u>20,681,621</u>	<u>3,445</u>
Intergovernmental.....	<u>796,093</u>	<u>-</u>
Transfers from other systems.....	<u>1,197,974</u>	<u>-</u>
TOTAL ADDITIONS.....	<u>81,093,841</u>	<u>3,445</u>
DEDUCTIONS:		
Administration.....	751,843	-
Transfers to other systems.....	3,058,726	-
Retirement benefits and refunds.....	67,429,164	-
Educational scholarships.....	-	7,000
TOTAL DEDUCTIONS.....	<u>71,239,733</u>	<u>7,000</u>
CHANGE IN NET POSITION.....	9,854,108	(3,555)
NET POSITION AT BEGINNING OF YEAR.....	<u>286,552,206</u>	<u>139,849</u>
NET POSITION AT END OF YEAR.....	<u>\$ 296,406,314</u>	<u>\$ 136,294</u>

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

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

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

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

Availability of Financial Information for Component Units

The Retirement System issues a separately audited financial statement. That report may be obtained by contacting the System located at 70 Tapley Street, Springfield, MA 01104, or via the internet at <http://www.springfieldretirement.com>.

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

The SMC issues a separate audited financial report. That report may be obtained by contacting the SMC located at 21 Edwards Street, Springfield, MA 01103.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

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

The *school capital projects fund* is used to account for the construction and renovation of various school buildings.

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

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

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

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

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

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

The following proprietary funds are reported:

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

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

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

The following fiduciary fund types are reported:

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

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

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

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

E. 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 year of the levy.

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

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

Motor Vehicle Excise

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

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

Intergovernmental

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

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

Other

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

F. Inventories

Government-Wide and Fund Financial Statements

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

G. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

All purchases and construction costs in excess of \$50,000 are capitalized at the date of acquisition or construction with expected useful lives of greater than one year. Capital assets (excluding land and construction in process) are depreciated on a straight-line basis. The estimated useful lives of capital assets being depreciated are as follows:

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

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

Governmental Fund Financial Statements

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

H. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has reported deferred outflows of resources related to pensions in this reporting category.

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

Governmental Fund Financial Statements

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

I. Unavailable Revenue

Fund Financial Statements

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting, i.e. receivables that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

J. Net Position Flow Assumption

Government-Wide Financial Statements (Net Position)

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

K. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

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

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

Net position has been “restricted for” the following:

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

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

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

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

Fund Financial Statements (Fund Balances)

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

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

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

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

“Assigned” fund balance includes amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The City’s comptroller is authorized to assign fund balance. Funds are assigned when the City has an obligation to purchase goods or services from the current years’ appropriation. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

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

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

N. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

O. Pensions

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

P. 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).

Q. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

R. Individual Fund Deficits

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

S. Use of Estimates

Government-Wide and Fund Financial Statements

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

T. Total Column

Fund Financial Statements

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

NOTE 2 – NATURAL DISASTERS

October 29, 2011 Snow Storm Fund

The City was hit with an unusually early major snow storm on October 29, 2011 that closed over 2,000 roads and downed power lines throughout the City. Clean-up costs as of June 30, 2015 amounted to \$28.9 million, of which the City has received federal and state assistance in the amount of approximately \$24.3 million. The fund has an accumulated deficit of \$4.6 million at June 30, 2015. This deficit will be funded with bond proceeds.

As of June 30, 2015, the City has \$4.6 million of bond anticipation notes outstanding with a maturity date of June 10, 2016 at a rate of 1.25%. The notes were issued to temporarily finance the deficit and additional costs incurred during the current year.

Tornado Relief Fund

A category EF-3 tornado touched down in the City on June 1, 2011 devastating large sections of the City. The storm killed 3 people, injured 300 others, and left over 500 people homeless in addition to leaving 48,000 electric customers without power. The Governor of Massachusetts declared a state of emergency and President Obama declared Springfield and the surrounding area a Federal disaster area. Relief expenditures as of June 30, 2015 amounted to \$24.4 million, of which the City has received federal and state assistance of approximately \$23.5 million and \$809,000 was transferred from the City's general fund. The fund has an accumulated deficit of \$123,000 at June 30, 2015. This deficit will be funded with bond proceeds.

As of June 30, 2015, the City has \$123 thousand of bond anticipation notes outstanding with a maturity date of June 10, 2016 at a rate of 1.25%. The notes were issued to temporarily finance the deficit and additional costs incurred during the current year.

NOTE 3 – CASH AND INVESTMENTS

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

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

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

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

The PRIT fund, as a pool, invests in various products including, but not limited to, money market mutual funds, equities, pooled foreign and domestic fixed income and equity funds, United States government sponsored enterprises and Treasury notes, real estate, and commodities. The underlying components of PRIT's fixed income portfolio had an effective weighted duration rate ranging from 1.33 to 21.81 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's deposit policy for mitigating custodial credit risk is to utilize institutions that are financially sound and stable. To meet this goal the City uses the Veribanc Rating Service. The City's policy allows for deposits at institutions rated green by Veribanc. If the rating drops to yellow, the policy is to consider moving funds from the banking institution that are not collateralized or covered by another form of depositors insurance. If the rating

drops to red, all deposits should be immediately collateralized or covered by some form of depositors insurance or be removed from the banking institution.

At year-end, the carrying amount of deposits totaled \$139,098,089 and the bank balance totaled \$148,130,919. Of the bank balance, \$1,743,307 was covered by Federal Depository Insurance, \$135,773,408 was covered by the Depositors Insurance Fund, and \$10,614,204 was collateralized.

At December 31, 2014, the carrying amount of deposits for the Retirement System totaled \$2,711,345 and the bank balance totaled \$2,951,586. The entire bank balance of \$2,951,586 was covered by Federal Depository Insurance.

Investments

As of June 30, 2015, the City had the following investments:

Investment Type	<u>Fair Value</u>	<u>6-10 Years</u>
<u>Debt Securities</u>		
Government Sponsored Enterprises.....	\$ 989,274	\$ 989,274
Municipal Bonds.....	<u>984,431</u>	<u>984,431</u>
Total Debt Securities.....	<u>1,973,705</u>	<u>\$ 1,973,705</u>
 <u>Other Investments</u>		
Money Market Mutual Funds.....	\$ 1,184,169	
MMDT.....	<u>56,834,358</u>	
Total Investments.....	<u>\$ 59,992,232</u>	

As of June 30, 2015, the City's investments had the following ratings:

Investment Type	<u>Quality Ratings</u>					<u>Total</u>
	<u>AAA</u>	<u>AA2</u>	<u>AA1</u>	<u>A2</u>	<u>A3</u>	
<u>Debt Securities</u>						
Government Sponsored Enterprises.....	\$ 989,274	\$ -	\$ -	\$ -	\$ -	\$ 989,274
Municipal Bonds.....	<u>-</u>	<u>111,923</u>	<u>412,302</u>	<u>234,162</u>	<u>226,044</u>	<u>984,431</u>
Total Debt Securities.....	<u>\$ 989,274</u>	<u>\$ 111,923</u>	<u>\$ 412,302</u>	<u>\$ 234,162</u>	<u>\$ 226,044</u>	<u>\$ 1,973,705</u>

As of December 31, 2014, the Retirement System had the following investments:

Investment Type	<u>Fair Value</u>
<u>Other Investments</u>	
Alternative Investments.....	\$ 1,725,061
Pension Reserve Investment Trust (PRIT).....	<u>291,527,421</u>
 Total Investments.....	 <u>\$ 293,252,482</u>

Custodial Credit Risk – Investments

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

The City’s policy is to review the financial institution’s financial statements and the background of the Advisor. The intent of this qualification is to limit the City’s exposure to only those institutions with a proven financial strength, capital adequacy of the firm, and overall affirmative reputation in the municipal industry. Further, all securities not held directly by the City, will be held in the City’s name and tax identification number by a third-party custodian approved by the Treasurer and evidenced by safekeeping receipts showing individual CUSIP numbers for each security.

Of the Retirement System’s total investments of \$293,252,482 there was custodial credit risk exposure of \$1,725,061 in alternative investments because the related securities are uninsured, unregistered and held by the counterparty.

Investment Rate Risk

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

Credit Risk

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

Concentration Credit Risk

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

NOTE 4 – RECEIVABLES

At June 30, 2015, 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.....	\$ 14,751,344	\$ (6,055,485)	\$ 8,695,859
Tax liens.....	6,132,008	(3,066,004)	3,066,004
Motor vehicle and other excise taxes.....	8,254,428	(5,258,651)	2,995,777
Departmental and other	2,497,455	-	2,497,455
Intergovernmental.....	54,105,041	-	54,105,041
Loans.....	5,795,857	-	5,795,857
 Total.....	 \$ 91,536,133	 \$ (14,380,140)	 \$ 77,155,993

The internal service fund has \$18,221 of departmental and other receivables at June 30, 2015.

At June 30, 2015 receivables for the trash enterprise fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Trash fees.....	\$ 1,418,482	\$ -	\$ 1,418,482

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

	General Fund	Other Governmental Funds	Total
<u>Receivable type:</u>			
Real estate and personal property taxes.....	\$ 7,601,540	\$ -	\$ 7,601,540
Tax liens.....	3,066,004	-	3,066,004
Motor vehicle excise.....	2,995,776	-	2,995,776
Departmental and other.....	1,400,417	765,471	2,165,888
Intergovernmental.....	37,490,602	2,282,603	39,773,205
Loans.....	-	211,857	211,857
<u>Other asset type:</u>			
Tax foreclosures.....	2,205,431	-	2,205,431
 Total.....	 \$ 54,759,770	 \$ 3,259,931	 \$ 58,019,701

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 27,767,539	\$ 50,000	\$ -	\$ 27,817,539
Construction in progress.....	40,593,917	26,096,280	(66,690,197)	-
Total capital assets not being depreciated.....	<u>68,361,456</u>	<u>26,146,280</u>	<u>(66,690,197)</u>	<u>27,817,539</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	57,537,761	3,090,034	-	60,627,795
Buildings and improvements.....	574,945,960	89,034,166	-	663,980,126
Machinery and equipment.....	131,483,271	15,314,249	-	146,797,520
Infrastructure.....	428,179,107	-	-	428,179,107
Total capital assets being depreciated.....	<u>1,192,146,099</u>	<u>107,438,449</u>	<u>-</u>	<u>1,299,584,548</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(22,917,597)	(2,476,910)	-	(25,394,507)
Buildings and improvements.....	(193,214,919)	(24,452,811)	-	(217,667,730)
Machinery and equipment.....	(107,512,623)	(7,706,466)	-	(115,219,089)
Infrastructure.....	(302,725,646)	(8,091,084)	-	(310,816,730)
Total accumulated depreciation.....	<u>(626,370,785)</u>	<u>(42,727,271)</u>	<u>-</u>	<u>(669,098,056)</u>
Total capital assets being depreciated, net.....	<u>565,775,314</u>	<u>64,711,178</u>	<u>-</u>	<u>630,486,492</u>
Total governmental activities capital assets, net.....	<u>\$ 634,136,770</u>	<u>\$ 90,857,458</u>	<u>\$ (66,690,197)</u>	<u>\$ 658,304,031</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 5,114,338	\$ 997,823	\$ -	\$ 6,112,161
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(2,874,940)	(776,920)	-	(3,651,860)
Total business-type activities capital assets, net.....	<u>\$ 2,239,398</u>	<u>\$ 220,903</u>	<u>\$ -</u>	<u>\$ 2,460,301</u>

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

Governmental Activities:

General government.....	\$ 5,041,466
Public safety.....	2,221,409
Education.....	24,066,402
Public works.....	9,211,740
Human services.....	47,456
Culture and recreation.....	<u>2,138,798</u>

Total depreciation expense - governmental activities..... \$ 42,727,271

Business-Type Activities:

Trash.....	\$ <u><u>776,920</u></u>
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NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables between funds at June 30, 2015, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Highway Improvements	\$ <u><u>2,001,745</u></u> (1)

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

Interfund transfers for the year ended June 30, 2015, are summarized as follows:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>General Fund</u>	<u>School Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Trash Enterprise Fund</u>	
General Fund.....	\$ -	\$ -	\$ 1,318,786	\$ 4,090,834	\$ 5,409,620 (1)
Nonmajor Governmental Funds.....	<u>234,357</u>	<u>1,965,628</u>	<u>347,445</u>	<u>-</u>	<u>2,547,430</u> (2)
Total.....	\$ <u><u>234,357</u></u>	\$ <u><u>1,965,628</u></u>	\$ <u><u>1,666,231</u></u>	\$ <u><u>4,090,834</u></u>	\$ <u><u>7,957,050</u></u>

(1) Represents budgeted transfers to the nonmajor bond sinking fund, to fund nonmajor capital projects, and to the trash enterprise fund for operations.

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

NOTE 7 – LEASES

Capital Leases

The City has entered into lease agreements to finance the acquisition of machinery and equipment for public safety, public works, general governmental, and for trash activities. The lease agreements qualify as capital

leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The following identifies the assets acquired through capital lease agreements:

	Governmental Activities	Business-Type Activities
<u>Asset description:</u>		
Machinery and equipment.....	\$ 8,583,218	\$ 4,090,700
Less: accumulated depreciation.....	(4,426,190)	(2,676,655)
Total.....	\$ 4,157,028	\$ 1,414,045

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

Years Ending June 30	Governmental Activities	Business-Type Activities
2016.....	\$ 1,123,650	\$ 550,785
2017.....	949,350	375,789
2018.....	728,840	205,630
2019.....	366,379	205,631
Total minimum lease payments.....	3,168,218	1,337,835
Less: amounts representing interest.....	(125,619)	(37,172)
Present value of minimum lease payments.....	\$ 3,042,599	\$ 1,300,663

Operating Leases

The City leases office equipment, vehicles, and various facilities utilized primarily by the school department, the department of public works, parks and recreation, and the animal control center under non-cancelable operating leases that expire on various dates through 2035. The cost of the leases for the year ended June 30, 2015, totaled approximately \$2,370,000 and is reported as educational, public works, and general governmental expenditures in the general fund and special revenue funds.

