

CITY OF SPRINGFIELD, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED JUNE 30, 2019

On the cover: Springfield 9/11 Memorial located in the recently renovated Riverfront Park.



Construction of the new East Forest Library, located on Surrey Road.

City of Springfield, Massachusetts

Comprehensive Annual Financial Report

For the Year Ended June 30, 2019



Prepared by:

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

CITY OF SPRINGFIELD, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019

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Introductory Section



Morris Street Park renamed in memory of south end activist Angelina Florian.

City of Springfield, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2019



View of the City of Springfield from across the Connecticut River.

Introductory Section

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THE CITY OF SPRINGFIELD, MASSACHUSETTS

Letter of Transmittal

November 27, 2019

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, 2019.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements for the fiscal year ended June 30, 2019, 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, 2019, 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, 2019 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 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 fourth largest City 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) and Liberty Mutual. 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 and the new home to a \$95 million CRRC railcar facility. The CRRC facility is now fulfilling a \$566 million contract for the Massachusetts Bay Transit Authority, building 152 Orange Line cars and 252 Red Line cars, the first of which were delivered earlier in 2019. The Page Boulevard factory is the first in North America for CRRC, the largest railcar manufacturer in the world. Since building the facility, the company has secured contracts in other markets including Los Angeles and Philadelphia.

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 recently completed at Central High School. In 2019, a massive restoration and redevelopment project was completed at the historic Masonic Temple on State Street, which will now house the Springfield Conservatory of the Arts school, a school focused on the performing arts. The City is now proceeding with a combined Brightwood and Lincoln elementary school in the City's North End, which will be a total investment of approximately \$83 million.

Private educational institutions have also invested in Springfield. The University of Massachusetts invested in a new downtown Springfield center at Tower Square and administers both online and in-class curriculum from that location. Cambridge College graduate studies satellite office with classrooms is also located in the Tower Square complex. Bay Path University opened a new online educational office and advisory center at 1350 Main Street.

Higher education is also making significant investments in their neighborhoods as well. Springfield Technical Community College (STCC) has recently completed a new \$50 million student center, converting a historic horse barn into a state-of-the-art student facility. American International College is currently building a new College of Health Sciences building and student dormitory. Springfield College has partnered with the Davis Foundation on the \$14 million Educare facility, a groundbreaking early education center that will be a regional model. Western New England University is home to a new \$40 million School of Sciences and Pharmacy.

Springfield will also be known as a leader in early education with the upcoming opening of Educare Springfield. Educare is a national model of intense early education, funded by the Buffet Foundation, and the facility in Springfield will be the first of its kind in Massachusetts. Serving children ages 0-5, the center is located adjacent to the City's new Brookings School and will help prepare City children to arrive at elementary school ahead of the game.

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. Mercy Medical Center recently opened the \$15 million Caritas Cancer Center as well as new \$20 million medical office building at the corner of Carew and Chestnut Streets.

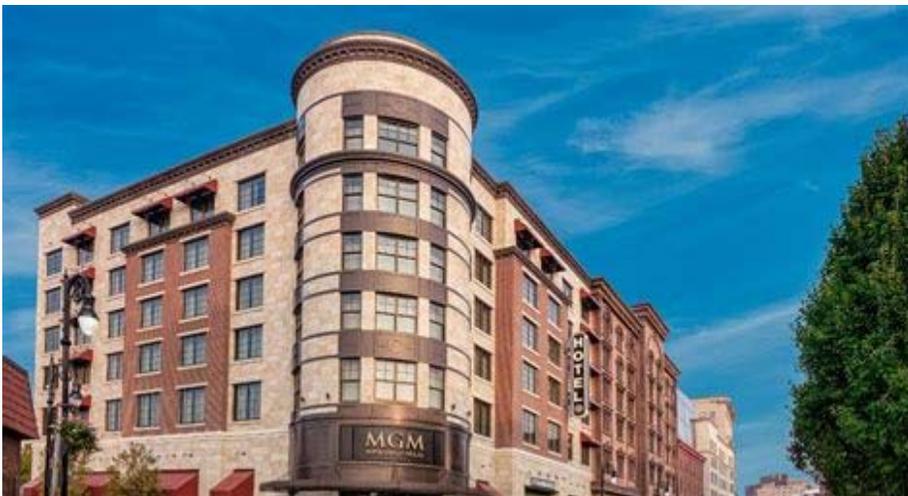
Industry and Commerce

Tourism continues to be a cornerstone of the City's economic health with tourism anchors like the MassMutual Center, Naismith Memorial Basketball Hall of Fame, the new Amazing World of Dr. Seuss Museum located at the, Springfield Museums, the success of the Six Flags Amusement Park in nearby Agawam and The Big E in nearby West Springfield.

These cultural attractions are making new investments, including the Springfield Museums newest museum – the Amazing World of Dr. Seuss – an over \$7 million investment celebrating the birthplace and life of Springfield's own Theodor Geisel, Dr. Seuss. The museum opened in June 2017 and was responsible for a spike in attendance that doubled the Springfield Museums visitation of the previous year. That increase has remained since opening, showing a consistent visitor ship from all fifty states each year and many countries who seek to learn the story of Dr. Seuss.

The Naismith Memorial Basketball Hall of Fame recently completed a significant fundraising campaign and has moved forward on a \$25 million renovation that has helped modernize the facility with both structural and display upgrades. The Hall of Fame is now in the final stages of restoration of its signature sphere structure on the grounds and is preparing for a major induction ceremony in 2020 that includes eligible entrants Kobe Bryant, Tim Duncan and Kevin Garnett.

The City is also host to the American Hockey League Springfield Thunderbirds. While AHL hockey has been in the City since its inception in 1936, the Thunderbirds first season was in 2016-2017 with new local ownership. The team has been rewarded in 2019 with the highest Springfield hockey attendance in 20 years and the City hosted the 2019 AHL All-Star game for the first time in league history as hockey night has again become a popular attraction in Springfield.



The largest economic development project in the City's history opened its doors in August 2018. MGM Springfield, a \$960 million mixed use entertainment complex, opened in late summer to rave reviews. The project created 2,000 construction jobs as well as 2,500 permanent jobs. The project includes a new 250-room MGM four-star hotel, retail, restaurants, movie theatre, bowling alley, an outdoor public skating rink, and is also developing 54 units of offsite market rate residential units within walking distance to the facility. The project has attracted approximately 6 million visitors in the first year, and the City has instituted a number of measures to help attract those visitors to experience other attractions in Springfield.

One element that made MGM Springfield's project attractive was that of entertainment. Rather than building venues within the complex, MGM Springfield is utilizing the City's existing venues – historic Symphony Hall, City Stage, and the MassMutual Center, to bring some of the activity in the casino out into downtown at these venues and to further promote visitors experiencing more of the City. MGM's grand opening concert featured Stevie Wonder and sold out the MassMutual Center. MGM Springfield also in 2017 took over management of the MassMutual Center, a move that will also help strengthen the ability to attract conventions and first-class entertainment back to the City. In 2019 the company also took over management of the City owned Symphony Hall.

MGM has also been able to attract major events including Boston Red Sox Winter Weekend, which occurs early in 2020. This event brings thousands of Red Sox fans for multiple nights to the City for a series of events and autograph sessions and had been held for years at Foxwoods Casino in Connecticut.

MGM Springfield's project site has taken a 15-acre site that had been substantially surface parking lots, producing approximately \$600,000 in tax revenue and, beginning in Fiscal Year 2019 will provide annual tax and community benefit payments of \$25 million.

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 initially, and they expanded after having a positive experience with Springfield's workforce. 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. The Park also completed a \$9 million demolition and renovation project that attracted a new Charter school to the campus in 2015.

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 and was completed in early 2013.

The City is making significant upgrades to its own technology as well and providing residents with assets like free wi-fi hotspots in various places downtown and plans to take the hotspots to public areas throughout the city.

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.

DevelopSpringfield in 2019 completed the Springfield Innovation Center, located on Bridge Street in downtown Springfield. The Springfield Innovation Center is home to Valley Venture Mentors, a well-established local entrepreneur start up organization. The \$7 million center is expected to welcome additional tenants in early 2020.

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. Many of these smaller companies have located in Springfield to become part of the supply chain to larger projects.

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

Production has begun at CRRC's new \$95 Million railroad car manufacturing operation at the former Westinghouse site on Page Boulevard in East Springfield. The 220,000 square foot facility includes test tracks, engineering, research & development. CRRC retained a historic Westinghouse building which it has repurposed as its administrative offices. The plant provides 150 production jobs with possible expansion of up to 300 jobs, and delivery of cars to Boston began in early 2019.



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 new park has the potential to produce 650,000 square feet of industrial, commercial and general office space and generate as many as 1,000 jobs. Grants in the amount of \$2.48 million from the Federal Economic Development Administration (EDA) and a Public Works Economic Development grant (PWED) was used to design and build the infrastructure in the park. The first investor was Performance Food Group (PFG) – a Fortune 500 company - purchased 35 acres and opened a 210,000 square foot facility in 2007. 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, opened in 2013. More recently, Eversource completed a 5.6-megawatt solar field in the parks remaining land, generating approximately \$1 million a year in new property taxes.

Just across from the Industrial Park, Big Y Supermarket began construction on a new \$46 million distribution center expected to be complete in 2020. The facility will serve the company’s 70 existing supermarkets and up to 20 new supermarkets to be developed in the future.

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 has been developed on the property that provides 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 effort.

| <u>Project</u> | <u>Type</u> | <u>Year Certified</u> |
|---|-------------|-----------------------|
| Big Y Supermarkets | TIF | 2019 |
| Silverbrick 122 Chestnut St. | HDIP | 2018 |
| CNR MA Corporation | TIF | 2015 |
| Falvey Linen Supply Inc & East Springfield Realty LLC | TIF | 2015 |
| Silverbrick | HDIP | 2015 |
| Amasdave, LLC bda Dave's Truck Repair, Inc. | TIF | 2014 |
| Freedom Credit Union | TIF | 2014 |
| Kielb Welding Enterprises, Inc. dba Advance Welding | TIF | 2014 |
| Latino Food Distributors, Inc. / 90 Meat Outlet, LLC | TIF | 2013 |
| Nash Manufacturing & Grinding Services, Inc. | STA | 2013 |
| Titan Roofing, Inc. | TIF | 2013 |
| F. W. Webb Company and RAM Construction LLC | TIF | 2011 |
| Titeflex Corporation | TIF | 2010 |
| Springfield Riverfront Development Corp. | TIF | 2002 |

Housing Development

The City updated and released in 2019 a new market rate housing study for downtown Springfield. 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. New York developers Silverbrick Group purchased the former “Morgan Square Apartments” in the summer of 2014 for \$9 million and have completed a

\$6 million renovation of the 265 units, bringing them back to premier market rate status under the name “Silverbrick Lofts”.

Silverbrick has since purchased another downtown building, 122 Chestnut Street, and completed the renovation of 99 existing units and construction of 15 new units. In addition, Davenport Companies has purchased the long vacant Willy’s Overland Building at 151 Chestnut Street and broke ground in 2019 to develop 60 units of loft apartments. The two projects represent approximately \$18 million in private investment in market rate housing.

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. The UMASS Design Center is now part of “Make-It Springfield”, Springfield’s first maker space. The maker space is collaboration with MassDevelopment and is located on Worthington Street and planning a 2020 expansion.

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

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 has been transformed into an intermodal transit center.

The Hampton Inn & Suites opened in 2016 after a \$4 million investment in the new 87-room hotel in the South End of Springfield. A 99-room Holiday Inn Express & Suites, long in development for several years, held its grand opening in the summer of 2018. Other hotels have also taken notice in Springfield’s expanding tourism industry,

with reported interests from Home2Hilton Suites, Main Street Hospitality, Hyatt brands, and a hotel component to the redevelopment of the former Paramount Theater. A \$37 million project on the City's former York Street Jail site to develop a hotel and indoor skydiving recreational facility is also in the works with construction expected to begin in 2020.

All of this is in addition to the 2018 opening of 250 rooms at MGM Springfield. This hotel is Springfield's first four-star hotel and has helped serve as a catalyst to attract additional conventions and meetings. The hotel has operated at near capacity since opening with business coming from tourism, business, and gaming related.

Hotel Inventory

| Hotel | Square Feet | Number of Rooms |
|-----------------------|--------------------------------|-----------------|
| Sheraton | 375,000 | 325 |
| Marriott | 192,000 | 265 |
| Hilton Garden Inn | 82,589 | 143 |
| Holiday Inn Express | 73,575 | 99 |
| MGM Springfield | 2 million (entire development) | 250 |
| Hampton Inn & Suites | 58,403 | 87 |
| LaQuinta Inn & Suites | 152,488 | 208 |
| Total | | 1,377 |

Source: City of Springfield Economic Development Department.

Government Projects

Springfield Union Station opened in June 2017 after a \$95 million renovation of the historic facility. The building had been shuttered for 44 years and is now an intermodal transit center. With a new 377-parking structure and attached bus berths for both intra-city and intercity bus service, the new Union Station will make travelling through Springfield very easy.

New in 2018 is commuter rail to Hartford and New Haven, CT, adding frequent rail service to both of these cities. In 2019 commuter rail was added to the North, with stops in Holyoke, Northampton, and Greenfield. These commuter rail additions allow travelers throughout the valley to be connected all the way to New York City via commuter and Metro North rail. Union Station's renovation has been award-winning, including a Preservation Massachusetts award for best before and after and the 2017 National Phoenix Award for best Brownfields redevelopment in the country.

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 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. Further, Springfield won a \$16 million grant from HUD for Disaster Resiliency, the funding of which is being spent on a host of projects including a new backup power facility for Baystate Medical Center, and a new hydro power facility in the Six Corners neighborhood.



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.

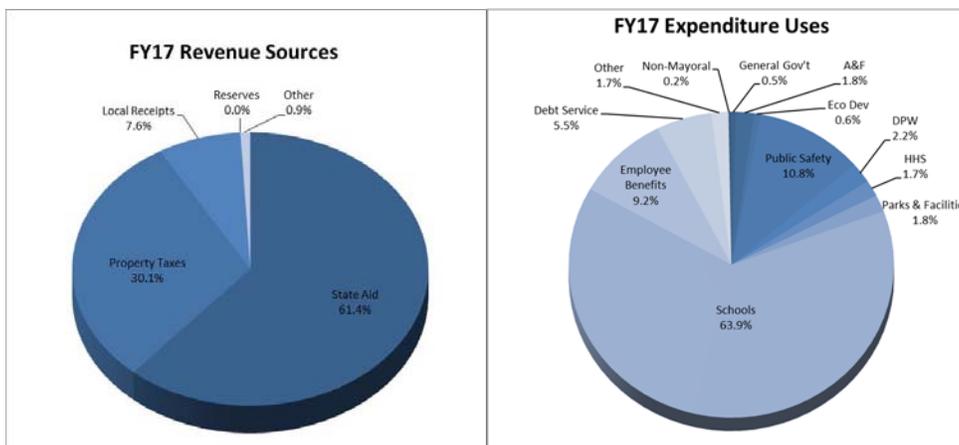
As a result of an initiative law adopted in November 1980, school committees are no longer autonomous with respect to school expenditures for current purposes. The school budget is limited to the total amount appropriated by the City Council, but the school committee retains full power to allocate the 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

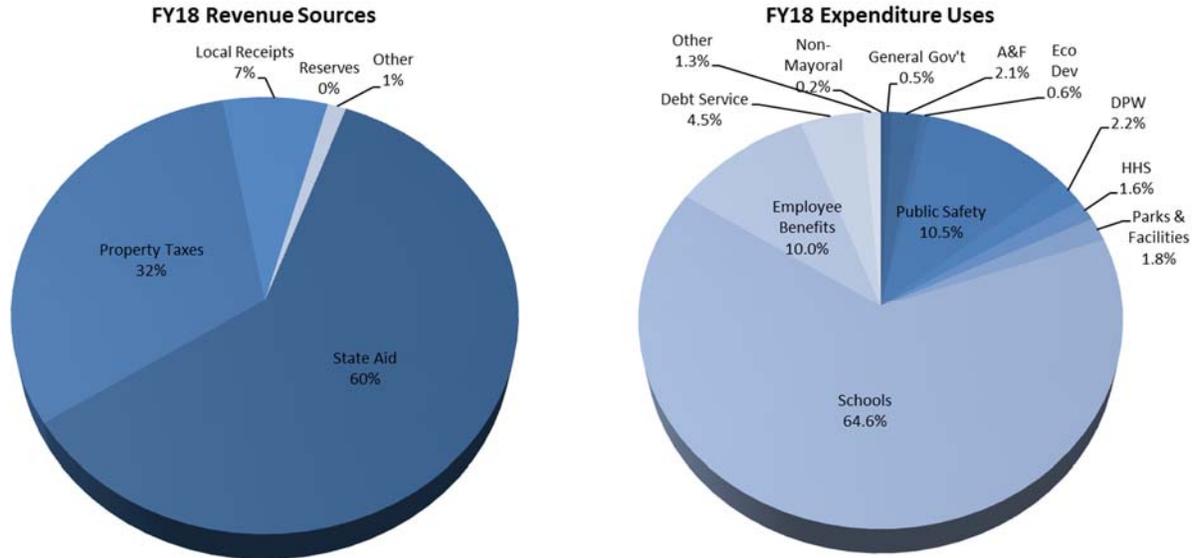
Fiscal Year 2017 – The Adopted Budget for Fiscal Year 2017 is \$616,807,963. This represents a 3.7% increase over the FY16 Adopted Budget. Notably, FY17 is the second year in a row that City has been able to balance its budget without the use of supplemental reserve funds. Costs, however, continue to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

FY17 Sources & Uses



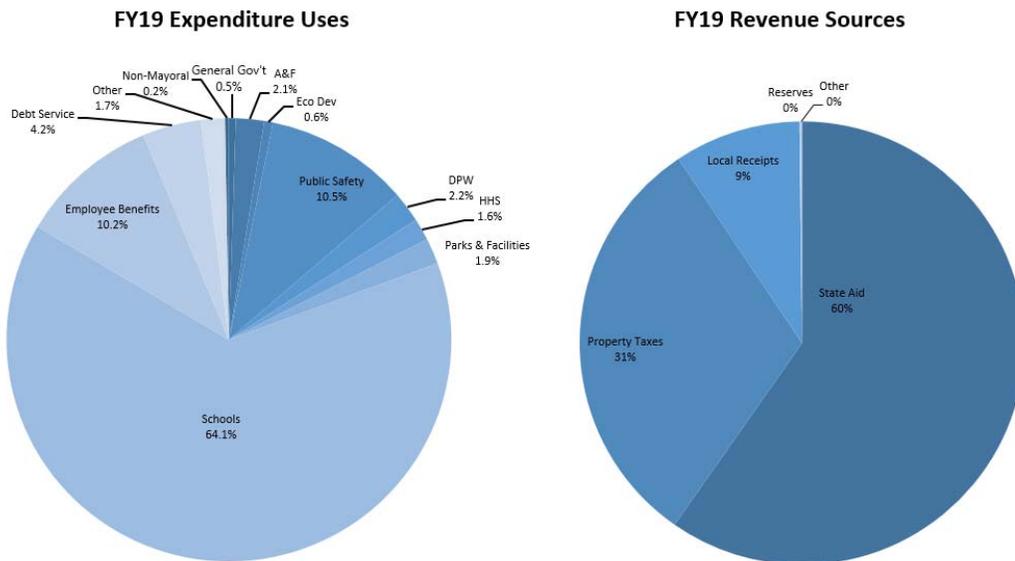
Fiscal Year 2018 – The FY18 Adopted Budget totals \$628,819,202, which represents a 1.9% increase over the FY17 Adopted Budget. FY18 marks the third consecutive year that the City has been able to balance its budget without the use of supplemental reserve funds. The City’s assessed property valuations, budgeted State Aid, and local receipt estimates continue to increase. However, this is offset by the need to support legal and contractual obligations, employee salaries and benefits, and other city-wide fixed costs. This year a \$28.9 million gap was identified upon review of all departmental budget requests. All budget decisions have been carefully evaluated using a three-pronged approach: revenue increases, expenditure reductions, and strategic offsets to alternate funding sources. In addition, budgets have been analyzed and presented based on departmental programs, allowing for more data-driven decision-making.