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

Years Ending June 30	Governmental Activities
2016.....	\$ 1,936,118
2017.....	1,913,513
2018.....	1,930,948
2019.....	1,864,139
2020 to 2024.....	1,803,802
2025 to 2029.....	1,624,425
2030 to 2035.....	1,786,868
	\$ 12,859,813

NOTE 8 – SHORT-TERM FINANCING

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

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

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

Details related to the short-term debt activity for the year ended June 30, 2015, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2014	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2015
BAN	Union Station Redevelopment.....	1.00%	02/13/15	\$ 2,200,000	\$ -	\$ 2,200,000	\$ -
BAN	Tornado and Storm Damage.....	1.00%	02/13/15	11,889,456	-	11,889,456	-
BAN	School Construction.....	0.75%	02/13/15	19,621,326	-	19,621,326	-
BAN	School Construction.....	0.90%	02/13/15	2,921,234	-	2,921,234	-
BAN	Landfill Closure.....	0.75%	02/13/15	1,000,000	-	1,000,000	-
BAN	General Construction.....	0.75%	02/13/15	2,532,100	-	2,532,100	-
SAAN	State Aid Reimbursements.....	1.50%	02/13/15	1,338,987	-	1,338,987	-
BAN	Tornado and Storm Damage.....	1.25%	06/12/15	-	7,600,000	7,600,000	-
BAN	School Construction.....	1.25%	06/12/15	-	4,428,673	4,428,673	-
BAN	Tornado and Storm Damage.....	1.25%	06/10/16	-	4,689,430	-	4,689,430
BAN	School Construction.....	1.25%	06/10/16	-	5,719,587	-	5,719,587
BAN	Demolition.....	1.25%	06/10/16	-	500,000	-	500,000
BAN	Planning.....	1.25%	06/10/16	-	734,481	-	734,481
SAAN	State Aid Reimbursements.....	1.25%	06/10/16	-	808,580	-	808,580
SAAN	State Aid Reimbursements.....	0.75%	06/10/16	-	880,912	-	880,912
FAAN	Federal Aid Reimbursements.....	1.45%	06/10/16	-	324,000	-	324,000
Total.....				\$ 41,503,103	\$ 25,685,663	\$ 53,531,776	\$ 13,656,990

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, 2015, and the debt service requirements are as follows:

Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2014	Issued	Redeemed	Outstanding at June 30, 2015
Qualified Zone Academy Bonds Dated July 25, 2002.....	2017	\$ 7,014,000	1.28	\$ 1,500,000	\$ -	\$ 500,000	\$ 1,000,000
State Qualified Refunding Bonds Dated July 7, 2005.....	2020	98,274,000	3.0 - 5.25	48,260,000	-	11,055,000	37,205,000
State Qualified New Money Bonds Dated July 7, 2005.....	2024	49,236,000	3.0 - 5.25	5,474,999	-	2,665,001	2,809,998
State Qualified New Money Bonds Dated February 7, 2007.....	2027	53,605,000	4.5 - 5.75	30,655,000	-	23,160,000	7,495,000
State Qualified Refunding Bonds Dated February 7, 2007.....	2023	73,795,000	4.5 - 5.75	70,295,001	-	6,930,000	63,365,001
State Qualified New Money Bonds Dated April 15, 2009.....	2024	19,500,000	2.0 - 4.0	4,475,000	-	400,000	4,075,000
State Qualified General Obligation School Bonds Dated June 24, 2010.....	2027	17,864,000	6.00	17,864,000	-	-	17,864,000
August 1, 2001 MWPAT 91-59.....	2015	1,193,827	5.0 - 6.13	119,051	-	119,051	-
August 1, 2001 Phase 1 MWPAT 94-24.....	2015	2,988,254	5.0 - 6.13	297,995	-	297,995	-
Advance Refunding Bonds Dated December 12, 2012.....	2024	26,355,000	2.5 - 4.0	26,355,000	-	100,000	26,255,000
State Qualified School Project Loan, Chapter 70B Bonds February 12, 2015.....	2020	1,281,000	1.0 - 2.0	-	1,281,000	-	1,281,000
State Qualified Bonds, Series A Dated February 12, 2015.....	2035	49,262,000	2.0 - 4.0	-	49,262,000	-	49,262,000
State Qualified Refunding Bonds, Series C Dated February 12, 2015.....	2027	18,245,000	2.0 - 4.0	-	18,245,000	-	18,245,000
Total General Obligation Bonds.....				205,296,046	68,788,000	45,227,047	228,856,999
Unamortized Premiums on Bonds.....				2,604,840	2,779,251	529,339	4,854,752
Total Long Term Debt.....				\$ 207,900,886	\$ 71,567,251	\$ 45,756,386	\$ 233,711,751

The bonds outstanding at June 30, 2015 relate to the following projects:

Public education.....	\$ 135,557,877
City-wide non-school buildings.....	54,481,682
Parks and recreation.....	10,305,050
Infrastructure.....	14,589,973
Equipment and other.....	13,922,417
Total long-term debt outstanding.....	\$ 228,856,999

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

Year	Principal	Interest	Total
2016.....	\$ 25,196,995	\$ 9,902,263	\$ 35,099,258
2017.....	24,716,000	8,244,063	32,960,063
2018.....	23,575,000	7,176,995	30,751,995
2019.....	24,509,999	6,140,433	30,650,432
2020.....	21,130,000	5,161,846	26,291,846
2021.....	20,789,999	4,274,723	25,064,722
2022.....	18,084,999	3,451,148	21,536,147
2023.....	13,735,007	2,778,559	16,513,566
2024.....	7,085,000	2,349,646	9,434,646
2025.....	4,490,000	2,118,146	6,608,146
2026.....	4,520,000	1,937,946	6,457,946
2027.....	22,394,000	1,756,946	24,150,946
2028.....	2,775,000	539,006	3,314,006
2029.....	2,775,000	441,881	3,216,881
2030.....	2,395,000	364,331	2,759,331
2031.....	2,205,000	295,331	2,500,331
2032.....	2,195,000	229,331	2,424,331
2033.....	2,195,000	162,109	2,357,109
2034.....	2,050,000	95,781	2,145,781
2035.....	2,040,000	31,882	2,071,882
Total.....	\$ 228,856,999	\$ 57,452,366	\$ 286,309,365

As authorized by the Commonwealth of Massachusetts, the City advance refunded \$18,995,000 of general obligation bonds through the issuance of \$18,245,000 of general obligation refunding bonds on February 15, 2015. Proceeds (net of bond premiums, issuance costs and other closing costs) were used to purchase \$20,540,402 of U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the refunded bonds. As a result, the refunded bonds are considered defeased and the liabilities will be removed from the financial statements for the year ending June 30, 2015. Through this advance refunding, the City has taken advantage of lower interest rates to realize a decrease in its aggregate debt service payments by \$1,844,116 over the next 12 years. The City also realized an economic gain (the difference between the present values of the debt service payments of the refunded and refunding bonds) of \$1,627,558. At year end \$18,995,000 of bonds outstanding from the refunding is considered defeased.

Qualified School Construction

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

On July 15, 2010, the City entered into an Investment Repurchase Agreement with Bayerische Landesbank wherein the City agreed to deposit \$776,911 annually on December 1, 2010 through December 1, 2026 into a sinking fund held by Wells Fargo Bank, National Association, acting as custodian and trustee for the agreement between the City and Bayerische Landesbank; the City's annual deposit of \$776,911 will be invested by Bayerische Landesbank, and at termination of the agreement on June 1, 2027, \$17,864,000 will be made available to the City to retire the maturing Bonds. The City's annual deposits are fully collateralized with either cash, obligations of the United States of America (i.e. treasury securities), Government National Mortgage Association securities (GNMAs), or Small Business Administration securities (SBAs); and the resulting fixed interest rate the City will earn over the life of the investment agreement is guaranteed at 3.42%. The use of the repurchase agreement reduced the City's net borrowing cost to approximately 0.9509%. At June 30, 2015, the Bond Sinking Fund has a balance of \$4,233,103 which is classified as a restricted asset in the City's debt service fund.

The interest subsidy received by the City amounted to approximately \$966,000 in 2015. The City expects to receive future interest subsidies totaling approximately \$11.5 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 2015, approximately \$14.6 million of such assistance was received. Approximately \$48.6 million is expected to be received in future years. Of this amount, \$11.1 million represents reimbursement of long-term interest costs, and \$37.5 million represents reimbursement of approved construction costs. Accordingly, a \$37.5 million intergovernmental receivable and corresponding deferred inflow have been reported in governmental fund financial statements. The deferred inflow for the entire grant has been recognized as revenue in the conversion to the government-wide financial statements for prior years.

More recently, the MSBA offers a construction grant program which pays the City the State's share of approved school construction costs and therefore eliminates the need for the City to fund the State's share through long-term debt. The City has been approved for a grant of up to 100% or \$27.9 million of eligible construction costs towards the construction of the new Elias Brookings School, up to 100% or \$15.1 million of eligible construction costs in conjunction with the Dryden Memorial School renovation, up to 90% or \$44.1 million for the Forest Park Middle School renovation, and 80% or 27.9 million for the Springfield Central High science lab initiative. During the year the City received \$23.7 million for these projects and has recognized a receivable for \$8.6 million.

Authorized and Unissued Debt

The City is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2015, the City has \$129.6 million of authorized and unissued debt for various City-wide projects.

Changes in Long-term Liabilities

During the year ended June 30, 2015, the following changes occurred in long-term liabilities:

	Balance June 30, 2014	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Balance June 30, 2015	Current Amount Due
<u>Governmental Activities:</u>							
Long-Term Bonds Payable.....	\$ 205,296,046	\$ 68,788,000	\$ (45,227,047)	\$ -	\$ -	\$ 228,856,999	\$ -
Capital Lease Obligations.....	2,518,281	-	-	(1,225,716)	1,750,034	3,042,599	1,066,071
Unamortized Bond Premium.....	2,604,840	2,779,251	(529,339)	-	-	4,854,752	779,450
Compensated Absences.....	17,642,536	-	-	8,319,164	(7,158,186)	18,803,514	7,158,186
Workers' Compensation.....	4,898,000	-	-	-	(1,130,000)	3,768,000	1,130,000
Due to Granting Agencies.....	8,985,000	-	-	-	(951,000)	8,034,000	921,000
Landfill Closure.....	5,750,000	-	-	-	(750,000)	5,000,000	750,000
Other Postemployment Benefits.....	207,827,441	-	-	60,465,968	(23,168,078)	245,125,331	-
Net Pension Liability.....	619,256,665	-	-	14,585,973	-	633,842,638	-
Total governmental activity long-term liabilities.....	<u>1,074,778,809</u>	<u>71,567,251</u>	<u>(45,756,386)</u>	<u>82,145,389</u>	<u>\$ (31,407,230)</u>	<u>1,151,327,833</u>	<u>11,804,707</u>
<u>Business-Type Activities:</u>							
Capital Lease Obligations.....	922,672	-	-	1,080,537	(702,546)	1,300,663	533,629
Other Postemployment Benefits.....	646,268	-	-	206,802	(72,044)	781,026	-
Net Pension Liability.....	2,268,045	-	-	53,422	-	2,321,467	-
Total business-type activity long-term liabilities.....	<u>3,836,985</u>	<u>-</u>	<u>-</u>	<u>1,340,761</u>	<u>(774,590)</u>	<u>4,403,156</u>	<u>533,629</u>
Total.....	<u>\$ 1,078,615,794</u>	<u>\$ 71,567,251</u>	<u>\$ (45,756,386)</u>	<u>\$ 83,486,150</u>	<u>\$ (32,181,820)</u>	<u>\$ 1,155,730,989</u>	<u>\$ 12,338,336</u>

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

NOTE 10 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they

are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

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

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The City's highest level of decision making is made by the Mayor and the City Council.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

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

In accordance with GASB 54, the stabilization funds have been reported in the general fund. At year end the balance of the Stabilization Funds is \$41.2 million and is reported as unassigned fund balance within the General Fund.

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

	Governmental Funds					Total Governmental Funds
	General	Snow Storm	Tornado Relief	School Capital Projects	Nonmajor Governmental Funds	
Fund Balances						
Restricted for:						
Utility/Telephone.....\$	- \$	- \$	-	- \$	1,305,888 \$	1,305,888
Receipts reserved.....	-	-	-	-	67,711	67,711
School Lunch.....	-	-	-	-	1,878,005	1,878,005
Revolving Funds.....	-	-	-	-	3,310,620	3,310,620
Federal Grants School.....	-	-	-	-	907,090	907,090
State Grants School.....	-	-	-	-	1,613,455	1,613,455
State Grants City.....	-	-	-	-	77,345	77,345
Promise Fund.....	-	-	-	-	6,473,953	6,473,953
Expendable Governmental Trusts.....	-	-	-	-	2,383,463	2,383,463
Other Special Revenue Funds.....	-	-	-	-	4,041,766	4,041,766
Bond Sinking Fund.....	-	-	-	-	4,233,103	4,233,103
Debt Service Reserve.....	-	-	-	-	2,096,822	2,096,822
School Capital Projects.....	-	-	-	9,726,248	-	9,726,248
Public Buildings Capital Projects.....	-	-	-	-	4,732,332	4,732,332
Parks Capital Projects.....	-	-	-	-	33,877	33,877
Equipment Capital Projects.....	-	-	-	-	2,754,355	2,754,355
Public Works Capital Projects.....	-	-	-	-	3,378,171	3,378,171
Other Capital Project Funds.....	-	-	-	-	321,219	321,219
Education.....	18,141,546	-	-	-	-	18,141,546
MGL Chapter 656.....	5,941,911	-	-	-	-	5,941,911
Assigned for carryover encumbrances to:						
General government.....	1,034,007	-	-	-	-	1,034,007
Public safety.....	347,181	-	-	-	-	347,181
Public works.....	97,947	-	-	-	-	97,947
Human services.....	72,817	-	-	-	-	72,817
Culture and recreation.....	308,414	-	-	-	-	308,414
Employee fringe benefits.....	10,000	-	-	-	-	10,000
Unassigned.....	58,627,885	(4,566,891)	(122,539)	-	(1,462,500)	52,475,955
Total Fund Balances..... \$	<u>84,581,708</u>	<u>(4,566,891)</u>	<u>(122,539)</u>	<u>9,726,248</u>	<u>38,146,675</u>	<u>127,765,201</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 \$7.0 million for both sites and has recorded an estimated \$5.0 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, deflation, changes in technology or changes in regulations.

NOTE 12 – RISK FINANCING

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

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

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

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

(a) *Dental and Eye Care Insurance*

The estimate of Incurred But Not Reported (IBNR) claims based on an estimate of claims incurred but unpaid at year end. At June 30, 2015, the liability for dental and eye care insurance claims totaled approximately \$160,000. This liability is the best estimate based on available information. Changes in the reported liability since July 1, 2013, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claim Payments	Balance at Year-End Currently Due
2014.....	\$ 119,815	\$ 3,966,367	\$ (3,932,394)	\$ 153,788
2015.....	153,788	3,831,216	(3,825,043)	159,961

(b) *Workers' Compensation*

The estimated future workers' compensation liability is based on history and injury type. At June 30, 2015, the amount of the estimated liability for workers' compensation claims totaled approximately \$3.8 million. Changes in the reported liability since July 1, 2013 are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claim Payments	Balance at Year-End	Current Portion
2014.....	\$ 4,417,000	\$ 4,518,374	\$ (4,037,374)	\$ 4,898,000	\$ 1,469,000
2015.....	4,898,000	3,347,034	(4,477,034)	3,768,000	1,130,000

The liability for unemployment claims at June 30, 2015 is based on known claims reported to the Massachusetts Division of Unemployment Assistance and the future liability at year end was estimated to be approximately \$712,000.

NOTE 13 – PENSION PLAN*Plan Descriptions*

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

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

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the City to the MTRS. Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the City does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2014. The City's portion of the collective pension expense, contributed by the Commonwealth, of \$29,878,820 is reported in the general fund as intergovernmental revenue and employee benefits in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the City is \$430,067,023 as of the measurement date.

Benefits Provided

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

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

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Springfield Contributory Retirement Board and are borne by the System.

There have been no changes in benefit terms as of December 31, 2014.