FY18 Sources & Uses



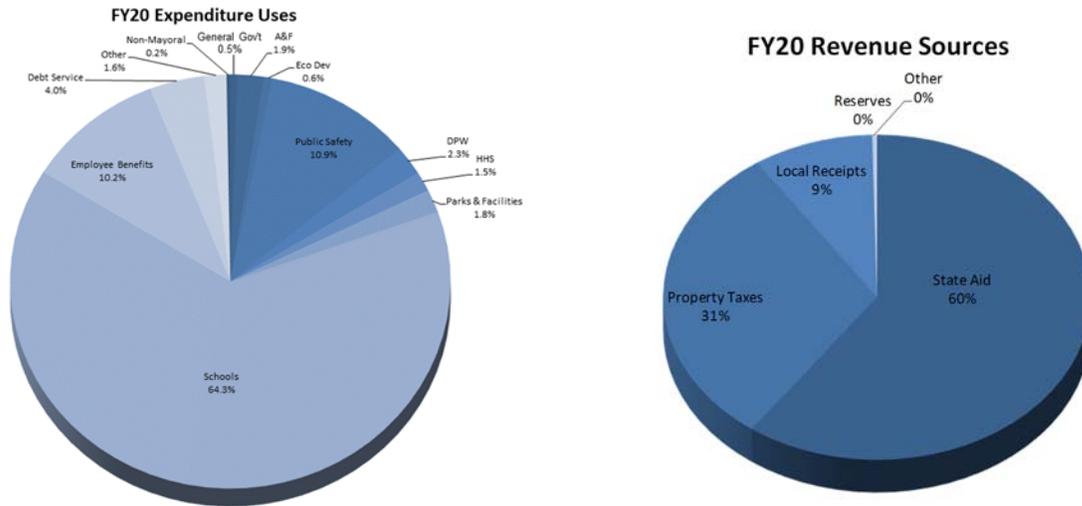
Fiscal Year 2019 – The FY19 Adopted Budget totals \$ 656,191,374, which represents a 4.4% increase over the FY18 Adopted Budget. FY19 marks the fourth consecutive year that the City has been able to balance its budget without the use of supplemental reserve funds. The City’s assessed property valuations, budgeted State Aid, and local receipt estimates continue to increase. FY19 saw the first year of guaranteed MGM Springfield casino revenue come to fruition, which increases their previous year’s estimated revenue by about \$8M. However, these increases are offset by the need to support legal and contractual obligations, employee salaries and benefits, and other city-wide fixed costs. This year a \$16.8 million gap was identified upon review of all departmental budget requests. All budget decisions have been carefully evaluated using a three-pronged approach: revenue increases, expenditure reductions, and strategic offsets to alternate funding sources. In addition, budgets have been analyzed and presented based on departmental programs, allowing for more data-driven decision-making.

FY19 Sources & Uses



Fiscal Year 2020 – The FY20 Adopted Budget totals \$ 691,518,173, which represents a 5.4% increase over the FY19 Adopted Budget. For the fifth straight year, the City was able to balance its budget without the use of reserve funds. The City’s revenues continued to increase in FY20 due to rising property values and a strong economy. Growth in the City’s budget was driven by the settlement of expired contracts with the City’s two police unions, growth in the School Department budget, and a \$3.9 million increase in the City’s pension appropriation.

After a review of all departmental budget requests, the City faced an \$18.4 million budget gap. As in previous years, this gap was closed with the strategic use of revenue increases, expenditure reductions, and offsets to alternate funding sources.



Long Term Financial Planning

The City’s Chief Administrative and Financial Officer and the Office of Management and Budget prepare a Multi-Year Financial Plan (MYFP) each year. This instrument forecasts changes in City revenues and expenditures over the next four years. The MYFP provides a roadmap for the City’s financial future, aids in planning for upcoming budgets, and provides stakeholders with information about the upcoming fiscal challenges facing the City.

The MYFP illustrates how decisions today will affect the City’s financial future. The development of this document is essential for ensuring that decisions made during the budget making process are sustainable. Projecting out budget gaps in future years also helps frame discussions around dealing with long term fiscal stressors (e.g. the City’s unfunded pension liability).

Detailed projections of budget gaps in future years allow policymakers to make hard decisions about how to address issues of long-term fiscal sustainability, even when a particular factor may not affect the City’s budget for several years. The MYFP also explores the environment in which the City operates. It analyzes changes in the legislative environment, credit markets, and trends in the local, regional, and national economies that may affect future budgets.

| | FISCAL 2018 | FISCAL 2019 | FISCAL 2020 | FISCAL 2021 | FISCAL 2022 | FISCAL 2023 |
|-------------------------------------|--------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| | ACTUALS | ADOPTED | PROJECTED | PROJECTED | PROJECTED | PROJECTED |
| SPENDING ASSUMPTIONS | | | | | | |
| Administration and Finance Division | 11,402,888 | 14,098,039 | 14,632,530 | 14,925,180 | 15,997,199 | 17,090,658 |
| Development Division | 3,710,212 | 4,126,643 | 4,209,176 | 4,293,359 | 4,379,227 | 4,466,811 |
| General Government Division | 4,071,652 | 3,581,186 | 3,652,810 | 3,725,866 | 3,800,383 | 3,876,391 |
| Non-Mayoral Division | 1,473,888 | 1,541,496 | 1,572,326 | 1,603,773 | 1,635,848 | 1,668,565 |
| Health and Human Services Division | 9,272,565 | 10,542,526 | 11,153,377 | 11,376,444 | 11,603,973 | 11,836,053 |
| Public Safety Division | 67,345,551 | 70,932,906 | 77,374,871 | 78,922,368 | 80,500,815 | 82,110,832 |
| Public Works Division | 14,299,368 | 14,616,922 | 14,909,261 | 15,207,446 | 15,511,595 | 15,821,827 |
| Parks & Facilities Division | 11,168,776 | 12,338,635 | 12,585,407 | 12,837,116 | 13,093,858 | 13,355,735 |
| School Department* | 406,045,030 | 420,749,687 | 446,639,454 | 463,829,473 | 481,745,755 | 500,423,686 |
| Debt | 30,181,402 | 27,870,576 | 29,615,887 | 27,765,198 | 27,765,198 | 25,445,744 |
| Health Insurance & Fringe | 26,332,382 | 27,401,291 | 29,556,044 | 31,894,641 | 34,433,010 | 37,188,457 |
| Pensions** | 34,478,183 | 39,622,588 | 43,175,175 | 47,047,494 | 51,268,323 | 55,869,025 |
| Other Spending | 7,857,188 | 8,768,880 | 10,195,531 | 10,390,779 | 10,509,904 | 10,712,784 |
| Total | 627,639,086 | 656,191,375 | 699,271,847 | 723,819,138 | 752,245,087 | 779,866,568 |
| REVENUE ASSUMPTIONS | | | | | | |
| Property Taxes | 192,819,294 | 202,789,681 | 207,949,075 | 213,210,302 | 218,603,061 | 224,130,638 |
| Local Receipts | 57,002,543 | 60,330,657 | 58,497,444 | 58,497,444 | 58,497,444 | 60,301,467 |
| State Aid | 378,974,697 | 391,850,224 | 414,393,003 | 422,959,673 | 432,431,753 | 442,674,301 |
| Reserves | - | - | - | - | - | - |
| Net School Spending | - | - | - | - | - | - |
| Other Financing Sources | - | - | - | - | - | - |
| Casino Revenue | 8,000,000 | 1,220,813 | - | - | - | - |
| Total | 636,796,534 | 656,191,375 | 680,839,523 | 694,667,420 | 709,532,258 | 727,106,406 |
| SURPLUS / (GAP) | 9,157,448 | 0 | (18,432,325) | (29,151,718) | (42,712,830) | (52,760,162) |

*Includes School Department admin pension appropriation.

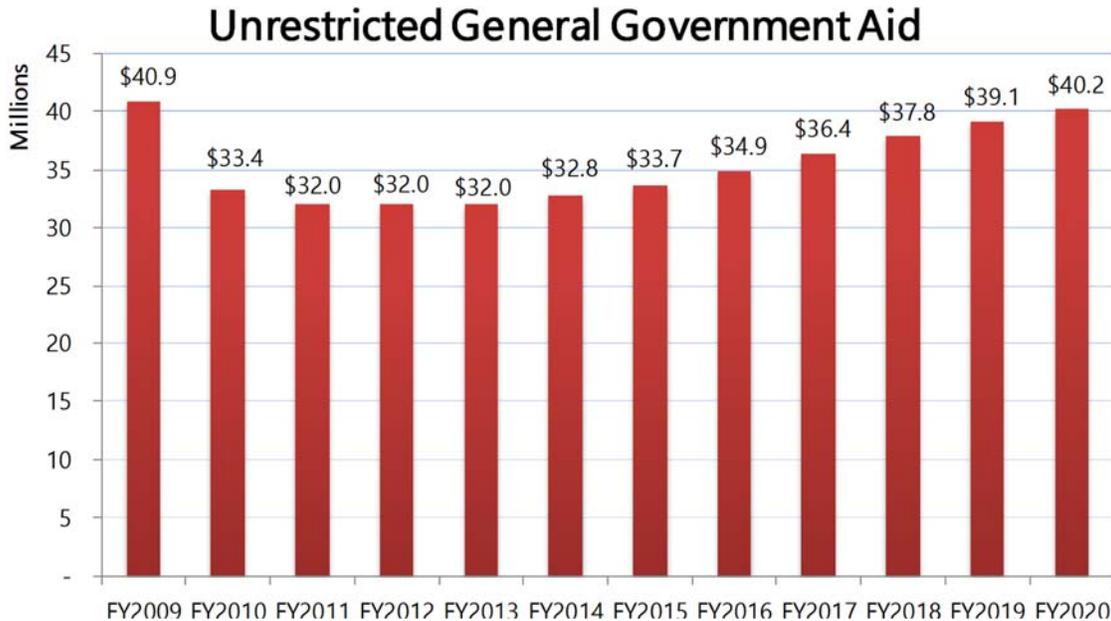
**Pension appropriation for City non-school retirement.

The Office of Management and budget continually assesses long-term liabilities and the risks of an economic downturn, which helps drive policymaking vis-à-vis current year services.

- Property Tax Limitations** - From 1996 to 2000 Springfield's tax levy was at it's Proposition 2 ½ levy ceiling, limiting the City's ability to increase property taxes. From 2004 on, economic development and rising property values allowed the City to increase the room between its tax levy and the levy ceiling. However, the effects of the Great Recession once again brought Springfield's levy ceiling down below prior years' tax levies. In 2011, Springfield's assessed values decreased by 2.1 percent. In 2012, values decreased by an additional 1.1 percent. As a result, the City was unable to realize the tax benefits of new growth or increase the prior year's tax levy by a full 2.5%, as allowed by Proposition 2 ½. The result was declining revenues, followed by a period of constrained levy growth that has lasted almost a decade. FY17 was the first year that the City's tax levy was not restricted by the levy ceiling. However, the City has been unable to realize the full tax benefits of new growth in FY18 and FY19.