At December 31, 2014, the System's membership consists of the following:

Active members.....	3,208
Inactive members.....	158
Disabled members.....	522
Retirees and beneficiaries currently receiving benefits.....	<u>2,791</u>
 Total.....	 <u><u>6,679</u></u>

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the System a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2014 was \$45,009,537, 32.22% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City's proportionate share of the required contribution was \$39,131,385 which equaled its actual contribution.

The components of the net pension liability of the participating member units at December 31, 2014, were as follows:

Total pension liability.....	\$ 1,028,132,314
The pension plan's fiduciary net position.....	<u>296,406,314</u>
The net pension liability.....	<u>\$ 731,726,000</u>
 The pension plan's fiduciary net position as a percentage of the total pension liability.....	 28.83%

Pension Liabilities

At June 30, 2015, the City reported a liability of \$636,164,105 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2014, the City's proportion was 86.9%, which did not change from its proportion measured at December 31, 2013.

Pension Expense

For the year ended June 30, 2015, the City recognized pension expense of \$52,754,449. At June 30, 2015, the City reported deferred outflows of resources related to pensions of \$1,016,331, from the net difference between projected and actual investment earnings on pension plan investments. Since the system performs an actuarial valuation biennially, there are no reported differences between expected and actual experience or changes of assumptions as of December 31, 2014. Additionally, the differences between employer contributions and proportionate share of contributions are not presented in the initial year of reporting in accordance with GASB Statements #68 and #71.

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

Year ended June 30:	
2016.....	\$ 254,082
2017.....	254,083
2018.....	254,083
2019.....	<u>254,083</u>
Total.....	\$ <u>1,016,331</u>

Actuarial Assumptions

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

Valuation date.....	January 1, 2014. Actuarial liabilities were rolled forward to the December 31, 2014 measurement date.
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Total annual payments increase 6.0% for 3 years, 8.0% for 5 years, 7.0% for 9 years, 6.5% for 2 years with a final amortization payment in fiscal year 2035.
Remaining amortization period.....	20 years from July 1, 2015.
Asset valuation method.....	Market value. For funding purposes, gains and losses each year are recognized over 5 years.
Inflation rate.....	Not explicitly assumed.
Projected salary increases.....	4.0% per year.
Cost of living adjustments.....	3.0% of the first \$13,000 of retirement income.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Rates of disability.....	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).
Mortality Rates.....	Pre-retirement rates reflect the RP-2000 Employees table projected 22 years with Scale AA (gender distinct). Post-Retirement rates reflect the RP-2000 Healthy Annuitant table projected 17 years with Scale AA (gender distinct). For disabled retirees, this table is set forward 3 years for males.
Investment rate of return/Discount rate.....	7.875%, net of pension plan investment expense, including inflation.

Investment Policy

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2014 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Long-Term Expected Asset Allocation
Large Cap Equities.....	7.75%	14.50%
Small/Mid Cap Equities.....	8.00%	3.50%
International Equities (Unhedged).....	8.25%	16.00%
Emerging International Equities.....	9.50%	6.00%
High-Yield Bonds.....	6.00%	1.50%
Bank Loans.....	6.25%	1.50%
EMD (External).....	7.00%	1.00%
EMD (Local Currency).....	7.25%	2.00%
TIPS.....	4.50%	3.00%
Long Treasuries.....	4.25%	10.00%
Private Equity.....	9.75%	10.00%
Private Debt.....	8.25%	4.00%
Real Estate (Core).....	6.50%	10.00%
Hedge Funds.....	7.00%	9.00%
Timber/Natural Resources.....	6.88%	4.00%
Portfolio Completion.....	NA	4.00%

Rate of Return

For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 7.875%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 7.875%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.875%) or 1-percentage-point higher (8.875%) than the current rate:

	1% Decrease (6.875%)	Current Discount (7.875%)	1% Increase (8.875%)
The City's proportionate share of the net pension liability.....	\$ 729,075,366	\$ 636,164,105	\$ 555,826,137
The System's total net pension liability.....	\$ 838,594,000	\$ 731,726,000	\$ 639,320,000

NOTE 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

At July 1, 2013, the Plan’s membership consisted of the following:

Current retirees, beneficiaries, and dependents.....	3,837
Current active members.....	<u>5,694</u>
Total.....	<u><u>9,531</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 \$23.2 million during 2015 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 2015, 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.....	\$ 70,662,488
Interest on net OPEB obligation.....	7,296,580
Adjustments to annual required contribution.....	<u>(17,286,298)</u>
Annual OPEB cost/expense.....	60,672,770
Contributions made.....	<u>(23,240,122)</u>
Increase in net OPEB obligation.....	37,432,648
Net OPEB obligation - beginning of year.....	<u>208,473,709</u>
Net OPEB obligation - end of year.....	\$ <u><u>245,906,357</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years is as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 60,672,770	38.3%	\$ 245,906,357
6/30/2014	56,635,785	40.7%	208,473,709
6/30/2013	69,112,481	43.6%	174,914,645

Funded Status and Funding Progress - The funded status of the Plan as of the most recent actuarial valuation date, July 1, 2013, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
7/1/2013	\$ -	\$ 873,436,035	\$ 873,436,035	0.00%	\$ 264,253,691	330.53%

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

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

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

Valuation date.....	July 1, 2013
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	30 year amortization period, level dollar open basis
Remaining amortization period.....	30 years as of July 1, 2013
Actuarial Assumptions:	
Investment rate of return.....	3.50%, pay-as-you-go scenario
Inflation rate.....	3.0%
Projected salary increases.....	3.0%
Medical/drug cost trend rate.....	9.0% decreasing by 0.5% to an ultimate level of 5.0% per year

NOTE 15 – COMMITMENTS

Museum Services Agreement

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

Waste Services Agreement

In August 1998, the City of Springfield and 6 other communities entered into nearly identical “Service Agreements” with what is now eco/Springfield, LLC, a company that owns and operates a 240 ton per day waste-to-energy facility located on Bondi’s Island, Agawam, Massachusetts. Under the Service Agreement, the City has agreed to deliver for disposal at the facility, in each year for a period of 25 years, specified quantities of solid waste and to pay a specified monthly service fee. The City’s obligation to pay the monthly service fee is absolute and unconditional and is payable whether or not it receives solid waste disposal services from the facility. For the year ending June 30, 2015, the City’s costs under the Service Agreement were approximately \$3.1 million.

The City is committed to completing various projects throughout the City which will be funded with long-term debt totaling approximately \$129.6 million.

NOTE 16 – CONTINGENCIES

Litigation

Various lawsuits, claims and proceedings have been or may be instituted or asserted against the City of Springfield, including those pertaining to potential negligent supervision in the schools, use of excessive force by police officers, motor vehicle accidents, eminent domain cases, premise liability cases, civil rights/discrimination cases, and labor and employment case matters. While the amounts claimed may be substantial, the ultimate liability cannot be determined because of the considerable uncertainties that exist. Therefore, it is possible that

there could be material negative outcomes affected by certain contingencies existing as of June 30, 2015. However, management believes that the disposition of matters that are pending or asserted will not have a materially adverse effect on the financial statements.

Federal Grants

The City participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2015, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 10, 2015, which is the date the financial statements were available to be issued.

NOTE 18 - CHANGES IN NET POSITION

Beginning net position of governmental activities, business-type activities and each applicable enterprise fund has been revised to reflect the implementation of GASB Statements #68 and #71. The revised balances are summarized in the following table:

Description	6/30/2014 Previously Reported Balances	Implementation of GASB's #68 & #71	6/30/2014 Revised Balances
Government-Wide Financial Statements			
Governmental activities.....	\$ 365,389,908	\$ (316,256,665)	\$ 49,133,243
Business-type activities.....	<u>3,228,821</u>	<u>(2,268,045)</u>	<u>960,776</u>
Total.....	<u>\$ 368,618,729</u>	<u>\$ (318,524,710)</u>	<u>\$ 50,094,019</u>
Proprietary Fund Financial Statements			
Trash enterprise.....	<u>\$ 3,228,821</u>	<u>\$ (2,268,045)</u>	<u>\$ 960,776</u>

NOTE 19 – FUTURE IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2015, the following GASB pronouncements were implemented:

- GASB Statement #67, *Financial Reporting for Pension Plans*; GASB Statement #68, *Accounting and Financial Reporting for Pensions*; and GASB Statement #71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Financial statement changes include the recognition of a net pension liability, pension expense and deferred outflows/inflows of resources depending on the nature of the change each year. The financial statements also recognized a restatement of the beginning net position to reflect the net pension liability at the beginning of the year. The notes to the basic financial

statements and the required supplementary information were expanded to include additional required schedules and disclosures.

- GASB Statement #69, *Governmental Combinations and Disposals of Government Operations*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #72, *Fair Value Measurement and Application*, which is required to be implemented in 2016.
- The GASB issued Statement #73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The provisions of this Statement are effective for 2016—except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which are effective for 2017.
- The GASB issued Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in 2017.
- The GASB issued Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in 2018.
- The GASB issued Statement #76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is required to be implemented in 2016.
- The GASB issued Statement #77, *Tax Abatement Disclosures*, which is required to be implemented in 2017.

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

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Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2015

	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.....	\$ 174,280,896	\$ 171,580,896	\$ 170,110,659	\$ -	\$ (1,470,237)
Tax liens.....	-	-	2,141,570	-	2,141,570
Motor vehicle and other excise taxes.....	8,800,000	9,600,000	9,984,739	-	384,739
Hotel/motel tax.....	1,065,000	1,152,927	1,194,899	-	41,972
Local meals tax.....	1,600,000	1,600,000	1,678,239	-	78,239
Charges for services.....	807,013	792,013	750,815	-	(41,198)
Penalties and interest on taxes.....	1,720,000	1,720,000	1,865,149	-	145,149
Payments in lieu of taxes.....	2,199,500	2,199,500	2,553,962	-	354,462
Licenses and permits.....	6,009,143	6,009,143	5,092,038	-	(917,105)
Fines and forfeitures.....	6,036,064	6,036,064	6,585,291	-	549,227
Intergovernmental.....	359,294,847	359,372,563	359,276,046	-	(96,517)
Departmental and other.....	16,954,245	11,916,135	11,974,642	-	58,507
Investment income.....	300,000	300,000	405,757	-	105,757
TOTAL REVENUES.....	579,066,708	572,279,241	573,613,806	-	1,334,565
EXPENDITURES:					
Current:					
GENERAL GOVERNMENT					
City Council					
Personal Services.....	406,191	406,191	398,624	-	7,567
Expenditures.....	11,538	11,538	10,147	-	1,391
Total City Council.....	417,729	417,729	408,771	-	8,958
Mayor					
Personal Services.....	494,383	495,127	495,127	-	-
Expenditures.....	14,383	13,639	4,042	-	9,597
Total Mayor.....	508,766	508,766	499,169	-	9,597
Finance					
Personal Services.....	584,647	217,704	216,492	-	1,212
Department of Administration and Finance					
Personal Services.....	561,508	536,508	525,431	-	11,077
Expenditures.....	87,950	87,540	68,875	998	17,667
Total Department of Administration and Finance.....	649,458	624,048	594,306	998	28,744
311 Call Center					
Personal Services.....	375,667	378,176	377,599	-	577
Expenditures.....	53,001	53,508	51,833	290	1,385
Capital.....	508	-	-	-	-
Total CITISTAT.....	429,176	431,684	429,432	290	1,962
Comptroller					
Personal Services.....	557,939	500,939	493,489	-	7,450
Expenditures.....	180,724	156,611	57,300	93,997	5,314
Total Comptroller.....	738,663	657,550	550,789	93,997	12,764
Internal Audit					
Personal Services.....	208,254	193,254	174,936	-	18,318
Expenditures.....	191,227	191,077	174,331	500	16,246
Total Internal Audit.....	399,481	384,331	349,267	500	34,564
Office of Procurement					
Personal Services.....	400,553	380,553	374,052	-	6,501
Expenditures.....	108,958	103,732	96,765	6,909	58
Total Office of Procurement.....	509,511	484,285	470,817	6,909	6,559

(Continued)

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

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Board of Assessors					
Personal Services.....	641,390	658,856	658,261	-	595
Expenditures.....	540,460	541,897	264,534	173,727	103,636
Total Board of Assessors.....	1,181,850	1,200,753	922,795	173,727	104,231
Treasurer					
Personal Services.....	469,981	436,006	414,557	-	21,449
Expenditures.....	1,583,831	1,617,401	1,543,027	69,612	4,762
Total Treasurer.....	2,053,812	2,053,407	1,957,584	69,612	26,211
Collector					
Personal Services.....	311,693	315,668	315,658	-	10
Expenditures.....	134,264	134,264	123,725	6,173	4,366
Total Collector.....	445,957	449,932	439,383	6,173	4,376
Law					
Personal Services.....	1,403,788	1,383,788	1,378,486	-	5,302
Expenditures.....	470,901	1,974,658	1,908,338	35,572	30,748
Total Law.....	1,874,689	3,358,446	3,286,824	35,572	36,050
Department of Humans Resources & Labor Relations					
Personal Services.....	1,075,926	1,013,925	974,859	-	39,066
Expenditures.....	610,689	578,706	455,520	76,339	46,847
Total Department of Humans Resources & Labor Relations....	1,686,615	1,592,631	1,430,379	76,339	85,913
Medical & Dental					
Expenditures.....	1,000,000	1,000,000	998,805	-	1,195
Information Technology					
Personal Services.....	954,913	954,913	953,952	-	961
Expenditures.....	1,999,262	1,937,328	1,885,277	45,419	6,632
Capital.....	40,000	40,000	39,681	-	319
Total Information Technology	2,994,175	2,932,241	2,878,910	45,419	7,912
City Clerk					
Personal Services.....	451,542	451,542	444,218	-	7,324
Expenditures.....	33,858	33,760	23,985	5,405	4,370
Total City Clerk.....	485,400	485,302	468,203	5,405	11,694
Board of Election Commission					
Personal Services.....	395,928	375,928	369,302	-	6,626
Expenditures.....	165,900	165,000	124,026	24,506	16,468
Total Board of Election Commission.....	561,828	540,928	493,328	24,506	23,094
Planning					
Personal Services.....	926,379	926,379	891,028	-	35,351
Expenditures.....	349,584	345,160	319,566	19,650	5,944
Total Planning.....	1,275,963	1,271,539	1,210,594	19,650	41,295
Facilities Management					
Personal Services.....	1,252,301	1,223,995	1,218,190	-	5,805
Expenditures.....	1,749,017	1,971,525	1,734,854	223,247	13,424
Total Facilities Management.....	3,001,318	3,195,520	2,953,044	223,247	19,229
Capital Asset Construction					
Personal Services.....	328,705	318,705	317,688	-	1,017
Expenditures.....	218,085	217,947	171,900	40,185	5,862
Total Capital Asset Construction.....	546,790	536,652	489,588	40,185	6,879

(Continued)

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

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Provisions for Uncompensated Absences					
Expenditures.....	(1,000,000)	1,659	-	-	1,659
Reserve for Contingencies					
Expenditures.....	250,000	3,232	-	-	3,232
Parking Contract					
Expenditures.....	1,068,670	1,113,670	1,015,768	97,902	-
Pay-As-You-Go Capital					
Capital.....	942,500	662,558	547,572	113,576	1,410
TOTAL GENERAL GOVERNMENT.....	22,606,998	24,124,567	22,611,820	1,034,007	478,740
PUBLIC SAFETY					
Police					
Personal Services.....	37,831,084	36,694,086	36,180,711	-	513,375
Expenditures.....	2,699,089	3,254,245	2,810,480	230,066	213,699
Capital.....	813	27,605	27,605	-	-
Total Police.....	40,530,986	39,975,936	39,018,796	230,066	727,074
Fire					
Personal Services.....	18,797,185	18,797,185	18,763,701	-	33,484
Expenditures.....	1,561,145	1,510,137	1,400,791	63,991	45,355
Capital.....	35,000	17,000	16,774	-	226
Total Fire.....	20,393,330	20,324,322	20,181,266	63,991	79,065
Building - Code Enforcement					
Personal Services.....	1,410,343	1,385,343	1,375,241	-	10,102
Expenditures.....	58,850	58,850	45,520	-	13,330
Total Building - Code Enforcement.....	1,469,193	1,444,193	1,420,761	-	23,432
Housing - Code Enforcement					
Personal Services.....	566,414	609,966	604,031	-	5,935
Expenditures.....	162,100	162,100	152,088	3,936	6,076
Total Housing - Code Enforcement.....	728,514	772,066	756,119	3,936	12,011
Centralized Dispatch					
Personal Services.....	1,238,958	1,318,958	1,316,910	-	2,048
Expenditures.....	438,951	438,951	412,678	6,940	19,333
Capital.....	4,000	4,000	3,864	-	136
Total Centralized Dispatch.....	1,681,909	1,761,909	1,733,452	6,940	21,517
Animal Control					
Personal Services.....	426,597	416,597	395,294	-	21,303
Expenditures.....	856,534	828,438	783,034	42,248	3,156
Total Animal Control.....	1,283,131	1,245,035	1,178,328	42,248	24,459
TOTAL PUBLIC SAFETY.....	66,087,063	65,523,461	64,288,722	347,181	887,558
EDUCATION					
School Department.....	402,754,077	404,369,760	386,174,498	18,141,546	53,716
PUBLIC WORKS					
Personal Services.....	3,863,275	3,782,286	3,732,442	-	49,844
Expenditures.....	6,366,888	7,546,507	6,921,294	97,947	527,266
TOTAL PUBLIC WORKS.....	10,230,163	11,328,793	10,653,736	97,947	577,110
HEALTH & HUMAN SERVICES					
Health & Human Services					
Personal Services.....	1,146,517	1,126,517	1,113,169	-	13,348
Expenditures.....	207,374	206,777	120,904	71,969	13,904
Total Health & Human Services.....	1,353,891	1,333,294	1,234,073	71,969	27,252

(Continued)

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

YEAR ENDED JUNE 30, 2015

	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.....	283,048	272,248	272,229	-	19
Expenditures.....	16,868	16,847	14,942	291	1,614
Total Department of Elder Affairs.....	299,916	289,095	287,171	291	1,633
Veterans Services					
Personal Services.....	230,583	245,583	243,642	-	1,941
Expenditures.....	3,053,018	3,053,018	2,797,449	557	255,012
Veterans Services.....	3,283,601	3,298,601	3,041,091	557	256,953
TOTAL HEALTH & HUMAN SERVICES.....	4,937,408	4,920,990	4,562,335	72,817	285,838
CULTURE & RECREATION					
Library					
Personal Services.....	2,971,586	2,971,585	2,931,114	-	40,471
Expenditures.....	1,479,344	1,479,344	1,432,975	10,036	36,333
Capital.....	47,000	47,000	46,961	-	39
Total Library.....	4,497,930	4,497,929	4,411,050	10,036	76,843
Museum					
Expenditures.....	1,320,000	1,320,000	1,320,000	-	-
Parks					
Personal Services.....	4,146,292	4,101,879	4,029,436	-	72,443
Expenditures.....	3,725,136	3,780,614	3,462,135	298,378	20,101
Capital.....	225,000	199,000	197,972	-	1,028
Total Parks.....	8,096,428	8,081,493	7,689,543	298,378	93,572
TOTAL CULTURE & RECREATION.....	13,914,358	13,899,422	13,420,593	308,414	170,415
OTHER					
Debt Service.....	37,334,678	37,274,049	35,913,903	-	2,137,057
State Assessments					
Expenditures.....	3,143,173	3,143,173	3,143,173	-	-
Contribution Retirement Pension					
Expenditures.....	26,524,120	26,640,544	26,596,213	-	44,331
Non-Contributory Pensions					
Expenditures.....	285,000	168,576	153,531	-	15,045
Unemployment					
Expenditures.....	193,069	161,921	100,133	10,000	51,788
Workers Compensation					
Expenditures.....	935,069	640,520	549,068	-	91,452
Health Insurance - Non School					
Expenditures.....	22,960,323	23,250,323	23,248,728	-	1,595
TOTAL EXPENDITURES.....	611,905,499	615,446,099	591,416,453	20,011,912	4,794,645
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(32,838,791)	(43,166,858)	(17,802,647)	(20,011,912)	6,129,210
OTHER FINANCING SOURCES (USES):					
Premium from issuance of bonds.....	-	-	2,583,499	-	2,583,499
Transfers in.....	2,856,130	4,090,487	4,090,487	-	-
Transfers out.....	(4,808,365)	(16,309,620)	(16,309,620)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	(1,952,235)	(12,219,133)	(9,635,634)	-	2,583,499
NET CHANGE IN FUND BALANCE.....	(34,791,026)	(55,385,991)	(27,438,281)	(20,011,912)	8,712,709
BUDGETARY FUND BALANCE, Beginning of year.....	87,362,999	87,362,999	87,362,999	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 52,571,973	\$ 31,977,008	\$ 59,924,718	\$ (20,011,912)	\$ 8,712,709

See notes to required supplementary information.

(Concluded)

Pension Plan Schedules – Retirement System

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

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

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

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

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

	December 31, 2014
Total pension liability:	
Service cost.....	\$ 17,151,000
Interest.....	77,538,000
Changes in benefit terms.....	-
Differences between expected and actual experience.....	-
Changes in assumptions.....	-
Benefit payments, including refunds of employee contributions.....	<u>(68,031,686)</u>
Net change in total pension liability.....	26,657,314
Total pension liability, beginning.....	<u>1,001,475,000</u>
Total pension liability, ending (a)	<u>\$ 1,028,132,314</u>
Plan fiduciary net position:	
Member contributions.....	\$ 14,606,590
Employer contributions.....	45,805,630
Net investment income (loss).....	20,681,621
Retirement benefits and refunds.....	(70,487,890)
Administrative expenses.....	<u>(751,843)</u>
Net increase (decrease) in fiduciary net position.....	9,854,108
Fiduciary net position at beginning of year.....	<u>286,552,206</u>
Fiduciary net position at end of year (b)	<u>\$ 296,406,314</u>
Net pension liability - ending (a) - (b)	<u>\$ 731,726,000</u>
Plan fiduciary net position as a percentage of the total pension liability.....	28.83%
Covered-employee payroll (*).....	\$ 139,681,000
Net pension liability as a percentage of covered-employee payroll.....	523.86%

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

*Covered employee payroll as reported in the January 1, 2014 funding
valuation report.

See notes to required supplementary information.

SCHEDULE OF CONTRIBUTIONS

	December 31, 2014
Actuarially determined contribution (a).....	\$ 45,009,537
Contributions in relation to the actuarially determined contribution.....	45,009,537
Contribution deficiency (excess).....	\$ -
Covered-employee payroll (*).....	\$ 139,681,000
Contributions as a percentage of covered- employee payroll.....	32.22%

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

(a) Based on the results of the January 1, 2012 actuarial valuation (including assumptions and methods) which determined budgeted appropriations for fiscal 2015.

*Covered employee payroll as reported in the January 1, 2014 funding valuation report.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURN

December 31,
2014

Annual money-weighted rate of return, net of investment expense.....	7.24%
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Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

The annual money-weighted rate of return has been calculated by the System's actuary.

See notes to required supplementary information.

Pension Plan Schedules - City

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

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

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

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

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

	December 31, 2014
City's proportion of the net pension liability (asset).....	86.94%
City's proportionate share of the net pension liability (asset).....	\$ 636,164,105
City's covered employee payroll.....	\$ 121,438,952
Net pension liability as a percentage of covered-employee payroll.....	523.86%
Plan fiduciary net position as a percentage of the total pension liability.....	28.83%

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

See notes to required supplementary information.

SCHEDULE OF CITY'S CONTRIBUTIONS
SPRINGFIELD CONTRIBUTORY RETIREMENT SYSTEM

		December 31, 2014
Actuarially determined contribution (a).....	\$	39,131,385
Contributions in relation to the actuarially determined contribution.....		39,131,385
Contribution deficiency (excess).....	\$	-
Covered-employee payroll	\$	121,438,952
Contributions as a percentage of covered- employee payroll.....		32.22%

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

(a) Based on the results of the January 1, 2014 actuarial
valuation (including assumptions and methods) which
determined budgeted appropriations for fiscal 2015.

See notes to required supplementary information.

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

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

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

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

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

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

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

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
7/1/2013	\$ -	\$ 873,436,035	\$ 873,436,035	0.00%	\$ 264,253,691	330.53%
6/30/2012	-	1,029,275,845	1,029,275,845	0.00%	253,791,624	405.56%
6/30/2010	-	854,411,443	854,411,443	0.00%	250,719,136	340.78%
6/30/2008	-	761,576,067	761,576,067	0.00%	299,998,526	253.86%

Schedule of Employer Contributions

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

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

See notes to required supplementary information.

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

Actuarial Methods:

Valuation date.....	July 1, 2013
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	30 year amortization period, level dollar open basis
Remaining amortization period.....	30 years as of July 1, 2013

Actuarial Assumptions:

Investment rate of return.....	3.50%, pay-as-you-go scenario
Inflation rate.....	3.0%
Projected salary increases.....	3.0%
Medical/drug cost trend rate.....	9.0% decreasing by 0.5% to an ultimate level of 5.0% per year

Plan Membership:

Current retirees, beneficiaries, and dependents.....	3,837
Current active members.....	<u>5,694</u>
Total.....	<u><u>9,531</u></u>

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2015 approved budget authorized approximately \$616.7 million in appropriations and other amounts to be raised. During the year the City appropriated an additional \$3.5 million in of expenditures and an additional \$11.5 million of transfers out mainly to stabilization funds. The City Comptroller’s office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2015, is presented below:

Net change in fund balance - budgetary basis.....	\$ (27,438,281)
<u>Basis of accounting differences:</u>	
Increase in revenues due to on-behalf payments.....	29,878,820
Increase in expenditures due to on-behalf payments.....	(29,878,820)
Net change in recording 60 day receipts and other accrued revenues.....	(82,274)
Net change in recording other accrued expenses.....	(786,598)
Net change in recording tax refunds payable.....	950,000
<u>Perspective difference:</u>	
Activity of the stabilization funds recorded in the general fund for GAAP.....	<u>7,284,151</u>
Net change in fund balance - GAAP basis.....	<u>\$ (20,073,002)</u>

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

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

Since the retirement system performs an actuarial valuation bi-annually, there are no reported amounts for the changes in benefit terms, differences between expected and actual experience and changes in assumptions as of December 31, 2014.

B. Schedule of Contributions

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

C. Schedule of Investment Return

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

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

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

B. Schedule of City's Contributions

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

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

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

D. Changes in Assumptions: There were no changes in assumptions.

E. Changes in Plan Provisions: There were no changes in plan provisions.

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 and Individual Fund Statements

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

DEBT SERVICE FUNDS

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2015

	<i>Special Revenue Funds</i>				
	Utility/ Telephone	Receipts Reserved	School Lunch	Highway Improvements	Revolving
ASSETS					
Cash and cash equivalents.....	\$ 1,350,779	\$ 67,711	\$ 3,103,113	\$ -	\$ 3,249,804
Restricted cash and cash equivalents.....	-	-	-	-	-
Restricted cash and cash equivalents held by custodian.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	-	1,094,982
Intergovernmental.....	-	-	-	5,111,883	-
Loans.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 1,350,779	\$ 67,711	\$ 3,103,113	\$ 5,111,883	\$ 4,344,786
LIABILITIES					
Warrants payable.....	\$ 41,243	\$ -	\$ 1,221,086	\$ 820,992	\$ 44,222
Accrued payroll and withholdings.....	3,648	-	4,022	6,543	218,236
Due to granting agencies.....	-	-	-	-	-
Other liabilities.....	-	-	-	-	8,489
Due to other funds.....	-	-	-	2,001,745	-
Notes payable.....	-	-	-	-	-
TOTAL LIABILITIES.....	44,891	-	1,225,108	2,829,280	270,947
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues.....	-	-	-	2,282,603	763,219
FUND BALANCES					
Restricted.....	1,305,888	67,711	1,878,005	-	3,310,620
Unassigned.....	-	-	-	-	-
TOTAL FUND BALANCES.....	1,305,888	67,711	1,878,005	-	3,310,620
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 1,350,779	\$ 67,711	\$ 3,103,113	\$ 5,111,883	\$ 4,344,786

Special Revenue Funds

Federal Grants School	Federal Grants City	State Grants School	State Grants City	Promise Fund	Expendable Governmental Trusts	Other	Sub-total
\$ 2,329,972	\$ 572,889	\$ 2,346,943	\$ 2,649,511	\$ 6,473,953	\$ 2,461,899	\$ 8,544,240	\$ 33,150,814
-	1,439,910	-	-	-	-	-	1,439,910
-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,252	1,097,234
1,201,034	1,260,229	-	398,276	-	-	-	7,971,422
-	5,795,857	-	-	-	-	-	5,795,857
<u>\$ 3,531,006</u>	<u>\$ 9,068,885</u>	<u>\$ 2,346,943</u>	<u>\$ 3,047,787</u>	<u>\$ 6,473,953</u>	<u>\$ 2,461,899</u>	<u>\$ 8,546,492</u>	<u>\$ 49,455,237</u>
\$ 792,911	\$ 415,945	\$ 608,797	\$ 1,252,399	\$ -	\$ 77,330	\$ 263,716	\$ 5,538,641
1,831,005	83,083	124,691	28,551	-	1,106	23,803	2,324,688
-	8,034,000	-	-	-	-	-	8,034,000
-	-	-	-	-	-	4,214,955	4,223,444
-	-	-	-	-	-	-	2,001,745
-	324,000	-	1,689,492	-	-	-	2,013,492
<u>2,623,916</u>	<u>8,857,028</u>	<u>733,488</u>	<u>2,970,442</u>	<u>-</u>	<u>78,436</u>	<u>4,502,474</u>	<u>24,136,010</u>
-	211,857	-	-	-	-	2,252	3,259,931
907,090	-	1,613,455	77,345	6,473,953	2,383,463	4,041,766	22,059,296
-	-	-	-	-	-	-	-
<u>907,090</u>	<u>-</u>	<u>1,613,455</u>	<u>77,345</u>	<u>6,473,953</u>	<u>2,383,463</u>	<u>4,041,766</u>	<u>22,059,296</u>
<u>\$ 3,531,006</u>	<u>\$ 9,068,885</u>	<u>\$ 2,346,943</u>	<u>\$ 3,047,787</u>	<u>\$ 6,473,953</u>	<u>\$ 2,461,899</u>	<u>\$ 8,546,492</u>	<u>\$ 49,455,237</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2015