| Levy Calculation | | | | | | | | | | | | |
|---|-------------|---------------------------|-----------|---------------|-----------|-------------|-------------|--------------|---|----------------------|----------------------------------|----------------|
| Prior Year Levy Limit | + | Amended Prior Year Growth | + | 2.5% Increase | = | Subtotal | + | New Growth | = | Potential Levy Limit | Levy Ceiling (Actual Levy Limit) | "LOST REVENUE" |
| FY2011 | 170,824,032 | - | 4,270,601 | 175,094,633 | 3,482,214 | 178,576,847 | 171,233,218 | (7,343,629) | | | | |
| FY2012 | 171,233,218 | 36,842 | 4,281,752 | 175,551,812 | 4,526,534 | 180,078,346 | 169,400,199 | (10,678,147) | | | | |
| FY2013 | 169,400,199 | 211,806 | 4,240,300 | 173,852,305 | 5,868,281 | 179,720,586 | 167,408,833 | (12,311,753) | | | | |
| FY2014 | 167,408,833 | 372,129 | 4,194,524 | 171,975,486 | 5,796,076 | 177,771,562 | 172,959,829 | (4,811,733) | | | | |
| FY2015 | 172,959,829 | 28,013 | 4,324,696 | 177,312,538 | 3,893,490 | 181,206,028 | 176,123,213 | (5,082,815) | | | | |
| FY2016 | 176,123,213 | 141,737 | 4,406,624 | 180,671,574 | 5,047,901 | 185,719,475 | 181,910,553 | (3,808,922) | | | | |
| FY2017 | 181,910,553 | 9,717 | 4,548,007 | 186,468,277 | 4,966,608 | 191,434,885 | 191,448,902 | - | | | | |
| FY2018 | 191,434,885 | 612,531 | 4,801,185 | 196,848,601 | 4,332,083 | 201,180,684 | 198,331,396 | (2,849,288) | | | | |
| FY2019 | 198,331,396 | 203,723 | 4,963,378 | 203,498,497 | 5,098,516 | 208,597,013 | 205,316,171 | (3,280,842) | | | | |
| Lost Revenue to Support Operations FY11-FY19 | | | | | | | | | | | (50,167,128) | |

- State Aid** – Due to budgetary constraints at the state level in the wake of the Great Recession, Unrestricted General Government Aid to the City fell considerably after FY09. More than a decade on, aid remains below pre-recession levels, even as prices for goods and services have continued to rise. Chapter 70 Aid for education has continued to grow, however, so do education expenses, including the City’s required contribution and non-Net School Spending eligible spending cost for transportation. Because the City is reliant on State Aid for just under 60% of its revenues, the City must be particularly attuned to economic stressors that may affect the Commonwealth’s ability to provide these revenues.



- Personnel** – Personnel costs represent the City’s largest annual expense. The City manages these costs through strict control mechanisms, such as the Personnel Review Committee (PRC). The PRC reviews every hire, backfill, and promotion prior to filling a vacancy. The PRC frequently implements reorganizations and modernizations of departmental structures as part of its review, as a means of reducing expenses while keeping services intact. Department heads must justify and/or reaffirm the need for every position when a vacancy occurs. OMB analysts provide the PRC with expense projections for every backfill, new position, and promotion, to ensure that departmental funding is adequate to absorb the cost of any spending changes.

| CITY TOTAL FTEs | | | | | | | | | | |
|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 |
| 1,433.2 | 1,410.3 | 1,298.8 | 1,208.3 | 1,260.2 | 1,288.2 | 1,324.3 | 1,356.3 | 1,398.7 | 1,435.7 | 1,448.0 |

- Benefits** - Prior to Fiscal Year 2007, the City’s health insurance costs were increasing at a rate of 18% 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 past three years, the City’s health insurance expenses have increased at just 1.1 percent annually. This increase still represents significant budget growth, due to the size of the City’s health insurance appropriation but is far more manageable than the increases experienced before.
- 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 \$867 million as of January 1, 2018. Our funded status is 28.36%.

- **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 unfunded actuarial accrued OPEB liability is estimated at \$1.352 billion as of June 30, 2019.
- **Debt Service and Capital Needs** - The City has an \$843.9 million Capital Improvement Plan. This plan identifies major equipment and construction needs over the next five years. Due to deferred maintenance and the number of facilities and parks the City owns, 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, 2018. This was the eighth 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 the fiscal year 2019. This was the eleventh 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 FY2020 budget will meet the criteria to be eligible for a twelfth award.

Acknowledgements

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

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

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

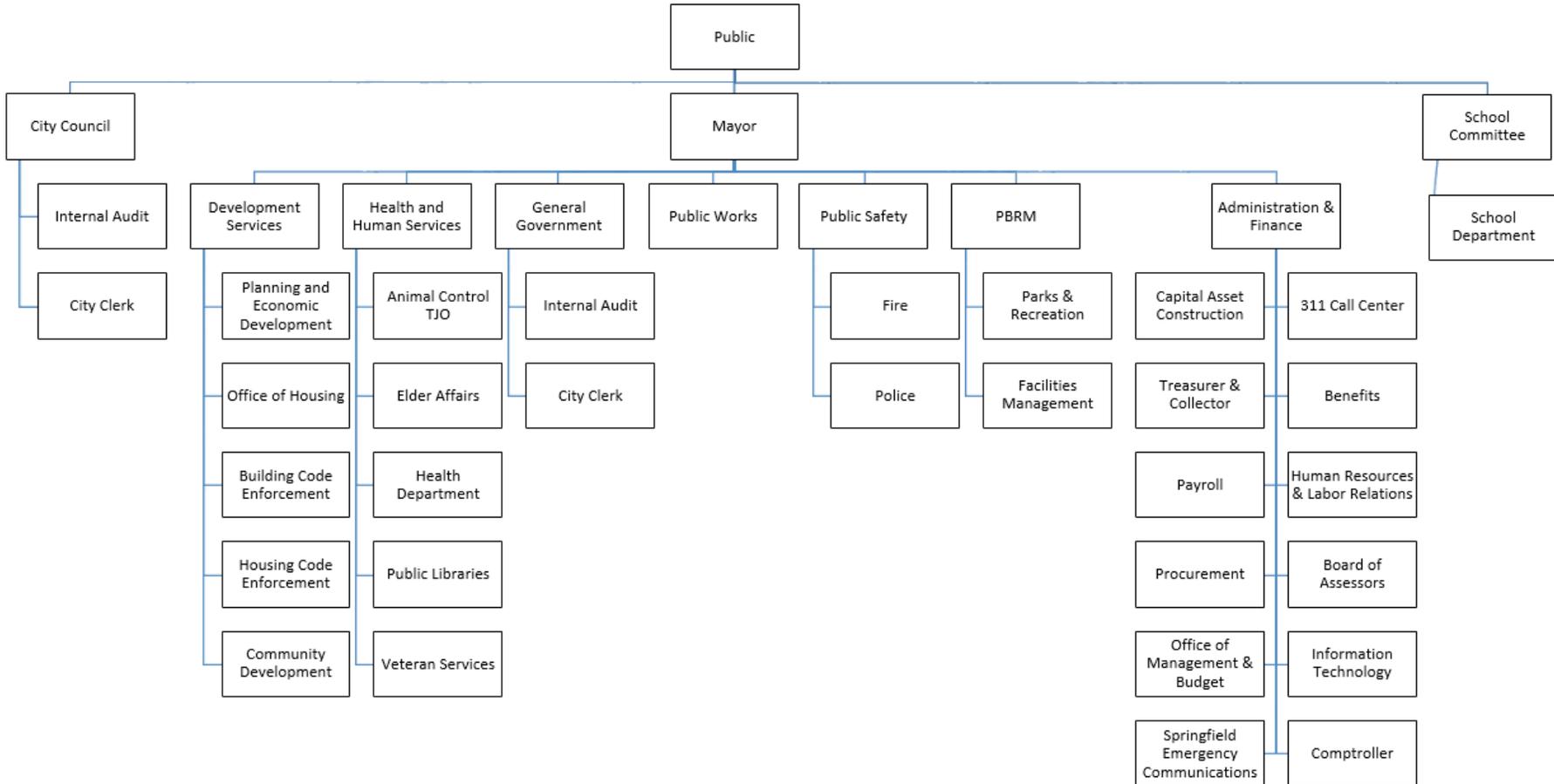
| | |
|----------------------|---|
| Patrick S. Burns | City Comptroller |
| Lindsay Hackett | Deputy Chief Administrative & Finance Officer |
| Joanne Raleigh | Deputy Comptroller |
| Timothy Brown | Budget Director |
| Antoinette Basile | Sr. Financial Accountant |
| Beth Gokey | Financial Accountant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

Respectfully submitted,



Timothy J. Plante
Chief Administrative & Financial Officer

Organizational Chart



Directory of Officials

Fiscal Year 2019

Mayor

Domenic J. Sarno

City Council

Justin Hurst, At Large (President)

Marcus J. Williams, Ward 5 (Vice President)

Adam Gomez, Ward 1

Michael A. Fenton, Ward 2

Melvin A. Edwards, Ward 3

E. Henry Twiggs, Ward 4

Kenneth E. Shea, Ward 6

Timothy C. Allen, Ward 7

Orlando Ramos, Ward 8

Tracye Whitfield, At Large

Kateri Walsh, At Large

Jesse Lederman, At Large

Timothy Ryan, At Large

School Committee

Mayor Domenic J. Sarno (Chairman)

Christopher Collins, District 3 (Vice-Chair)

Maria Perez, District 1

Barbara Gresham, District 2

Denise Hurst, At Large

Attorney Peter Murphy, District 4

LaTonia Monroe-Naylor, At Large

Appointed City Executive Branch

Chief Administrative and Financial Officer

Timothy J. Plante

Comptroller

Patrick S. Burns

Deputy Chief Administrative & Finance Officer

Lindsay Hackett

Director of Internal Audit

Yong Ju No

Treasurer/Collector

Stephen Lonergan

Chairman of the Board of Assessors

Richard J. Allen

City Clerk

Tasheena Davis, 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, 2018

Christopher P. Morrill

Executive Director/CEO

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Financial Section



The new Springfield Culinary and Nutrition Center, located on Cadwell Drive.

City of Springfield, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2019



Groundbreaking of the new Brightwood-Lincoln Elementary School, located on Plainfield Street.

Financial Section

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Wakefield, MA 01880
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F. 781-914-1701
www.powersandsullivan.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Springfield, Massachusetts, as of and for the year ended June 30, 2019 (except for the Springfield Contributory Retirement System which is as of and for the year ended December 31, 2018), 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, which represents 100% of the assets, net position, and revenues of the discretely presented component unit. We did not audit the financial statements of the Springfield Empowerment Zone Partnership, Inc. and the Springfield Library Foundation, Inc., which are included as blended 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, the Springfield Empowerment Zone Partnership, Inc., and the Springfield Library Foundation, Inc. are based solely on the report 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 report 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 unit, each major fund, and the aggregate remaining fund information of the City of Springfield, Massachusetts, as of June 30, 2019 (except for the Springfield Contributory Retirement System which is as of and for the year ended December 31, 2018), 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 November 27, 2019, 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 + Juliani, LLC". The signature is written in a cursive, flowing style.

November 27, 2019

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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, 2019. 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 City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, health and welfare, culture and recreation, community preservation, 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 the General fund and the Community Preservation Act fund as major funds, they 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 required a substantial subsidy from the general fund of \$3.6 million in 2019 and 2018.

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 City. 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.