	<u>Debt Service</u>			<u>Capital Projects</u>	
	<u>Bond Sinking Fund</u>	<u>Debt Service Reserve</u>	<u>Sub-total</u>	<u>Public Buildings</u>	<u>Parks</u>
ASSETS					
Cash and cash equivalents.....	\$ -	\$ 2,096,822	\$ 2,096,822	\$ 6,349,398	\$ 442,573
Restricted cash and cash equivalents.....	-	-	-	-	-
Restricted cash and cash equivalents held by custodian.....	4,233,103	-	4,233,103	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	-	-
Intergovernmental.....	-	-	-	-	-
Loans.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 4,233,103	\$ 2,096,822	\$ 6,329,925	\$ 6,349,398	\$ 442,573
LIABILITIES					
Warrants payable.....	\$ -	\$ -	\$ -	\$ 1,286,786	\$ 418,249
Accrued payroll and withholdings.....	-	-	-	-	-
Due to granting agencies.....	-	-	-	-	-
Other liabilities.....	-	-	-	-	-
Due to other funds.....	-	-	-	-	-
Notes payable.....	-	-	-	734,481	1,019,587
TOTAL LIABILITIES.....	-	-	-	2,021,267	1,437,836
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues.....	-	-	-	-	-
FUND BALANCES					
Restricted.....	4,233,103	2,096,822	6,329,925	4,732,332	33,877
Unassigned.....	-	-	-	(404,201)	(1,029,140)
TOTAL FUND BALANCES.....	4,233,103	2,096,822	6,329,925	4,328,131	(995,263)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 4,233,103	\$ 2,096,822	\$ 6,329,925	\$ 6,349,398	\$ 442,573

Capital Projects				Total	
Equipment	Public Works	Other	Sub-total	Nonmajor Governmental Funds	
\$ 3,171,232	\$ 5,132,428	\$ 321,219	\$ 15,416,850	\$ 50,664,486	
-	-	-	-	1,439,910	
-	-	-	-	4,233,103	
-	-	-	-	1,097,234	
-	-	-	-	7,971,422	
-	-	-	-	5,795,857	
<u>\$ 3,171,232</u>	<u>\$ 5,132,428</u>	<u>\$ 321,219</u>	<u>\$ 15,416,850</u>	<u>\$ 71,202,012</u>	
\$ 416,877	\$ 1,283,416	\$ -	\$ 3,405,328	\$ 8,943,969	
-	-	-	-	2,324,688	
-	-	-	-	8,034,000	
-	-	-	-	4,223,444	
-	-	-	-	2,001,745	
-	500,000	-	2,254,068	4,267,560	
<u>416,877</u>	<u>1,783,416</u>	<u>-</u>	<u>5,659,396</u>	<u>29,795,406</u>	
-	-	-	-	3,259,931	
2,754,355	3,378,171	321,219	11,219,954	39,609,175	
-	(29,159)	-	(1,462,500)	(1,462,500)	
<u>2,754,355</u>	<u>3,349,012</u>	<u>321,219</u>	<u>9,757,454</u>	<u>38,146,675</u>	
<u>\$ 3,171,232</u>	<u>\$ 5,132,428</u>	<u>\$ 321,219</u>	<u>\$ 15,416,850</u>	<u>\$ 71,202,012</u>	

(Concluded)

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

YEAR ENDED JUNE 30, 2015

Special Revenue Funds

	Utility/ Telephone	Receipts Reserved	School Lunch	Highway Improvements	Revolving
REVENUES:					
Charges for services.....	\$ -	\$ -	\$ 1,082,822	\$ -	\$ 370,363
Fines and forfeitures.....	-	-	-	-	-
Intergovernmental.....	-	-	16,148,954	5,299,958	218,162
Departmental and other.....	597,470	1,717,703	-	-	7,011,622
Contributions.....	-	-	-	-	-
Investment income.....	-	-	7,622	567	671
TOTAL REVENUES.....	597,470	1,717,703	17,239,398	5,300,525	7,600,818
EXPENDITURES:					
Current:					
General government.....	-	-	-	-	-
Public safety.....	-	-	-	-	5,930,333
Education.....	-	-	16,922,489	-	1,673,604
Public works.....	-	-	-	5,300,525	75,095
Health and welfare.....	-	-	-	-	-
Culture and recreation.....	-	-	-	-	154,415
TOTAL EXPENDITURES.....	-	-	16,922,489	5,300,525	7,833,447
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	597,470	1,717,703	316,909	-	(232,629)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds and notes.....	-	-	-	-	-
Premium from issuance of bonds.....	-	-	-	-	-
Transfers in.....	-	-	-	-	-
Transfers out.....	-	(1,649,992)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	(1,649,992)	-	-	-
NET CHANGE IN FUND BALANCES.....	597,470	67,711	316,909	-	(232,629)
FUND BALANCES AT BEGINNING OF YEAR.....	708,418	-	1,561,096	-	3,543,249
FUND BALANCES AT END OF YEAR.....	\$ 1,305,888	\$ 67,711	\$ 1,878,005	\$ -	\$ 3,310,620

Special Revenue Funds

Federal Grants School	Federal Grants City	State Grants School	State Grants City	Promise Fund	Expendable Governmental Trusts	Other	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,984	\$ 1,563,169
-	-	-	-	-	-	24,978	24,978
42,676,496	17,285,492	7,014,213	7,857,501	-	-	-	96,500,776
-	-	-	-	-	-	62,591	9,389,386
-	-	-	-	-	620,992	1,245,134	1,866,126
-	5,918	-	37	44,360	25,311	-	84,486
<u>42,676,496</u>	<u>17,291,410</u>	<u>7,014,213</u>	<u>7,857,538</u>	<u>44,360</u>	<u>646,303</u>	<u>1,442,687</u>	<u>109,428,921</u>
-	14,120,851	-	767,115	-	-	1,482,961	16,370,927
-	363,466	-	2,623,148	-	-	288,174	9,205,121
42,713,257	16	5,984,981	-	461,744	-	479,214	68,235,305
-	-	-	-	-	-	-	5,375,620
-	3,334,345	-	1,543,220	-	-	39,486	4,917,051
-	282,353	-	3,819,747	-	565,820	648,968	5,471,303
<u>42,713,257</u>	<u>18,101,031</u>	<u>5,984,981</u>	<u>8,753,230</u>	<u>461,744</u>	<u>565,820</u>	<u>2,938,803</u>	<u>109,575,327</u>
<u>(36,761)</u>	<u>(809,621)</u>	<u>1,029,232</u>	<u>(895,692)</u>	<u>(417,384)</u>	<u>80,483</u>	<u>(1,496,116)</u>	<u>(146,406)</u>
-	-	-	-	-	-	2,298,967	2,298,967
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(1,649,992)
-	-	-	-	-	-	2,298,967	648,975
<u>(36,761)</u>	<u>(809,621)</u>	<u>1,029,232</u>	<u>(895,692)</u>	<u>(417,384)</u>	<u>80,483</u>	<u>802,851</u>	<u>502,569</u>
<u>943,851</u>	<u>809,621</u>	<u>584,223</u>	<u>973,037</u>	<u>6,891,337</u>	<u>2,302,980</u>	<u>3,238,915</u>	<u>21,556,727</u>
<u>\$ 907,090</u>	<u>\$ -</u>	<u>\$ 1,613,455</u>	<u>\$ 77,345</u>	<u>\$ 6,473,953</u>	<u>\$ 2,383,463</u>	<u>\$ 4,041,766</u>	<u>\$ 22,059,296</u>

(Continued)

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

YEAR ENDED JUNE 30, 2015

	<u>Debt Service</u>			<u>Capital Projects</u>	
	Bond Sinking Fund	Debt Service Reserve	Sub-total	Public Buildings	Parks
REVENUES:					
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures.....	-	-	-	-	-
Intergovernmental.....	-	-	-	-	-
Departmental and other.....	-	-	-	-	-
Contributions.....	-	-	-	-	-
Investment income.....	128,080	-	128,080	-	-
TOTAL REVENUES.....	128,080	-	128,080	-	-
EXPENDITURES:					
Current:					
General government.....	-	-	-	7,294,408	-
Public safety.....	-	-	-	1,488,947	-
Education.....	-	-	-	-	1,029,140
Public works.....	-	-	-	-	-
Health and welfare.....	-	-	-	395,696	-
Culture and recreation.....	-	-	-	14,000	-
TOTAL EXPENDITURES.....	-	-	-	9,193,051	1,029,140
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	128,080	-	128,080	(9,193,051)	(1,029,140)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds and notes.....	-	-	-	13,058,000	-
Premium from issuance of bonds.....	-	195,752	195,752	-	-
Transfers in.....	776,911	-	776,911	103,333	-
Transfers out.....	-	(234,357)	(234,357)	(304,648)	(86,429)
TOTAL OTHER FINANCING SOURCES (USES).....	776,911	(38,605)	738,306	12,856,685	(86,429)
NET CHANGE IN FUND BALANCES.....	904,991	(38,605)	866,386	3,663,634	(1,115,569)
FUND BALANCES AT BEGINNING OF YEAR.....	3,328,112	2,135,427	5,463,539	664,497	120,306
FUND BALANCES AT END OF YEAR.....	\$ 4,233,103	\$ 2,096,822	\$ 6,329,925	\$ 4,328,131	\$ (995,263)

Capital Projects				Total
Equipment	Public Works	Other	Sub-total	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,563,169
-	-	-	-	24,978
-	-	-	-	96,500,776
-	-	-	-	9,389,386
-	-	-	-	1,866,126
-	-	-	-	212,566
-	-	-	-	109,557,001
2,208,618	-	-	9,503,026	25,873,953
1,500	-	-	1,490,447	10,695,568
-	-	-	1,029,140	69,264,445
-	7,149,936	-	7,149,936	12,525,556
-	-	-	395,696	5,312,747
-	-	-	14,000	5,485,303
2,210,118	7,149,936	-	19,582,245	129,157,572
(2,210,118)	(7,149,936)	-	(19,582,245)	(19,600,571)
-	10,200,000	-	23,258,000	25,556,967
-	-	-	-	195,752
541,875	244,112	-	889,320	1,666,231
-	(268,464)	(3,540)	(663,081)	(2,547,430)
541,875	10,175,648	(3,540)	23,484,239	24,871,520
(1,668,243)	3,025,712	(3,540)	3,901,994	5,270,949
4,422,598	323,300	324,759	5,855,460	32,875,726
\$ 2,754,355	\$ 3,349,012	\$ 321,219	\$ 9,757,454	\$ 38,146,675

(Concluded)

Internal Service Funds

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

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

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

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2015

	Public Works Shared Services	Health Insurance	Total Internal Service Funds
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 673,159	\$ 10,769,959	\$ 11,443,118
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	-	18,221	18,221
Total current assets.....	<u>673,159</u>	<u>10,788,180</u>	<u>11,461,339</u>
LIABILITIES			
CURRENT:			
Accrued payroll and withholdings.....	-	2,221,685	2,221,685
Health claims payable.....	-	159,961	159,961
Total current liabilities.....	<u>-</u>	<u>2,381,646</u>	<u>2,381,646</u>
TOTAL LIABILITIES.....	<u>-</u>	<u>2,381,646</u>	<u>2,381,646</u>
NET POSITION			
Unrestricted.....	<u>\$ 673,159</u>	<u>\$ 8,406,534</u>	<u>\$ 9,079,693</u>

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

YEAR ENDED JUNE 30, 2015

	Public Works Shared Services	Health Insurance	Total Internal Service Funds
OPERATING REVENUES:			
Employee contributions	\$ -	\$ 23,196,014	\$ 23,196,014
Employer contributions	-	62,137,935	62,137,935
Charges for services.....	1,566,718	-	1,566,718
TOTAL OPERATING REVENUES	1,566,718	85,333,949	86,900,667
OPERATING EXPENSES:			
Cost of services and administration	1,538,715	-	1,538,715
Employee benefits	-	82,319,403	82,319,403
TOTAL OPERATING EXPENSES	1,538,715	82,319,403	83,858,118
OPERATING INCOME.....	28,003	3,014,546	3,042,549
NONOPERATING REVENUES (EXPENSES):			
Investment income.....	-	24,454	24,454
CHANGE IN NET POSITION.....	28,003	3,039,000	3,067,003
NET POSITION AT BEGINNING OF YEAR.....	645,156	5,367,534	6,012,690
NET POSITION AT END OF YEAR.....	\$ 673,159	\$ 8,406,534	\$ 9,079,693

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2015

	Public Works Shared Services	Health Insurance	Total Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Receipts from member employees.....	\$ -	\$ 20,759,244	\$ 20,759,244
Receipts from interfund services provided.....	1,566,718	62,145,338	63,712,056
Payments for interfund services used.....	<u>(1,586,564)</u>	<u>(82,320,283)</u>	<u>(83,906,847)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>(19,846)</u>	<u>584,299</u>	<u>564,453</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Investment income.....	<u>-</u>	<u>24,454</u>	<u>24,454</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(19,846)	608,753	588,907
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>693,005</u>	<u>10,161,206</u>	<u>10,854,211</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 673,159</u>	<u>\$ 10,769,959</u>	<u>\$ 11,443,118</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>			
Operating income.....	\$ 28,003	\$ 3,014,546	\$ 3,042,549
Adjustments to reconcile operating income to net cash from operating activities:			
Changes in assets and liabilities:			
Departmental and other.....	-	1,230	1,230
Warrants payable.....	(47,849)	(880)	(48,729)
Accrued payroll and withholdings.....	-	(2,436,770)	(2,436,770)
Health claims payable.....	<u>-</u>	<u>6,173</u>	<u>6,173</u>
Total adjustments.....	<u>(47,849)</u>	<u>(2,430,247)</u>	<u>(2,478,096)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ (19,846)</u>	<u>\$ 584,299</u>	<u>\$ 564,453</u>

Fiduciary Funds

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

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2015

	Agency Accounts July 1, 2014	Additions	Deletions	Agency Accounts June 30, 2015
ASSETS				
Cash and cash equivalents.....	\$ 666,364	\$ 110,812,672	\$ (110,571,351)	\$ 907,685
LIABILITIES				
Liabilities due depositors.....	\$ 666,364	\$ 110,812,672	\$ (110,571,351)	\$ 907,685