Financial Highlights

- The City's government-wide assets and deferred outflows of resources were less than its liabilities and deferred inflows of resources at the close of the recent year by \$1.4 billion and \$12.8 million for governmental activities and business-type activities, respectively. These deficit balances are the result of the City's net liabilities for pensions and other postemployment benefits in the amounts of \$795 million and \$1.4 billion, respectively.
- At the close of the current year, the City of Springfield's general fund reported an ending fund balance of \$100.9 million, a decrease of \$4.8 million over the prior year. Total fund balance represents 13.9% of total general fund expenditures. \$73.6 million of this total amount is unassigned and available for appropriation at the City's discretion. The remaining portions of the general fund balance, \$27.3 million, are restricted and assigned to school funding, required reserves, and carryover encumbrances.
- The City issued \$27.9 million of State Qualified General Obligation bonds during the year for various projects including the new food service building, a flood control system, the construction of East Forest Park Library, and various infrastructure projects.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Key components of the City's activities are presented on the following page.

Governmental Activities

| | 2019 | 2018 (As Restated) |
|--|---------------------------|---------------------------|
| Assets: | | |
| Current assets..... | \$ 278,143,645 | \$ 264,942,281 |
| Noncurrent assets (excluding capital)..... | 11,670,094 | 10,684,613 |
| Capital assets, nondepreciable..... | 38,497,573 | 33,642,632 |
| Capital assets, net of accumulated depreciation..... | 612,839,557 | 613,570,438 |
| Total assets..... | 941,150,869 | 922,839,964 |
| Deferred outflows of resources..... | 155,232,436 | 55,322,370 |
| Liabilities: | | |
| Current liabilities (excluding debt)..... | 82,494,108 | 75,379,666 |
| Noncurrent liabilities (excluding debt)..... | 2,149,342,871 | 1,980,173,312 |
| Current debt..... | 30,073,479 | 34,065,146 |
| Noncurrent debt..... | 184,747,494 | 178,396,300 |
| Total liabilities..... | 2,446,657,952 | 2,268,014,424 |
| Deferred inflows of resources..... | 8,511,046 | 19,009,525 |
| Net position: | | |
| Net investment in capital assets..... | 453,567,266 | 451,296,767 |
| Restricted..... | 42,834,599 | 37,790,610 |
| Unrestricted..... | (1,855,187,558) | (1,797,948,992) |
| Total net position..... | \$ (1,358,785,693) | \$ (1,308,861,615) |

Governmental net position of \$453.6 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 \$42.8 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 \$1.9 billion deficit mainly relating to the cumulative effect of recording \$790.4 million of governmental net pension liability and \$1.3 billion of governmental net other postemployment benefit (OPEB) liability through June 30, 2019.

Net position decreased by \$49.9 million in 2019 as compared to a decrease of \$30.7 million in 2018. Contributing to the current year decrease are the following factors; the \$37.9 million increase in the liability for other postemployment benefits and related deferred outflows of resources and the increase of \$22.9 million in the net pension liability and related deferred outflows/(inflows) of resources.

Operating grant revenues increased by approximately \$5.1 million and this is mainly due to increases in educational State aid. Capital grants decreased by \$1.8 million during the year mainly from prior year grants associated with the senior center, the south end community center, and other community development projects, offset by an increase in grants from MSBA for school projects.

| | 2019 | 2018 |
|---|------------------------|---------------------------|
| Program Revenues: | | |
| Charges for services..... \$ | 36,721,971 | \$ 38,008,774 |
| Operating grants and contributions..... | 525,688,387 | 520,606,126 |
| Capital grants and contributions..... | 17,681,277 | 19,492,790 |
| General Revenues: | | |
| Real estate and personal property taxes, net of tax refunds payable..... | 210,195,184 | 194,314,236 |
| Tax and other liens..... | 2,634,247 | 1,358,855 |
| Motor vehicle and other excise taxes..... | 12,145,528 | 12,380,477 |
| Hotel/motel tax..... | 1,672,361 | 1,080,830 |
| Meals tax..... | 2,143,294 | 1,847,255 |
| Community preservation tax..... | 1,422,684 | 1,341,677 |
| Penalties and interest on taxes..... | 1,601,084 | 1,420,044 |
| Payments in lieu of taxes..... | 261,621 | 486,485 |
| Chapter 121A - excise payments in lieu of taxes..... | 15,812,516 | 9,677,652 |
| Grants and contributions not restricted to specific programs..... | 39,485,253 | 37,992,614 |
| Unrestricted investment income..... | 5,669,398 | 3,770,273 |
| Miscellaneous..... | 30,974 | 134,302 |
| Total revenues..... | 873,165,779 | 843,912,390 |
| Expenses: | | |
| General government..... | 61,419,676 | 61,909,249 |
| Public safety..... | 146,872,970 | 142,997,932 |
| Education..... | 641,488,216 | 594,019,416 |
| Public works..... | 26,130,344 | 29,922,956 |
| Health and welfare..... | 10,442,078 | 9,807,050 |
| Culture and recreation..... | 25,589,218 | 24,503,131 |
| Community preservation..... | 18,924 | 3,393 |
| Interest..... | 7,520,565 | 7,826,283 |
| Total expenses..... | 919,481,991 | 870,989,410 |
| Excess (Deficiency) before transfers..... | (46,316,212) | (27,077,020) |
| Transfers..... | (3,607,866) | (3,592,159) |
| Change in net position..... | (49,924,078) | (30,669,179) |
| Net position, beginning of year, as restated..... | (1,308,861,615) | (1,278,192,436) |
| Net position, end of year..... \$ | (1,358,785,693) | \$ (1,308,861,615) |

The City restated beginning net position in the amount of \$8.9 million to reflect the inclusion of two blended component units not previously reported, the Springfield Empowerment Zone Partnership, Inc. and the Springfield Library Foundation, Inc., see Note 18.

Financial notes related to governmental activities:

- Charges for services represent 4% of governmental activities resources. The City can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the City are included in this category.
- Operating and capital grants and contributions accounted for 62% of the governmental activities resources. Most of these resources apply to education operations. These resources offset costs within the school department in addition to their General Fund operating budget.
- Property and excise taxes are a significant revenue source for the City's governmental activities. They comprised 29% of current resources.
- Other revenues comprised a total of 5% of the governmental activity's resources. Other revenues consist mainly of unrestricted grants and contributions and investment income earned on the City's deposits.
- Education is by far the largest governmental activity of the City. Approximately \$641.5 million in expenses were recorded in 2019. After accounting for \$507.6 million in program revenues, an additional \$133.9 million in taxes and other revenues were needed to cover its 2019 operating expenses. Approximately \$58.9 million of a pension contribution made by the Commonwealth of Massachusetts on-behalf of Springfield teachers has been recorded as an expense and operating grant revenue.
- Public safety, general government, and public works are the second, third, and fourth largest activities of the City. Approximately \$131.5 million, \$25.8 million, and \$21.6 million, respectively, of taxes and other revenues were needed to cover their 2019 operating expenses.

Business-type Activities

Business-type activities decreased the City's net position by \$1.2 million during 2019. These activities consist of the Trash enterprise fund.

| | 2019 | 2018 |
|---|------------------------|------------------------|
| Assets: | | |
| Current assets..... | \$ 2,142,070 | \$ 2,625,259 |
| Capital assets, net of accumulated depreciation.... | 234,906 | 631,619 |
| Total assets..... | 2,376,976 | 3,256,878 |
| Deferred outflows of resources..... | 1,187,192 | 382,452 |
| Liabilities: | | |
| Current liabilities (excluding debt)..... | 84,899 | 75,609 |
| Noncurrent liabilities (excluding debt)..... | 16,260,987 | 14,859,687 |
| Current debt..... | - | 202,552 |
| Total liabilities..... | 16,345,886 | 15,137,848 |
| Deferred inflows of resources..... | 36,665 | 163,259 |
| Net position: | | |
| Net investment in capital assets..... | 234,906 | 429,067 |
| Unrestricted..... | (13,053,289) | (12,090,844) |
| Total net position..... | \$ (12,818,383) | \$ (11,661,777) |

Trash fund business-type activities assets and deferred outflows of resources were less than total liabilities and deferred inflows by \$12.8 million at the close of 2019. The net investment in capital assets of \$235,000 relates to the acquisition of capital assets. Unrestricted net position amounted to a deficit of \$13.1 million. The general fund subsidized the activities in the amount of \$3.6 million in 2019 and 2018.

| | <u>2019</u> | <u>2018</u> |
|--|------------------------|------------------------|
| Program Revenues: | | |
| Charges for services..... | \$ 4,627,901 | \$ 4,605,046 |
| Expenses: | | |
| Trash..... | 9,392,373 | 8,964,408 |
| Excess (Deficiency) before transfers..... | (4,764,472) | (4,359,362) |
| Transfers..... | 3,607,866 | 3,592,159 |
| Change in net position..... | (1,156,606) | (767,203) |
| Net position, beginning of year..... | (11,661,777) | (10,894,574) |
| Net position, end of year..... | \$ (12,818,383) | \$ (11,661,777) |

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 \$169.8 million, a decrease of \$739,000 from the prior year. The overall decrease is primarily due to the budgetary results of operations in the general fund, offset by the timing of spending in the special revenue and capital project nonmajor funds.

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 \$73.6 million, while total fund balance was \$100.9 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 10.3% of total general fund expenditures, while total fund balance represents approximately 14% of that same amount. The General fund balance decreased by \$4.8 million from the prior year, primarily as a result of an additional \$3.1 million contribution to the Retirement System from prior reserves and from supplemental appropriations from reserves to fund police salaries and overtime.

Community Preservation Act

The Community Preservation Act fund is a special revenue fund used to account for the funds received in accordance with the Community Preservation Act (CPA) which was adopted by the City in 2018. At the end of the current year, fund balance was \$2.6 million, an increase of \$1.3 million from the prior year. The fund expended \$392,000, largely on building improvements and infrastructure.

General Fund Budgetary Highlights

The City of Springfield adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. Actual revenues were less than budgeted revenues by \$425,000 and actual expenditures, including carryovers, were less than budgeted amounts by \$6.7 million. The City carried over \$20.5 million in appropriations to 2020, the majority of which related to the school department.

Capital Asset and Debt Administration

The City entered into capital leases totaling \$1 million during fiscal year 2019, for a fire truck and a data backup system.

The City issued \$27.9 million of State Qualified General Obligation bonds during the year and made \$19.1 million of scheduled principal payments on long-term debt. Outstanding long-term debt of the general government, as of June 30, 2019, totaled approximately \$199.5 million, including unamortized premiums of \$8.6 million.

Major capital assets are funded for the most part by the issuance of long-term debt or grant reimbursements. The City capitalized a total of \$58.1 million of expenditures during 2019. These expenditures were incurred for numerous City-wide projects including school building improvements consisting mainly of door, window and roof replacements across the school district, the new Senior Center, the South End Community Center, the School's new Culinary and Nutrition Center, the rebuilding of the Van Horn Dam, renovations to the Public Safety Complex, land taking for housing projects, and various vehicles and machinery and equipment for public safety and public works purposes. The capital lease financing was included in the \$58.1 million of additions.

Please refer to notes 4, 6, 7, and 8 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 City'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, 2019

| | Primary Government | | | Component Unit |
|---|---------------------------|--------------------------|---------------------------|-------------------------------------|
| | Governmental Activities | Business-type Activities | Total | Springfield Redevelopment Authority |
| ASSETS | | | | |
| CURRENT: | | | | |
| Cash and cash equivalents..... | \$ 188,605,607 | \$ 779,680 | \$ 189,385,287 | \$ 1,491,017 |
| Restricted cash and cash equivalents..... | 433,505 | - | 433,505 | 751,529 |
| Investments..... | 9,519,798 | - | 9,519,798 | - |
| Beneficial interest in trusts..... | 5,451,058 | - | 5,451,058 | - |
| Receivables, net of allowance for uncollectibles: | | | | |
| Real estate and personal property taxes..... | 21,187,830 | - | 21,187,830 | - |
| Tax liens..... | 2,991,805 | 167,086 | 3,158,891 | - |
| Community preservation fund surtax..... | 28,690 | - | 28,690 | - |
| Motor vehicle excise taxes..... | 2,317,356 | - | 2,317,356 | - |
| User charges..... | - | 1,195,304 | 1,195,304 | - |
| Departmental and other..... | 2,600,551 | - | 2,600,551 | 180,179 |
| Intergovernmental..... | 41,826,575 | - | 41,826,575 | 5,012,334 |
| Community preservation state share..... | 163,000 | - | 163,000 | - |
| Loans..... | 908,000 | - | 908,000 | - |
| Tax foreclosures..... | 2,007,870 | - | 2,007,870 | - |
| Working capital deposit..... | 100,000 | - | 100,000 | - |
| Other assets..... | 2,000 | - | 2,000 | 51,441 |
| Total current assets..... | <u>278,143,645</u> | <u>2,142,070</u> | <u>280,285,715</u> | <u>7,486,500</u> |
| NONCURRENT: | | | | |
| Restricted Investments held by custodian..... | 8,175,653 | - | 8,175,653 | - |
| Receivables, net of allowance for uncollectibles: | | | | |
| Intergovernmental..... | 667,169 | - | 667,169 | - |
| Loans..... | 2,827,272 | - | 2,827,272 | - |
| Capital assets, nondepreciable..... | 38,497,573 | - | 38,497,573 | 2,317,937 |
| Capital assets, net of accumulated depreciation..... | <u>612,839,557</u> | <u>234,906</u> | <u>613,074,463</u> | <u>86,623,951</u> |
| Total noncurrent assets..... | <u>663,007,224</u> | <u>234,906</u> | <u>663,242,130</u> | <u>88,941,888</u> |
| TOTAL ASSETS..... | <u>941,150,869</u> | <u>2,376,976</u> | <u>943,527,845</u> | <u>96,428,388</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows related to pensions..... | 53,947,792 | 318,892 | 54,266,684 | - |
| Deferred outflows related to other postemployment benefits..... | <u>101,284,644</u> | <u>868,300</u> | <u>102,152,944</u> | <u>-</u> |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES..... | <u>155,232,436</u> | <u>1,187,192</u> | <u>156,419,628</u> | <u>-</u> |
| LIABILITIES | | | | |
| CURRENT: | | | | |
| Warrants payable..... | 16,810,366 | 31,195 | 16,841,561 | 268,997 |
| Accrued unemployment liability..... | 694,000 | - | 694,000 | - |
| Accrued payroll..... | 22,516,746 | 53,704 | 22,570,450 | - |
| Health claims payable..... | 174,326 | - | 174,326 | - |
| Tax refunds payable..... | 15,737,724 | - | 15,737,724 | - |
| Due to granting agencies..... | 908,000 | - | 908,000 | - |
| Accrued interest..... | 2,064,445 | - | 2,064,445 | 9,015 |
| Other liabilities..... | 6,691,434 | - | 6,691,434 | - |
| Claims and judgments..... | 4,492,000 | - | 4,492,000 | - |
| Capital lease obligations..... | 3,836,874 | - | 3,836,874 | - |
| Landfill closure..... | 619,000 | - | 619,000 | - |
| Compensated absences..... | 9,787,067 | - | 9,787,067 | - |
| Workers' compensation..... | 1,999,000 | - | 1,999,000 | - |
| Notes payable..... | 5,700,000 | - | 5,700,000 | 1,452,384 |
| Bonds payable..... | <u>20,536,605</u> | <u>-</u> | <u>20,536,605</u> | <u>-</u> |
| Total current liabilities..... | <u>112,567,587</u> | <u>84,899</u> | <u>112,652,486</u> | <u>1,730,396</u> |

(Continued)

STATEMENT OF NET POSITION

JUNE 30, 2019

| | Primary Government | | | Component Unit |
|---|----------------------------|-----------------------------|---------------------------|---|
| | Governmental Activities | Business-type Activities | Total | Springfield Redevelopment Authority |
| LIABILITIES CONTINUED | | | | |
| NONCURRENT: | | | | |
| Due to granting agencies..... | 3,866,000 | - | 3,866,000 | - |
| Capital lease obligations..... | 5,743,373 | - | 5,743,373 | - |
| Landfill closure..... | 1,237,000 | - | 1,237,000 | - |
| Compensated absences..... | 8,918,086 | - | 8,918,086 | - |
| Workers' compensation..... | 4,665,000 | - | 4,665,000 | - |
| Net pension liability..... | 790,354,880 | 4,770,754 | 795,125,634 | - |
| Net other postemployment benefits liability..... | 1,340,301,905 | 11,490,233 | 1,351,792,138 | - |
| Notes payable..... | - | - | - | 410,000 |
| Bonds payable..... | 179,004,121 | - | 179,004,121 | - |
| Total noncurrent liabilities..... | 2,334,090,365 | 16,260,987 | 2,350,351,352 | 410,000 |
| TOTAL LIABILITIES..... | 2,446,657,952 | 16,345,886 | 2,463,003,838 | 2,140,396 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows related to beneficial interests..... | 2,436,928 | - | 2,436,928 | - |
| Deferred inflows related to pensions..... | 6,074,118 | 36,665 | 6,110,783 | - |
| Deferred inflows related to deferred revenue..... | - | - | - | 4,939,875 |
| TOTAL DEFERRED INFLOWS OF RESOURCES..... | 8,511,046 | 36,665 | 8,547,711 | 4,939,875 |
| NET POSITION | | | | |
| Net investment in capital assets..... | 453,567,266 | 234,906 | 453,802,172 | 87,259,504 |
| Restricted for: | | | | |
| Chapter 656 reserve..... | 6,776,629 | - | 6,776,629 | - |
| Debt service..... | 8,175,653 | - | 8,175,653 | - |
| Loans..... | 187,272 | - | 187,272 | - |
| Permanent funds: | | | | |
| Expendable..... | 10,186,424 | - | 10,186,424 | - |
| Nonexpendable..... | 3,114,650 | - | 3,114,650 | - |
| Gifts and grants..... | 11,590,665 | - | 11,590,665 | 574,604 |
| Community preservation..... | 2,803,306 | - | 2,803,306 | - |
| Unrestricted..... | (1,855,187,558) | (13,053,289) | (1,868,240,847) | 1,514,009 |
| TOTAL NET POSITION..... | \$ (1,358,785,693) | \$ (12,818,383) | \$ (1,371,604,076) | \$ 89,348,117 |

(Concluded)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

| 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..... | \$ 61,419,676 | \$ 12,307,416 | \$ 18,884,875 | \$ 4,442,842 | \$ (25,784,543) |
| Public safety..... | 146,872,970 | 11,743,629 | 3,629,584 | - | (131,499,757) |
| Education..... | 641,488,216 | 7,592,779 | 490,691,995 | 9,267,338 | (133,936,104) |
| Public works..... | 26,130,344 | 380,298 | 129,321 | 3,971,097 | (21,649,628) |
| Health and welfare..... | 10,442,078 | 1,758,848 | 4,833,595 | - | (3,849,635) |
| Culture and recreation..... | 25,589,218 | 2,939,001 | 5,408,154 | - | (17,242,063) |
| Community preservation..... | 18,924 | - | 163,000 | - | 144,076 |
| Interest..... | 7,520,565 | - | 1,947,863 | - | (5,572,702) |
| Total Governmental Activities..... | 919,481,991 | 36,721,971 | 525,688,387 | 17,681,277 | (339,390,356) |
| <i>Business-Type Activities:</i> | | | | | |
| Trash..... | 9,392,373 | 4,627,901 | - | - | (4,764,472) |
| Total Primary Government..... | \$ 928,874,364 | \$ 41,349,872 | \$ 525,688,387 | \$ 17,681,277 | \$ (344,154,828) |
| Component Unit: | | | | | |
| Springfield Redevelopment Authority..... | \$ 5,840,163 | \$ 3,652,351 | \$ 735,850 | \$ - | \$ (1,451,962) |

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

| | Primary Government | | | Component Unit |
|---|----------------------------------|-------------------------------|----------------------------------|-------------------------------------|
| | Governmental Activities | Business-Type Activities | Total | Springfield Redevelopment Authority |
| Changes in net position: | | | | |
| Net (expense) revenue from previous page..... | \$ (339,390,356) | \$ (4,764,472) | \$ (344,154,828) | \$ (1,451,962) |
| <i>General revenues:</i> | | | | |
| Real estate and personal property taxes, net of tax refunds payable..... | 210,195,184 | - | 210,195,184 | - |
| Tax and other liens..... | 2,634,247 | - | 2,634,247 | - |
| Motor vehicle and other excise taxes..... | 12,145,528 | - | 12,145,528 | - |
| Hotel/motel tax..... | 1,672,361 | - | 1,672,361 | - |
| Meals tax..... | 2,143,294 | - | 2,143,294 | - |
| Community preservation tax..... | 1,422,684 | - | 1,422,684 | - |
| Penalties and interest on taxes..... | 1,601,084 | - | 1,601,084 | - |
| Payments in lieu of taxes..... | 261,621 | - | 261,621 | - |
| Chapter 121A - excise payments in lieu of taxes..... | 15,812,516 | - | 15,812,516 | - |
| Grants and contributions not restricted to specific programs..... | 39,485,253 | - | 39,485,253 | - |
| Unrestricted investment income..... | 5,669,398 | - | 5,669,398 | 3,763 |
| Miscellaneous..... | 30,974 | - | 30,974 | - |
| <i>Transfers, net</i> | <u>(3,607,866)</u> | <u>3,607,866</u> | <u>-</u> | <u>-</u> |
| Total general revenues and transfers..... | <u>289,466,278</u> | <u>3,607,866</u> | <u>293,074,144</u> | <u>3,763</u> |
| Change in net position..... | (49,924,078) | (1,156,606) | (51,080,684) | (1,448,199) |
| <i>Net position:</i> | | | | |
| Beginning of year, as restated..... | <u>(1,308,861,615)</u> | <u>(11,661,777)</u> | <u>(1,320,523,392)</u> | <u>90,796,316</u> |
| End of year..... | \$ <u><u>(1,358,785,693)</u></u> | \$ <u><u>(12,818,383)</u></u> | \$ <u><u>(1,371,604,076)</u></u> | \$ <u><u>89,348,117</u></u> |