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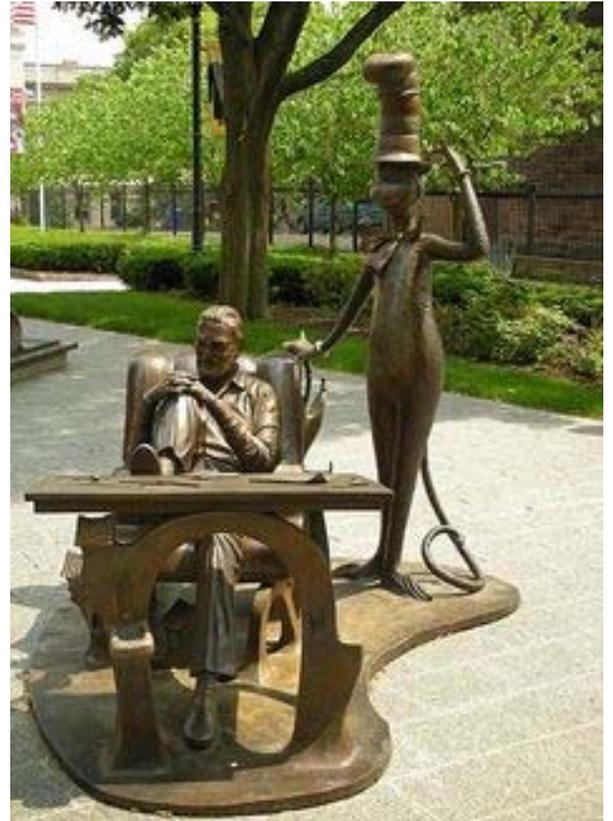
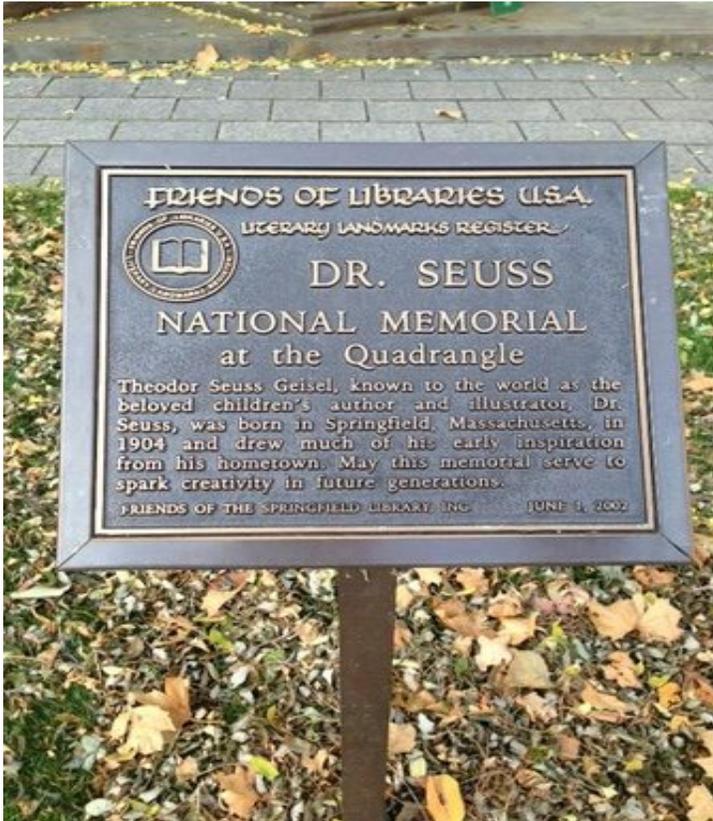
Statistical Section

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.



A 6-minute walk from the Springfield Amtrak train station, this downtown hotel is also a 0.5-mile walk from the Dr. Seuss National Memorial Sculpture Garden.

City of Springfield, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2015



Dr. Seuss National Memorial at the Quadrangle - Springfield, Massachusetts.

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

Net Position By Component

Last Ten Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities										
Net investment in capital assets.....	\$ 337,293,007	\$ 355,316,577	\$ 341,183,744	\$ 325,029,046	\$ 320,198,349	\$ 332,597,837	\$ 374,981,234	\$ 434,638,276	\$ 449,486,707	\$ 469,947,179
Restricted.....	19,216,828	11,626,045	10,548,347	18,386,621	15,210,173	21,614,220	22,794,687	15,633,323	12,596,529	12,985,477
Unrestricted.....	<u>49,923,671</u>	<u>40,591,555</u>	<u>42,012,688</u>	<u>44,159,791</u>	<u>28,345,748</u>	<u>18,239,332</u>	<u>(42,915,390)</u>	<u>(88,519,074)</u>	<u>(715,949,993)</u>	<u>(775,988,856)</u>
Total governmental activities net position.....	\$ <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>	\$ <u>354,860,531</u>	\$ <u>361,752,525</u>	\$ <u>(253,866,757)</u>	\$ <u>(293,056,200)</u>
Business-type activities										
Net investment in capital assets.....	\$ -	\$ -	\$ 19,485	\$ 106,681	\$ 209,137	\$ 266,698	\$ 412,276	\$ 882,976	\$ 1,316,726	\$ 1,159,638
Unrestricted.....	-	-	727,929	1,050,992	2,160,316	2,676,105	2,337,268	1,835,950	(355,950)	(494,302)
Total business-type activities net position.....	\$ -	\$ -	\$ <u>747,414</u>	\$ <u>1,157,673</u>	\$ <u>2,369,453</u>	\$ <u>2,942,803</u>	\$ <u>2,749,544</u>	\$ <u>2,718,926</u>	\$ <u>960,776</u>	\$ <u>665,336</u>
Primary government										
Net investment in capital assets.....	\$ 337,293,007	\$ 355,316,577	\$ 341,203,229	\$ 325,135,727	\$ 320,407,486	\$ 332,864,535	\$ 375,393,510	\$ 435,521,252	\$ 450,803,433	\$ 471,106,817
Restricted.....	20,736,803	13,972,030	12,177,583	20,024,916	16,968,807	21,614,220	22,794,687	15,633,323	12,596,529	12,985,477
Unrestricted.....	<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>	<u>(40,578,122)</u>	<u>(86,683,124)</u>	<u>(716,305,943)</u>	<u>(776,483,158)</u>
Total primary government net position.....	\$ <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>	\$ <u>357,610,075</u>	\$ <u>364,471,451</u>	\$ <u>(252,905,981)</u>	\$ <u>(292,390,864)</u>

The City implemented GASB Statements #68 and #71 in 2015 which required the net pension liability to be recorded for the first time. This also required the revision of the ending net position in 2014. During years 2006 and 2007, the City did not have any business-type actives.

Changes in Net Position

Last Ten Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government.....	\$ 37,313,464	\$ 37,430,911	\$ 48,467,529	\$ 54,328,653	\$ 63,024,227	\$ 62,794,736	\$ 55,175,091	\$ 48,859,996	\$ 48,796,742	\$ 56,103,956
Public safety.....	85,728,406	92,037,703	103,672,758	101,547,545	108,229,250	110,047,282	111,769,805	110,185,618	110,564,124	122,391,784
Education.....	362,864,927	397,224,731	430,017,056	440,556,125	455,624,524	466,952,480	481,476,353	500,466,892	520,281,758	529,212,400
Public works.....	39,852,304	42,335,873	34,956,415	30,235,260	26,965,956	33,422,502	30,608,396	30,653,589	30,653,951	32,648,659
Health and human services.....	14,629,017	10,665,056	12,075,838	8,244,515	9,813,743	10,239,084	10,241,088	11,525,257	10,108,674	10,951,993
Culture and recreation.....	17,056,712	18,500,551	22,120,662	23,275,504	21,342,468	22,118,556	20,769,658	22,960,894	21,915,878	22,587,575
Finance Control Board.....	2,017,262	1,648,086	2,178,191	-	-	-	-	-	-	-
Storm damage - October 2011 snow storm.....	-	-	-	-	-	-	27,596,332	1,199,462	52,408	-
Interest.....	16,128,784	14,415,119	15,314,660	14,352,351	13,458,084	13,266,838	12,170,740	9,414,835	9,221,794	7,852,070
Claims and judgments.....	532,192	556,750	642,918	496,923	-	-	-	-	1,000,000	-
Total government activities expenses.....	576,123,068	614,814,780	659,446,027	673,036,876	698,456,252	718,901,478	749,807,463	735,446,543	752,595,329	781,748,437
Business-type activities:										
Trash.....	-	-	6,178,931	6,158,565	5,962,662	8,537,689	8,874,676	8,840,556	8,480,177	8,594,111
Total business type activities expenses.....	-	-	6,178,931	6,158,565	5,962,662	8,537,689	8,874,676	8,840,556	8,480,177	8,594,111
Total primary government expenses.....	\$ 576,123,068	\$ 614,814,780	\$ 665,624,958	\$ 679,195,441	\$ 704,418,914	\$ 727,439,167	\$ 758,682,139	\$ 744,287,099	\$ 761,075,506	\$ 790,342,548
Program Revenues										
Governmental activities:										
Education charges for services.....	\$ 6,011,926	\$ 8,341,036	\$ 9,545,159	\$ 8,333,298	\$ 7,903,176	\$ 8,545,601	\$ 6,873,282	\$ 5,524,444	\$ 7,325,322	\$ 6,541,388
Public safety charges for services.....	10,312,098	9,589,823	7,789,484	9,190,168	7,743,422	7,059,899	7,839,552	8,782,858	9,993,470	10,199,759
Other charges for services.....	23,265,544	8,347,038	8,854,798	11,363,902	14,075,803	12,434,790	14,956,142	16,535,863	20,261,597	19,430,647
Operating grants and contributions.....	345,756,999	363,885,595	394,416,551	413,665,113	419,677,283	438,860,676	452,149,037	442,911,024	456,798,724	435,396,915
Capital grant and contributions.....	4,537,749	12,815,331	7,585,134	3,467,296	10,232,406	43,524,730	37,356,599	57,614,376	41,100,524	47,911,551
Total government activities program revenues.....	389,884,316	402,978,823	428,191,126	446,019,777	459,632,090	510,425,696	519,174,612	531,368,565	535,479,637	519,480,260
Business-type activities:										
Charges for services - Trash.....	-	-	4,237,986	3,814,824	3,913,653	4,101,890	3,982,627	4,069,875	4,457,622	4,207,837
Total primary government program revenues.....	\$ 389,884,316	\$ 402,978,823	\$ 432,429,112	\$ 449,834,601	\$ 463,545,743	\$ 514,527,586	\$ 523,157,239	\$ 535,438,440	\$ 539,937,259	\$ 523,688,097
Net (Expense)/Revenue										
Governmental activities.....	\$ (186,238,752)	\$ (211,835,957)	\$ (231,254,901)	\$ (227,017,099)	\$ (238,824,162)	\$ (208,475,782)	\$ (230,632,851)	\$ (204,077,978)	\$ (217,115,692)	\$ (262,268,177)
Business-type activities.....	-	-	(1,940,945)	(2,343,741)	(2,049,009)	(4,435,799)	(4,892,049)	(4,770,681)	(4,022,555)	(4,386,274)
Total primary government net expense.....	\$ (186,238,752)	\$ (211,835,957)	\$ (233,195,846)	\$ (229,360,840)	\$ (240,873,171)	\$ (212,911,581)	\$ (235,524,900)	\$ (208,848,659)	\$ (221,138,247)	\$ (266,654,451)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 132,539,064	\$ 140,716,369	\$ 145,585,893	\$ 156,376,934	\$ 162,066,493	\$ 159,965,027	\$ 163,454,196	\$ 161,546,733	\$ 168,561,581	\$ 172,273,135
Tax liens.....	5,442,194	5,160,748	2,937,208	2,595,712	3,820,323	4,328,306	3,259,181	2,610,661	7,482,943	2,224,967
Motor vehicle and other excise taxes.....	8,928,670	8,207,546	7,779,625	7,602,869	7,602,869	7,323,777	9,599,000	9,394,207	9,042,640	9,989,321
Hotel/Motel tax.....	934,715	944,735	960,544	876,507	727,765	767,571	872,952	889,971	1,186,881	1,194,899
Local Meals Tax.....	-	-	-	-	848,785	1,513,257	1,624,115	1,623,553	1,647,182	1,678,239
Penalties and interest on taxes.....	3,537,692	3,360,657	2,185,178	2,342,311	1,613,260	1,677,741	1,802,033	1,818,809	1,831,584	1,865,149
Payments in lieu of taxes.....	6,363,640	7,077,264	6,936,565	5,820,090	6,523,169	5,082,080	5,054,420	3,975,168	2,133,729	2,553,962
Grants and contributions not restricted to specific programs.....	37,288,365	46,897,842	45,286,984	42,560,162	34,225,053	32,062,000	32,059,135	32,057,032	32,849,552	33,726,234
Unrestricted investment income.....	3,845,110	7,742,338	8,405,541	3,850,833	807,832	669,539	458,708	335,362	567,353	754,978
Gain on sale of capital assets.....	-	-	-	-	-	-	-	2,072,705	-	-
Miscellaneous.....	49,922	789,028	76,324	24,187	28,214	92,752	42,044	95,433	-	303,704
Transfers.....	-	-	(2,688,359)	(2,754,000)	(3,260,789)	(5,009,149)	(4,698,790)	(4,740,063)	(4,532,450)	(4,090,834)
Special Items:										
Forgiveness of debt - state loan.....	-	-	-	-	-	8,700,000	-	-	-	-
Extraordinary Items:										
Tornado reimbursements.....	-	-	-	-	-	-	20,000,450	770,149	1,155,928	1,062,077
Tornado expense.....	-	-	-	-	-	-	(20,485,451)	(1,479,748)	(1,173,848)	(457,097)
Total governmental activities.....	198,929,372	220,896,527	217,465,503	220,847,778	215,002,974	217,172,901	213,041,993	210,969,972	220,753,075	223,078,734
Business-type activities:										
Transfers.....	-	-	2,688,359	2,754,000	3,260,789	5,009,149	4,698,790	4,740,063	4,532,450	4,090,834
Total primary government.....	\$ 198,929,372	\$ 220,896,527	\$ 220,153,862	\$ 223,601,778	\$ 218,263,763	\$ 222,182,050	\$ 217,740,783	\$ 215,710,035	\$ 225,285,525	\$ 227,169,568
Changes in Net Position										
Governmental activities.....	\$ 12,690,620	\$ 9,060,570	\$ (13,789,398)	\$ (6,169,321)	\$ (23,821,188)	\$ 8,697,119	\$ (17,590,858)	\$ 6,891,994	\$ 3,637,383	\$ (39,189,443)
Business-type activities.....	-	-	747,414	410,259	1,211,780	573,350	(193,259)	(30,618)	509,895	(295,440)
Total primary government.....	\$ 12,690,620	\$ 9,060,570	\$ (13,041,984)	\$ (5,759,062)	\$ (22,609,408)	\$ 9,270,469	\$ (17,784,117)	\$ 6,861,376	\$ 4,147,278	\$ (39,484,883)

Source: Audited Financial Statements

Fund Balances, Governmental Funds

Last Ten Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved for:										
Encumbrances and continuing appropriations..... \$	30,904,387	14,563,295	9,885,173	7,440,386	9,660,020	-	-	-	-	-
Chapter 656 reserve.....	4,869,332	5,049,684	5,624,879	6,042,256	5,794,053	-	-	-	-	-
Schools	-	-	-	-	10,881,300	-	-	-	-	-
Unreserved.....	48,042,132	53,639,496	41,892,849	44,551,976	49,160,191	-	-	-	-	-
Restricted.....	-	-	-	-	-	30,421,176	35,132,415	40,486,563	39,126,795	24,083,457
Assigned.....	-	-	-	-	-	3,341,976	2,978,810	2,273,838	1,450,068	1,870,366
Unassigned.....	-	-	-	-	-	64,287,919	60,169,358	55,190,530	64,077,847	58,627,885
Total general fund.....	\$ 83,815,851	\$ 73,252,475	\$ 57,402,901	\$ 58,034,618	\$ 75,495,564	\$ 98,051,071	\$ 98,280,583	\$ 97,950,931	\$ 104,654,710	\$ 84,581,708
All Other Governmental Funds										
Unreserved, reported in:										
Special revenue funds..... \$	18,752,274	56,822,330	86,576,180	109,664,713	54,400,287	-	-	-	-	-
Capital projects funds.....	12,777,318	55,089,820	27,432,020	40,654,091	34,709,187	-	-	-	-	-
Permanent funds.....	1,519,975	2,345,985	1,629,236	1,638,295	1,758,634	-	-	-	-	-
Restricted.....	-	-	-	-	-	66,102,729	53,388,549	39,092,674	34,671,623	49,335,423
Unassigned.....	-	-	-	-	-	(324,076)	(12,040,461)	(17,250,514)	(30,414,896)	(6,151,930)
Total all other governmental funds.....	\$ 33,049,567	\$ 114,258,135	\$ 115,637,436	\$ 151,957,099	\$ 90,868,108	\$ 65,778,653	\$ 41,348,088	\$ 21,842,160	\$ 4,256,727	\$ 43,183,493

Notes:

Source: Audited Financial Statements

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

Changes in Fund Balances, Governmental Funds

Last Ten Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 130,987,539	\$ 141,134,996	\$ 142,947,339	\$ 157,510,645	\$ 164,367,177	\$ 160,413,338	\$ 163,234,056	\$ 159,557,644	\$ 166,418,136	\$ 170,978,385
Tax liens.....	7,194,890	5,160,748	4,472,030	3,309,149	3,768,128	3,448,477	3,833,024	3,098,323	2,870,817	2,141,570
Motor vehicle and other excise taxes.....	9,211,096	8,635,626	8,921,591	8,340,690	7,839,549	7,691,115	8,814,442	8,817,723	9,687,138	9,984,739
Hotel/Motel tax.....	934,715	944,735	960,544	876,507	727,765	767,571	872,952	889,971	1,186,881	1,194,899
Local Meals Tax.....	-	-	-	-	848,785	1,513,257	1,624,115	1,623,553	1,647,182	1,678,239
Charges for services.....	13,431,571	7,854,157	3,599,893	2,148,630	2,439,774	1,353,944	2,663,543	2,203,716	2,974,605	2,313,984
Penalties and interest on taxes.....	3,537,692	3,360,657	2,185,178	2,342,311	1,613,260	1,677,741	1,802,033	1,818,809	1,831,584	1,865,149
Payments in lieu of taxes.....	6,363,640	7,077,264	6,936,565	5,820,090	6,523,169	5,082,080	5,054,420	3,975,168	2,133,729	2,553,962
Licenses and permits.....	2,953,760	3,341,714	2,556,063	5,414,924	3,734,353	3,432,098	3,823,239	4,307,698	5,067,083	5,092,038
Fines and forfeitures.....	2,187,751	1,480,434	1,437,672	6,720,709	6,444,218	5,451,805	6,019,333	6,318,372	6,610,517	6,610,269
Intergovernmental.....	406,253,585	426,261,115	447,473,783	465,309,318	473,123,963	527,373,079	531,494,799	541,588,826	539,741,990	526,259,893
Departmental and other.....	14,153,162	15,165,511	19,884,792	17,271,932	11,806,484	15,533,603	15,785,677	15,734,308	22,103,546	21,364,028
Investment income.....	3,804,110	7,702,368	8,302,737	3,792,330	787,970	675,518	497,734	398,711	643,624	858,604
Contributions.....	2,991,764	3,620,174	2,574,334	2,913,485	2,888,734	2,568,421	1,832,890	1,348,629	2,080,938	1,866,126
Total Revenue.....	585,583,396	604,005,275	631,739,499	652,252,521	681,770,720	686,913,329	747,352,257	751,681,451	764,997,770	754,761,885
Expenditures:										
General government.....	35,023,044	37,433,149	49,623,102	44,061,974	59,236,857	57,699,771	44,099,741	36,668,006	39,055,405	48,693,300
Public safety.....	57,415,730	69,214,379	70,597,009	66,059,643	74,986,038	73,028,036	70,330,653	68,870,769	72,769,400	74,984,290
Education.....	352,200,997	391,340,765	397,535,802	414,768,913	437,093,450	482,327,150	495,973,985	530,685,879	530,592,608	520,513,226
Public works.....	29,205,295	34,228,445	29,313,471	20,307,276	13,750,634	14,706,846	15,912,108	14,716,796	15,574,080	23,991,761
Health and human services.....	13,453,222	9,684,540	11,094,903	9,684,540	7,364,096	8,828,544	8,998,028	10,453,432	8,857,462	9,875,082
Culture and recreation.....	13,139,890	15,233,919	17,408,776	17,186,787	16,222,484	15,754,746	13,995,057	16,521,564	15,486,583	19,898,451
Finance Control Board Expenditures.....	2,017,262	1,648,086	2,178,191	-	-	-	-	-	-	-
Pension benefits.....	17,479,734	18,655,982	21,685,459	20,844,905	22,372,681	24,254,094	23,825,273	24,474,041	25,558,597	26,749,744
Employee fringe benefits.....	1,068,473	3,739,401	1,604,431	1,607,929	427,412	1,342,238	728,470	594,118	706,022	602,201
Employee health benefits.....	18,074,765	23,041,303	26,400,181	25,026,409	22,221,484	22,470,194	23,298,895	22,288,970	22,773,103	23,248,728
Claims and judgments.....	532,192	566,750	642,918	496,923	-	-	-	-	-	-
Storm damage.....	-	-	-	-	-	-	27,596,332	2,917,105	3,099,037	3,143,173
State, county, and district assessments.....	2,837,845	2,877,262	2,591,642	2,679,875	2,657,567	2,896,717	2,760,698	1,199,462	52,408	-
Debt service.....	-	-	-	-	-	-	-	-	-	-
Principal.....	18,952,085	20,528,965	20,477,383	26,269,682	72,701,316	26,509,108	26,243,152	27,063,276	28,024,556	26,232,047
Interest.....	13,790,706	15,057,019	16,445,028	15,532,168	14,646,118	14,656,717	13,555,322	11,713,951	11,037,794	9,562,549
Total Expenditures.....	565,312,643	575,191,240	643,249,965	667,598,296	662,206,580	745,144,585	767,189,195	768,167,369	773,587,055	787,494,552
Excess of revenues over (under) expenditures.....	20,270,753	28,814,035	(11,510,466)	(15,345,775)	19,564,140	(58,231,256)	(19,836,938)	(16,485,918)	(8,589,285)	(32,732,667)
Other Financing Sources (Uses)										
Issuance of long-term debt.....	-	53,605,000	-	19,500,000	17,864,000	-	-	-	-	50,543,000
Premium from issuance of bonds.....	3,463,068	1,875,817	-	599,991	-	-	-	-	-	2,779,251
Issuance of refunding bonds.....	98,274,000	73,795,000	-	4,805,000	-	-	-	26,355,000	-	18,245,000
Premium from issuance of refunding bonds.....	10,195,602	4,418,218	-	112,181	-	-	-	3,807,457	-	2,295,402
Payments to refunded bond escrow agent.....	(107,143,336)	(77,546,197)	-	(4,875,932)	-	-	-	(30,162,457)	-	(20,540,402)
State loan issuance.....	3,642,262	26,007,790	478,191	-	-	-	-	-	-	-
Capital lease financing.....	-	-	3,085,340	-	-	1,436,799	819,676	-	2,258,001	1,750,034
Sale of capital assets.....	-	-	-	-	-	-	-	2,100,000	-	-
Transfers in.....	3,476,574	21,825,466	35,527,113	107,536,799	68,387,868	9,104,472	5,111,949	3,068,340	4,687,753	3,866,216
Transfers out.....	(3,476,574)	(21,825,466)	(38,215,472)	(110,290,799)	(71,648,657)	(14,113,621)	(9,810,739)	(7,808,403)	(9,220,203)	(7,957,050)
Total other financing sources (uses).....	71,107,757	8,431,596	82,155,628	875,172	17,387,240	14,603,211	(3,879,114)	(2,640,063)	(2,274,449)	50,981,451
Special Item - Forgiveness of Debt, State Loan.....	-	-	-	-	-	8,700,000	-	-	-	-
Extraordinary Item - Intergovernmental tornado revenue.....	-	-	-	-	-	-	20,000,450	770,149	1,155,928	1,062,077
Extraordinary Item - Tornado relief expenditures.....	-	-	-	-	-	-	(20,485,451)	(1,479,748)	(1,173,848)	(457,097)
Net change in fund balance.....	\$ 37,245,631	\$ 70,645,162	\$ (14,470,603)	\$ 36,951,380	\$ (43,628,045)	\$ (23,716,052)	\$ (19,835,580)	\$ (19,835,580)	\$ (10,881,654)	\$ 18,853,764
Debt service as a percentage of noncapital expenditures.....	5.80%	5.76%	5.82%	6.44%	12.33%	6.07%	5.60%	5.61%	5.50%	4.97%

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

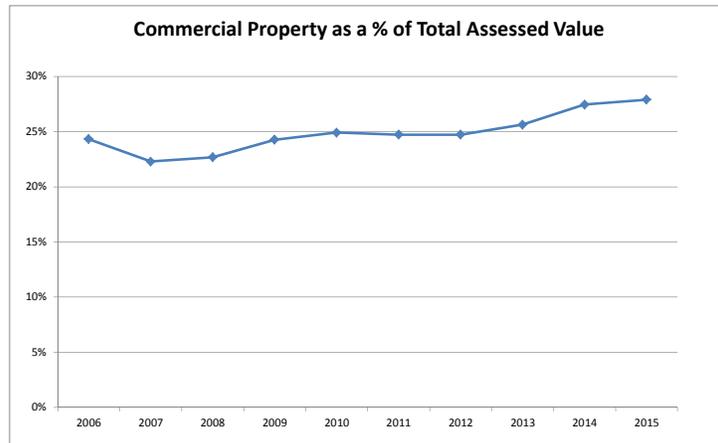
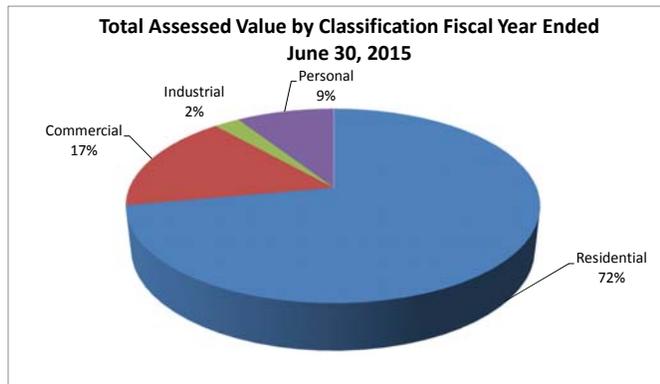
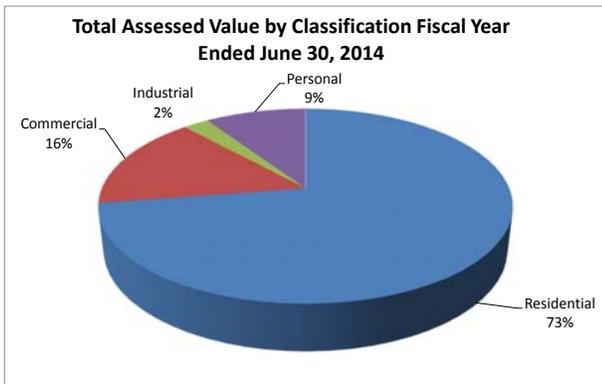
Source: Audited Financial Statements

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

Last Ten Years

Year	Assessed and Actual Values and Tax Rates								
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total CIP Value	CIP Tax Rate	Total Direct Rate (1)	Total City Value
2006	\$5,015,641,700	\$ 17.00	\$965,788,700	\$233,789,700	\$412,180,550	\$1,611,758,950	\$ 33.02	\$ 20.90	\$6,627,400,650
2007	\$5,776,964,500	\$ 16.04	\$1,003,757,800	\$234,694,400	\$418,233,820	\$1,656,686,020	\$ 31.91	\$ 19.58	\$7,433,650,520
2008	\$6,036,956,400	\$ 16.03	\$1,079,322,350	\$246,327,200	\$444,536,550	\$1,770,186,100	\$ 32.04	\$ 19.66	\$7,807,142,500
2009	\$5,484,722,870	\$ 17.89	\$1,072,958,950	\$242,991,100	\$440,601,660	\$1,756,551,710	\$ 36.98	\$ 22.52	\$7,241,274,580
2010	\$5,252,153,800	\$ 19.50	\$1,052,016,750	\$229,288,700	\$461,359,650	\$1,742,665,100	\$ 39.25	\$ 24.42	\$6,994,818,900
2011	\$5,155,722,500	\$ 19.49	\$1,045,580,000	\$184,851,100	\$463,175,130	\$1,693,606,230	\$ 38.97	\$ 24.31	\$6,849,328,730
2012	\$5,038,856,200	\$ 19.83	\$1,009,971,300	\$166,822,500	\$560,357,950	\$1,737,151,750	\$ 39.99	\$ 25.00	\$6,776,007,950
2013	\$4,858,355,700	\$ 19.71	\$1,047,246,800	\$159,725,600	\$631,025,200	\$1,837,997,600	\$ 38.98	\$ 25.00	\$6,696,353,300
2014	\$5,025,199,000	\$ 19.71	\$1,064,979,700	\$162,566,500	\$665,647,970	\$1,893,194,170	\$ 39.04	\$ 25.00	\$6,918,393,170
2015	\$5,079,607,100	\$ 19.67	\$1,156,136,600	\$168,230,700	\$640,954,110	\$1,965,321,410	\$ 39.04	\$ 25.07	\$7,044,928,510