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2019

| | General | Community Preservation Act | Nonmajor Governmental Funds | Total Governmental Funds |
|---|-----------------------|----------------------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents..... | \$ 112,016,485 | \$ 2,597,109 | \$ 60,552,779 | \$ 175,166,373 |
| Investments..... | 2,040,673 | - | 7,479,125 | 9,519,798 |
| Beneficial interest in trusts..... | - | - | 5,451,058 | 5,451,058 |
| Receivables, net of uncollectibles: | | | | |
| Real estate and personal property taxes..... | 21,187,830 | - | - | 21,187,830 |
| Tax liens..... | 2,976,456 | 15,349 | - | 2,991,805 |
| Community preservation fund surtax..... | - | 28,690 | - | 28,690 |
| Motor vehicle excise taxes..... | 2,317,356 | - | - | 2,317,356 |
| Departmental and other..... | 1,593,371 | - | 976,530 | 2,569,901 |
| Intergovernmental - other..... | 31,428,627 | - | 11,065,117 | 42,493,744 |
| Community preservation state share..... | - | 163,000 | - | 163,000 |
| Loans..... | - | - | 3,735,272 | 3,735,272 |
| Tax foreclosures..... | 2,007,870 | - | - | 2,007,870 |
| Due from other funds..... | 3,028,851 | - | - | 3,028,851 |
| Working capital deposit..... | 100,000 | - | - | 100,000 |
| Other assets..... | - | - | 2,000 | 2,000 |
| Restricted assets: | | | | |
| Cash and cash equivalents..... | - | - | 433,505 | 433,505 |
| Investments held by custodian..... | - | - | 8,175,653 | 8,175,653 |
| TOTAL ASSETS..... | \$ 178,697,519 | \$ 2,804,148 | \$ 97,871,039 | \$ 279,372,706 |
| LIABILITIES | | | | |
| Warrants payable..... | \$ 10,557,911 | \$ - | \$ 6,150,007 | \$ 16,707,918 |
| Accrued unemployment liability..... | 32,000 | - | - | 32,000 |
| Accrued payroll..... | 19,519,051 | - | 1,182,067 | 20,701,118 |
| Tax refunds payable..... | 15,736,882 | 842 | - | 15,737,724 |
| Due to other funds..... | - | - | 3,028,851 | 3,028,851 |
| Due to granting agencies..... | - | - | 4,774,000 | 4,774,000 |
| Other liabilities..... | 2,515,289 | - | 4,176,145 | 6,691,434 |
| Claims and judgments..... | - | - | 492,000 | 492,000 |
| Notes payable..... | - | - | 5,700,000 | 5,700,000 |
| TOTAL LIABILITIES..... | 48,361,133 | 842 | 25,503,070 | 73,865,045 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue..... | 29,452,923 | 207,039 | 3,630,479 | 33,290,441 |
| Beneficial interest in trusts..... | - | - | 2,436,928 | 2,436,928 |
| TOTAL DEFERRED INFLOWS OF RESOURCES..... | 29,452,923 | 207,039 | 6,067,407 | 35,727,369 |
| FUND BALANCES | | | | |
| Nonspendable..... | - | - | 3,114,650 | 3,114,650 |
| Restricted..... | 24,765,911 | 2,596,267 | 63,542,927 | 90,905,105 |
| Assigned..... | 2,484,812 | - | - | 2,484,812 |
| Unassigned..... | 73,632,740 | - | (357,015) | 73,275,725 |
| TOTAL FUND BALANCES..... | 100,883,463 | 2,596,267 | 66,300,562 | 169,780,292 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES..... | \$ 178,697,519 | \$ 2,804,148 | \$ 97,871,039 | \$ 279,372,706 |

See notes to basic financial statements.

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

JUNE 30, 2019

| | | |
|--|---------------------|-------------------------------|
| Total governmental fund balances..... | \$ | 169,780,292 |
| Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds..... | | 651,337,130 |
| Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds..... | | 33,290,441 |
| The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred..... | | 149,158,318 |
| The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position..... | | 11,377,482 |
| In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due..... | | (2,064,445) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds: | | |
| Bonds payable..... | (199,540,726) | |
| Net pension liability..... | (790,354,880) | |
| Net other postemployment benefits liability..... | (1,340,301,905) | |
| Landfill closure..... | (1,856,000) | |
| Accrued unemployment liability..... | (662,000) | |
| Claims and judgments..... | (4,000,000) | |
| Capital lease obligations..... | (9,580,247) | |
| Workers' compensation..... | (6,664,000) | |
| Compensated absences..... | <u>(18,705,153)</u> | |
| Net effect of reporting long-term liabilities..... | | <u>(2,371,664,911)</u> |
| Net position of governmental activities..... | \$ | <u><u>(1,358,785,693)</u></u> |

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2019

| | General | Community Preservation Act | Nonmajor Governmental Funds | Total Governmental Funds |
|---|-----------------------|----------------------------------|-----------------------------------|--------------------------------|
| REVENUES: | | | | |
| Real estate and personal property taxes, net of tax refunds..... | \$ 198,785,518 | \$ - | \$ - | \$ 198,785,518 |
| Tax liens..... | 2,030,903 | 4,933 | - | 2,035,836 |
| Motor vehicle and other excise taxes..... | 12,520,438 | - | - | 12,520,438 |
| Hotel/motel tax..... | 1,672,361 | - | - | 1,672,361 |
| Meals tax..... | 2,143,294 | - | - | 2,143,294 |
| Charges for services..... | 4,885,923 | - | 1,178,660 | 6,064,583 |
| Penalties and interest on taxes..... | 1,598,891 | 2,193 | - | 1,601,084 |
| Payments in lieu of taxes..... | 261,621 | - | - | 261,621 |
| Chapter 121A - excise payments in lieu of taxes..... | 15,812,516 | - | - | 15,812,516 |
| Licenses and permits..... | 7,375,290 | - | - | 7,375,290 |
| Fines and forfeitures..... | 6,445,789 | - | 30,325 | 6,476,114 |
| Intergovernmental - state aid..... | 394,434,419 | - | - | 394,434,419 |
| Intergovernmental - Teachers Retirement..... | 58,942,915 | - | - | 58,942,915 |
| Intergovernmental - other..... | - | 255,315 | 118,455,131 | 118,710,446 |
| Departmental and other..... | 6,502,981 | - | 10,941,794 | 17,444,775 |
| Community preservation taxes..... | - | 1,409,325 | - | 1,409,325 |
| Contributions and donations..... | - | - | 8,824,984 | 8,824,984 |
| Investment income..... | 4,538,236 | 8,096 | 1,069,357 | 5,615,689 |
| TOTAL REVENUES..... | 717,951,095 | 1,679,862 | 140,500,251 | 860,131,208 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government..... | 26,201,428 | - | 18,487,170 | 44,688,598 |
| Public safety..... | 79,052,031 | - | 12,104,655 | 91,156,686 |
| Education..... | 425,207,323 | - | 104,849,645 | 530,056,968 |
| Public works..... | 10,641,809 | - | 12,936,724 | 23,578,533 |
| Health and welfare..... | 3,684,815 | - | 5,780,410 | 9,465,225 |
| Culture and recreation..... | 14,712,277 | - | 15,358,818 | 30,071,095 |
| Community preservation..... | - | 392,142 | - | 392,142 |
| Pension benefits - non school..... | 42,556,330 | - | - | 42,556,330 |
| Pension benefits - Teachers Retirement..... | 58,942,915 | - | - | 58,942,915 |
| Employee fringe benefits - non school..... | 27,008,331 | - | - | 27,008,331 |
| State and county charges..... | 3,682,772 | - | - | 3,682,772 |
| Debt service: | | | | |
| Principal..... | 19,110,000 | - | - | 19,110,000 |
| Interest..... | 7,475,024 | - | - | 7,475,024 |
| TOTAL EXPENDITURES..... | 718,275,055 | 392,142 | 169,517,422 | 888,184,619 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | (323,960) | 1,287,720 | (29,017,171) | (28,053,411) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Issuance of bonds..... | - | - | 27,935,000 | 27,935,000 |
| Premium from issuance of bond..... | - | - | 1,953,039 | 1,953,039 |
| Capital lease financing..... | 1,034,283 | - | - | 1,034,283 |
| Transfers in..... | 236,250 | - | 4,277,727 | 4,513,977 |
| Transfers out..... | (5,795,353) | - | (2,326,490) | (8,121,843) |
| TOTAL OTHER FINANCING SOURCES (USES)..... | (4,524,820) | - | 31,839,276 | 27,314,456 |
| NET CHANGE IN FUND BALANCES..... | (4,848,780) | 1,287,720 | 2,822,105 | (738,955) |
| FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED..... | 105,732,243 | 1,308,547 | 63,478,457 | 170,519,247 |
| FUND BALANCES AT END OF YEAR..... | \$ 100,883,463 | \$ 2,596,267 | \$ 66,300,562 | \$ 169,780,292 |

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, 2019

| | | |
|--|---------------------|-------------------------------|
| Net change in fund balances - total governmental funds..... | | \$ (738,955) |
| <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..... | 58,050,416 | |
| Depreciation expense..... | <u>(53,926,356)</u> | |
| Net effect of reporting capital assets..... | | 4,124,060 |
| <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 differ between the two statements. This amount represents the net change in unavailable revenue.....</p> | | |
| | | 11,032,999 |
| <p>The issuance of long-term debt 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 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 unavailable and amortized in the Statement of Activities.</p> | | |
| Principal payments on capital leases..... | 5,890,263 | |
| Issuance of bonds..... | (27,935,000) | |
| Premium from issuance of bonds..... | (1,953,039) | |
| Capital lease financing..... | (1,034,283) | |
| Net amortization of premium from issuance of bonds..... | 1,947,863 | |
| Debt service principal payments..... | <u>19,110,000</u> | |
| Net effect of reporting long-term debt..... | | (3,974,196) |
| <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..... | 3,275,453 | |
| Net change in unemployment liability accrual..... | 194,000 | |
| Net change in accrued interest on long-term debt..... | (45,541) | |
| Net change in deferred outflow/(inflow) of resources related to pensions..... | 11,560,829 | |
| Net change in net pension liability..... | (34,454,644) | |
| Net change in deferred outflow/(inflow) of resources related to other postemployment benefits..... | 101,284,644 | |
| Net change in net other postemployment benefits liability..... | (139,197,738) | |
| Net change in landfill closure..... | 619,000 | |
| Net change in claims and judgments liability..... | (4,000,000) | |
| Net change in workers' compensation liability..... | <u>(361,000)</u> | |
| Net effect of recording long-term liabilities..... | | (61,124,997) |
| The net activity of internal service funds is reported with Governmental Activities..... | | <u>757,011</u> |
| Change in net position of governmental activities..... | | \$ <u><u>(49,924,078)</u></u> |