Source: Board Of Assessors



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

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

Principal Taxpayers
Current Year and Nine Years Ago

Name	Nature of Business	2015			2006		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Western Massachusetts Electric Company	Utility	\$ 276,208,720	1	3.9%	\$ 122,032,150	1	1.8%
Columbia Gas Of Mass	Utility	110,781,100	2	1.6%	49,010,540	4	0.7%
Massachusetts Mutual Life Insurance	Insurance	83,282,100	3	1.2%	51,303,300	3	0.8%
Wason Ave/Henshon	Medical office	50,320,400	4	0.7%	n/a	n/a	n/a
Verizon New England	Utility	41,703,300	5	0.6%	38,268,900	5	0.6%
Masspower	Energy	34,000,000	6	0.5%	n/a	n/a	n/a
Albany Road Springfield Plaza LLC	Retail	31,893,700	7	0.5%	30,907,000	6	0.5%
Cataldo And Wallace	Office	30,178,000	8	0.4%	n/a	n/a	n/a
Sprint	Telecommunications	28,554,820	9	0.4%	82,000,000	2	1.2%
Five Town Station	Retail	26,989,500	10	0.4%	23,279,500	8	0.4%
Solutia, Inc	Chemicals	n/a	n/a	n/a	26,200,100	7	0.4%
Eastfield Associates	Utility	n/a	n/a	n/a	21,252,720	9	0.3%
Smith & Wesson	Retail	n/a	n/a	n/a	17,980,780	10	0.3%
	Totals	<u>\$ 713,911,640</u>		<u>10.1%</u>	<u>\$ 462,234,990</u>		<u>7.0%</u>

Source: Board of Assessors

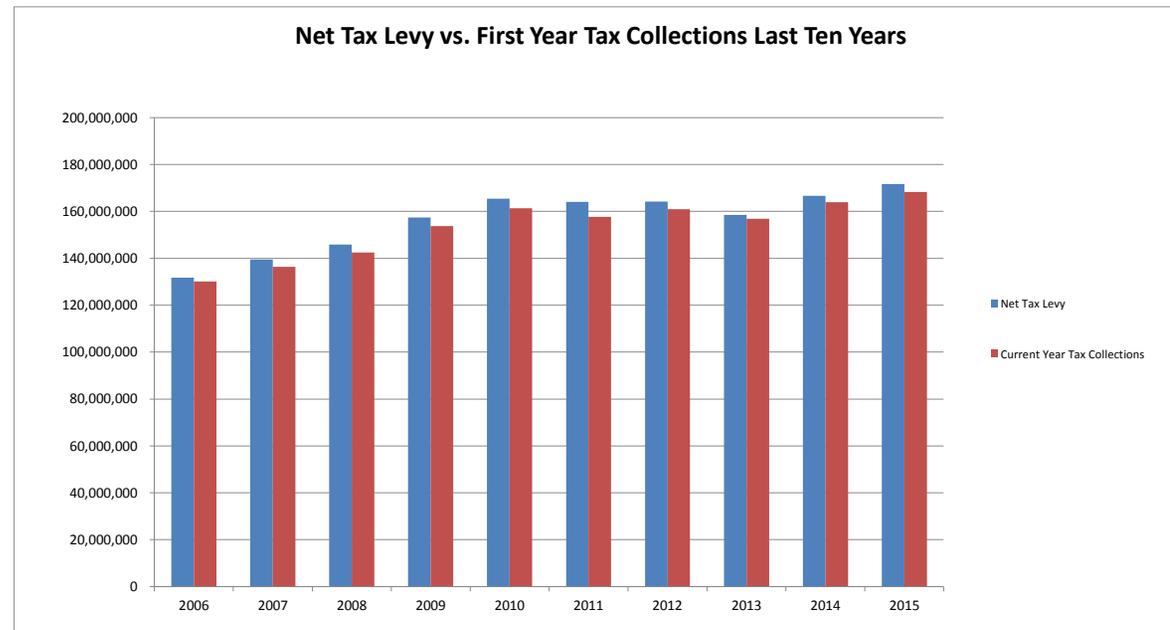
Property Tax Levies and Collections
Last Ten Years

Year	Total Tax Levy	Less Original Reserve for Abatements & Exemptions (1)	Net Tax Levy	Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2006	\$138,488,062	\$6,700,000	\$131,788,062	\$130,093,942	98.7%	\$2,139,051	\$132,232,993	100.3% (2)
2007	\$145,527,361	\$6,061,827	\$139,465,534	\$136,302,756	97.7%	\$4,472,030	\$140,774,786	100.9% (2)
2008	\$153,489,174	\$7,622,699	\$145,866,475	\$142,475,259	97.7%	\$3,309,149	\$145,784,408	99.9%
2009	\$163,078,974	\$5,752,571	\$157,326,403	\$153,773,797	97.7%	\$3,768,128	\$157,541,925	100.1% (2)
2010	\$170,816,604	\$5,369,540	\$165,447,064	\$161,385,261	97.5%	\$3,448,477	\$164,833,738	99.6%
2011	\$166,484,866	\$2,506,666	\$163,978,200	\$157,657,130	96.1%	\$3,833,024	\$161,490,154	98.5%
2012	\$169,389,217	\$5,144,964	\$164,244,253	\$160,899,584	98.0%	\$2,328,642	\$163,228,226	99.4%
2013	\$167,403,337	\$8,893,003	\$158,510,334	\$156,836,563	98.9%	\$2,561,533	\$159,398,096	100.6% (2)
2014	\$172,956,973	\$6,311,481	\$166,645,492	\$163,856,603	101.1%	\$2,680,415	\$168,416,852	101.1% (2)
2015	\$176,111,383	\$4,530,488	\$171,580,895	\$168,297,970	98.1%	\$0	\$168,297,970	98.1%

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

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

Source: Board of Assessors, Official Statements



Ratios of Outstanding Debt and General Bonded Debt

Last Ten Years

Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities Debt					
				General Obligation Bonds	Capital Leases	Less Amounts Available (1)	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2006	152,082	\$2,559,235,896	\$6,627,400,650	\$344,249,407	\$1,488,928	\$0	\$2,273	13.51%	5.22%
2007	152,082	\$2,607,750,054	\$7,433,650,520	\$404,765,433	\$918,629	\$0	\$2,668	15.56%	5.46%
2008	152,082	\$2,656,416,294	\$7,807,142,500	\$383,844,043	\$3,056,230	\$0	\$2,544	14.56%	4.96%
2009	152,082	\$2,704,930,452	\$7,241,274,580	\$376,146,432	\$2,137,804	\$0	\$2,487	13.98%	5.22%
2010	153,060	\$2,771,151,300	\$6,994,818,900	\$320,358,951	\$1,737,837	\$0	\$2,104	11.62%	4.60%
2011	153,060	\$2,820,011,453	\$6,849,328,730	\$292,933,732	\$2,348,138	(\$790,196)	\$1,924	10.44%	4.30%
2012	153,060	\$2,868,803,580	\$6,776,007,950	\$265,809,756	\$2,273,361	(\$1,607,648)	\$1,741	9.29%	3.93%
2013	153,060	\$2,829,007,980	\$6,696,353,300	\$236,501,965	\$1,243,014	(\$2,453,296)	\$1,537	8.32%	3.51%
2014	153,060	\$2,832,940,301	\$6,918,393,170	\$207,900,886	\$2,518,281	(\$3,328,112)	\$1,353	7.31%	2.99%
2015	153,991	\$2,832,940,301	\$7,044,928,510	\$233,711,751	\$3,042,599	(\$4,233,103)	\$1,510	8.21%	3.30%

Year	Business-type Activities		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Net Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2006	\$0	\$0	\$345,738,335	\$2,273	13.51%	5.22%
2007	\$0	\$0	\$405,684,062	\$2,668	15.56%	5.46%
2008	\$0	\$1,920,289	\$388,820,562	\$2,557	14.64%	4.98%
2009	\$0	\$1,545,719	\$379,829,955	\$2,498	14.04%	5.25%
2010	\$0	\$1,155,889	\$323,252,677	\$2,112	11.66%	4.62%
2011	\$0	\$1,747,169	\$296,238,843	\$1,935	10.50%	4.33%
2012	\$0	\$1,544,271	\$268,019,740	\$1,751	9.34%	3.96%
2013	\$0	\$895,437	\$236,187,120	\$1,543	8.35%	3.53%
2014	\$0	\$922,672	\$208,013,727	\$1,359	7.34%	3.01%
2015	\$0	1,300,663	\$233,821,910	\$1,518	8.25%	3.32%

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

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2015

<u>Overlapping Entity</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Share of Overlapping Debt</u>	<u>Dollar Assessment (2)</u>
Pioneer Valley Regional Transit Authority.....	\$ 13,000,000	38.60%	\$ -	\$ 2,588,086
Pioneer Valley Planning Commission.....	-	None	-	22,959
City direct debt.....	<u>236,754,350</u>		<u>-</u>	<u>2,611,045</u>
Total direct and overlapping debt.....	<u>\$ 249,754,350</u>			

(1) Estimated share based on debt service only.

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

Source: Official Statements, City Records

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

Computation of Legal Debt Margin

Last Ten Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Equalized Valuation.....	\$ 5,778,583,600	\$ 7,118,922,700	\$ 7,118,922,700	\$ 8,479,854,100	\$ 8,479,854,100	\$ 7,856,633,600	\$ 7,856,633,600	\$ 7,233,354,700	\$ 7,026,507,200	\$ 7,077,664,000
Debt Limit - 5% of Equalized Valuation.....	\$ 288,929,180	\$ 355,946,135	\$ 355,946,135	\$ 423,992,705	\$ 423,992,705	\$ 392,831,680	\$ 392,831,680	\$ 361,667,735	\$ 351,325,360	\$ 353,883,200
Less:										
Outstanding debt applicable to limit.....	112,072,606	157,484,340	150,050,738	161,499,705	166,996,788	154,580,881	143,031,151	129,597,855	115,761,191	126,650,226
Authorized and unissued debt.....	<u>52,700,000</u>	<u>52,700,000</u>	<u>11,000,000</u>	<u>12,000,000</u>	<u>31,500,000</u>	<u>31,500,000</u>	<u>31,531,010</u>	<u>100,575,123</u>	<u>158,676,403</u>	<u>129,577,399</u>
Legal debt margin.....	<u>\$ 124,156,574</u>	<u>\$ 145,761,796</u>	<u>\$ 194,895,397</u>	<u>\$ 250,493,000</u>	<u>\$ 225,495,917</u>	<u>\$ 206,750,799</u>	<u>\$ 218,269,519</u>	<u>\$ 131,494,757</u>	<u>\$ 76,887,766</u>	<u>\$ 97,655,575</u>
Total debt applicable to the limit as a percentage of debt limit.....	57.03%	59.05%	45.25%	40.92%	46.82%	47.37%	44.44%	63.64%	78.11%	72.40%

Source: Audited Financial Statements; Statement of Indebtedness

Demographic and Economic Statistics

Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2006	152,082	\$2,559,235,896	\$16,828	32	25,206	7.4%
2007	152,082	\$2,607,750,054	\$17,147	32	25,791	7.0%
2008	152,082	\$2,656,416,294	\$17,467	32	25,233	7.9%
2009	152,082	\$2,704,930,452	\$17,786	32	25,360	11.7%
2010	153,060	\$2,771,151,300	\$18,105	33	25,141	12.6%
2011	153,060	\$2,820,011,453	\$18,424	33	25,213	10.4%
2012	153,060	\$2,868,803,580	\$18,743	33	25,185	10.7%
2013	153,060	\$2,829,007,980	\$18,483	32	25,283	11.9%
2014	153,060	\$2,832,940,301	\$18,509	32	25,826	10.5%
2015	153,991	\$2,832,940,301	\$18,135	32	25,645	8.4%

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

Principal Employers (excluding the City)

Current Year and Nine Years Ago

Employer	Nature of Business	2015			2006		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Baystate Health Systems	Healthcare	9,773	1	14.5%	8,772	1	13.2%
MassMutual Financial Group	Insurance	3,997	2	5.9%	4,230	2	6.3%
Sisters of Providence	Healthcare	1,962	3	2.9%	2,200	4	3.3%
Smith and Wesson	Firearms	1,301	4	1.9%	587	8	0.9%
Springfield Technical Community College	Education	1,081	5	1.6%	420	n/a	n/a
Big Y	Grocery	1,035	6	1.5%	1,002	5	1.5%
Western New England University	Education	844	7	1.3%	492	n/a	n/a
Springfield College	Education	680	8	1.0%	560	9	0.8%
Eastman Chemical (formerly Solutia)	Chemical	388	9	0.6%	504	10	0.8%
Center for Human Development	Social Services/Behavioral Health	350	10	0.5%	327	6	0.5%
Union News	Newspaper	350	n/a	n/a	700	7	1.1%
US Postal Service	Mail	n/a	n/a	n/a	2,267	3	3.4%
		<u>21,761</u>		<u>32.3%</u>	<u>22,061</u>		<u>33.1%</u>

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

Full-time Equivalent City Employees by Function

Last Ten Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Function										
(A) General government.....	390	353	351	364	354	339	309	265	262	272
Public safety.....	852	903	927	918	891	894	832	790	800	870
Education.....	3,589	3,047	3,212	3,327	3,664	3,808	3,409	3,950	3,990	3,990
Public works.....	205	174	186	136	84	70	61	60	70	71
Health and human services.....	40	41	42	41	40	39	35	33	32	33
(A) Culture and recreation.....	102	84	84	80	63	64	63	59	78	77
Total	<u>5,178</u>	<u>4,602</u>	<u>4,802</u>	<u>4,865</u>	<u>5,097</u>	<u>5,214</u>	<u>4,709</u>	<u>5,157</u>	<u>5,232</u>	<u>5,313</u>

Source: Payroll Department

(A) In 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 Years

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

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

N/A - Information not available

Capital Asset Statistics by Function/Program

Last Ten Years

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government										
Number of buildings.....	38	38	38	38	39	39	39	39	39	39
Fire										
Number of stations.....	8	8	8	8	8	8	8	8	8	8
Police (1)										
Number of stations.....	2	2	2	2	2	2	2	5	5	5
Education										
Number of elementary schools.....	32	32	32	32	32	32	33	33	33	33
Number of middle/junior high schools.....	7	7	7	7	7	8	10	12	12	15
Number of secondary schools.....	6	6	6	6	6	5	10	11	11	13
Culture and recreation										
Parks and playgrounds.....	35	36	36	38	38	38	38	38	38	39
Park and playground (acreage).....	2,091	2,093	2,093	2,102	2,102	2,102	2,102	2102	2102	2103
Conservation land (acreage).....	430	430	430	430	430	430	430	430	430	430
Public beaches.....	1	1	2	2	2	2	2	2	2	2
Ball fields.....	62	62	62	62	62	62	62	62	62	62
Tennis courts.....	37	37	37	37	37	37	37	37	37	37

Source: City Departmental records.

(1) Includes substations

Free Cash & Stabilization Fund Balances

Last Ten Years

<u>Year</u>	<u>Free Cash</u>	<u>Stabilization Fund (B)</u>
2015.....	\$ N/A	\$ 41,221,011
2014.....	\$ 14,626,673	\$ 33,936,860
2013.....	\$ 3,896,871	\$ 37,295,134
2012.....	\$ 7,498,622	\$ 41,422,909
2011.....	\$ 4,698,933	\$ 45,100,661
2010 (A).....	\$ 33,776,930	\$ 31,354,741
2009.....	\$ 22,319,922	\$ 36,528,216
2008.....	\$ 12,543,347	\$ 68,047,256
2007.....	\$ 30,453,077	\$ 41,213,237
2006.....	\$ 17,372,051	\$ -

Source: City Records

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

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

N/A: FY2015 Free Cash amount is not yet available.



Archway entrance to Springfield College Campus.



Richard B. Flynn Campus Union located on the Springfield College Campus.