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2019

| | Business-type Activities - Trash Enterprise Fund | Governmental Activities - Internal Service Fund |
|---|---|--|
| ASSETS | | |
| CURRENT: | | |
| Cash and cash equivalents..... | \$ 779,680 | \$ 13,439,234 |
| Receivables: | | |
| User charges..... | 1,195,304 | - |
| Liens - user charges..... | 167,086 | - |
| Departmental and other..... | - | 30,650 |
| Total current assets..... | <u>2,142,070</u> | <u>13,469,884</u> |
| NONCURRENT: | | |
| Capital assets, net of accumulated depreciation..... | 234,906 | - |
| TOTAL ASSETS..... | <u>2,376,976</u> | <u>13,469,884</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows related to pensions..... | 318,892 | - |
| Deferred outflows related to other postemployment benefits..... | 868,300 | - |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES..... | <u>1,187,192</u> | <u>-</u> |
| LIABILITIES | | |
| CURRENT: | | |
| Warrants payable..... | 31,195 | 102,448 |
| Accrued payroll and withholdings..... | 53,704 | 1,815,628 |
| Health claims payable..... | - | 174,326 |
| Total current liabilities..... | <u>84,899</u> | <u>2,092,402</u> |
| NONCURRENT: | | |
| Net pension liability..... | 4,770,754 | - |
| Net other postemployment benefits liability..... | 11,490,233 | - |
| Total noncurrent liabilities..... | <u>16,260,987</u> | <u>-</u> |
| TOTAL LIABILITIES..... | <u>16,345,886</u> | <u>2,092,402</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows related to pensions..... | 36,665 | - |
| NET POSITION | | |
| Net investment in capital assets..... | 234,906 | - |
| Unrestricted..... | <u>(13,053,289)</u> | <u>11,377,482</u> |
| TOTAL NET POSITION..... | <u>\$ (12,818,383)</u> | <u>\$ 11,377,482</u> |

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2019

| | Business-type Activities - Trash Enterprise Fund | Governmental Activities - Internal Service Fund |
|---|---|--|
| OPERATING REVENUES: | | |
| Employee contributions..... | \$ - | \$ 21,864,784 |
| Employer contributions..... | - | 64,797,228 |
| Charges for services..... | 4,627,901 | 1,418,331 |
| TOTAL OPERATING REVENUES | 4,627,901 | 88,080,343 |
| OPERATING EXPENSES: | | |
| Cost of services and administration..... | 8,995,660 | 1,417,655 |
| Depreciation..... | 396,713 | - |
| Employee benefits..... | - | 85,959,386 |
| TOTAL OPERATING EXPENSES..... | 9,392,373 | 87,377,041 |
| OPERATING INCOME (LOSS)..... | (4,764,472) | 703,302 |
| NONOPERATING REVENUES (EXPENSES): | | |
| Investment income..... | - | 53,709 |
| INCOME (LOSS) BEFORE TRANSFERS..... | (4,764,472) | 757,011 |
| TRANSFERS: | | |
| Transfers in..... | 3,607,866 | - |
| CHANGE IN NET POSITION..... | (1,156,606) | 757,011 |
| NET POSITION AT BEGINNING OF YEAR..... | (11,661,777) | 10,620,471 |
| NET POSITION AT END OF YEAR..... | \$ (12,818,383) | \$ 11,377,482 |

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2019

| | Business-type Activities - Trash Enterprise Funds | Governmental Activities - Internal Service Fund |
|---|--|--|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | |
| Receipts from customers and users..... | \$ 4,251,613 | \$ 21,357,756 |
| Receipts from interfund services provided..... | - | 66,212,740 |
| Payments to vendors..... | (5,466,227) | - |
| Payments to employees..... | (3,050,177) | - |
| Payments for interfund services used..... | - | (87,306,538) |
| NET CASH FROM OPERATING ACTIVITIES..... | (4,264,791) | 263,958 |
| <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u> | | |
| Transfers in..... | 3,607,866 | - |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u> | | |
| Capital lease payments..... | (202,552) | - |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | |
| Investment income..... | - | 53,709 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS..... | (859,477) | 317,667 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR..... | 1,639,157 | 13,121,567 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR..... | \$ 779,680 | \$ 13,439,234 |
| <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u> | | |
| <u>FROM OPERATING ACTIVITIES:</u> | | |
| Operating income (loss)..... | \$ (4,764,472) | \$ 703,302 |
| Adjustments to reconcile operating income to net cash from operating activities: | | |
| Depreciation..... | 396,713 | - |
| Deferred (outflows)/inflows related to pensions..... | (63,034) | - |
| Deferred (outflows)/inflows related to other postemployment benefits..... | (868,300) | - |
| Changes in assets and liabilities: | | |
| Liens - user charges..... | 11,517 | - |
| User charges..... | (387,805) | - |
| Departmental and other..... | - | (2,819) |
| Warrants payable..... | 9,492 | 64,614 |
| Accrued payroll..... | (202) | (507,028) |
| Health claims payable..... | - | 5,889 |
| Net pension liability..... | 207,976 | - |
| Net other postemployment benefits liability..... | 1,193,324 | - |
| Total adjustments..... | 499,681 | (439,344) |
| NET CASH FROM OPERATING ACTIVITIES..... | \$ (4,264,791) | \$ 263,958 |

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2019

| | Pension and Other Employee Benefit Trust Funds (1) | Private Purpose Trust Funds | Agency Funds |
|--|---|-----------------------------------|------------------|
| ASSETS | | | |
| Cash and cash equivalents..... | \$ 3,475,177 | \$ 116,397 | \$ 1,763,669 |
| Investments: | | | |
| Investments in Pension Reserve Investment Trust..... | 335,867,504 | - | - |
| Alternative investments..... | 674,249 | - | - |
| Receivables, net of allowance for uncollectibles: | | | |
| Departmental and other..... | 279,319 | - | 767 |
| TOTAL ASSETS..... | 340,296,249 | 116,397 | 1,764,436 |
| LIABILITIES | | | |
| Warrants payable..... | 20,743 | 2,200 | - |
| Liabilities due depositors..... | - | - | 1,764,436 |
| TOTAL LIABILITIES..... | 20,743 | 2,200 | 1,764,436 |
| NET POSITION | | | |
| Restricted for pensions..... | 337,853,862 | - | - |
| Restricted for other postemployment benefits..... | 2,421,644 | - | - |
| Held in trust for other purposes..... | - | 114,197 | - |
| TOTAL NET POSITION..... | \$ 340,275,506 | \$ 114,197 | \$ - |

(1) The Pension Trust Fund is as of December 31, 2018.

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2019

| | Pension and Other Employee Benefit Trust Funds (1) | Private Purpose Trust Funds |
|---|---|-----------------------------------|
| ADDITIONS: | | |
| Contributions: | | |
| Employer contributions..... | \$ 68,469,606 | \$ - |
| Employer contributions for other postemployment benefit payments..... | 31,660,697 | - |
| Member contributions..... | 15,523,357 | - |
| Transfers from other systems..... | 1,233,813 | - |
| 3(8)c contributions from other systems..... | 816,242 | - |
| State COLA reimbursements..... | 549,575 | - |
| Member makeup payments and redeposits..... | 113,870 | - |
| Other receipts..... | 889 | - |
| Total contributions..... | 118,368,049 | - |
| Net investment income: | | |
| Investment income..... | 24,978,124 | 1,139 |
| Net change in fair value of investments..... | (31,102,356) | - |
| Less: investment expense..... | (1,798,110) | - |
| Net investment income (loss)..... | (7,922,342) | 1,139 |
| TOTAL ADDITIONS..... | 110,445,707 | 1,139 |
| DEDUCTIONS: | | |
| Administration..... | 824,545 | - |
| Transfers to other systems..... | 1,165,703 | - |
| 3(8)c transfer to other systems..... | 2,336,249 | - |
| Retirement benefits and refunds..... | 78,997,769 | - |
| Other postemployment benefit payments..... | 31,660,697 | - |
| Educational scholarships..... | - | 13,775 |
| TOTAL DEDUCTIONS..... | 114,984,963 | 13,775 |
| NET INCREASE (DECREASE) IN NET POSITION..... | (4,539,256) | (12,636) |
| NET POSITION AT BEGINNING OF YEAR..... | 344,814,762 | 126,833 |
| NET POSITION AT END OF YEAR..... | \$ 340,275,506 | \$ 114,197 |

(1) The Pension Trust Fund for the year ended December 31, 2018.

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. Four entities have been included as component units in the reporting entity because of the significance of their operational and financial relationships.

Blended Component Units – Blended component units are entities that are legally separate from the City, but in management's professional judgment should be included in the reporting entity because, due to their close relationship with the City, their exclusion would render the financial statements misleading or incomplete. The City has included the following blended component units because they provide services entirely, or almost entirely, to the City of Springfield.

- (1) The Springfield Empowerment Zone Partnership, Inc. is a Massachusetts not-for-profit Corporation. The Partnership is a groundbreaking voluntary partnership of the Springfield Public Schools, the Massachusetts Department of Elementary and Secondary Education, and the Springfield Education Association aimed at rapidly improving outcomes for a majority of Springfield's middle school students.

The Partnership oversees the planning, budgeting, and day-to-day operations of certain schools of the Springfield Public School System and is driving school improvement by empowering the Schools' principals and their teams. The Schools' personnel remain employees of the School System and funding is provided by the School System.

- (2) The Springfield Library Foundation, Inc. is a not-for-profit organization which is responsible for custody and investment of Springfield City Library's Trust funds and endowments. It manages and disburses investment earnings and contributions for the benefit of the Springfield City Library System.

Blended 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 the relationship between the City and the component unit.

- (3) 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 Unit – 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 Unit because it is 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:

- (4) 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.

Related Organizations

Water and Sewer Commission

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.

Springfield Museums Corporation

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 Corporation 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 Corporation as its central library building.

Availability of Financial Information for Component Units

The Springfield Empowerment Zone Partnership, Inc. issues a separately audited financial statement. That report may be obtained by contacting the Partnership located at 1500 Main Street, P.O. Box 15331, Springfield, MA 01103.

The Springfield Library Foundation, Inc. issues a separately audited financial statement. That report may be obtained by contacting the Foundation located at 220 State Street, Springfield, MA 01103.

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.

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 *community preservation act* is a special revenue fund. It is used to account for the acquisition, creation, preservation, or rehabilitation of areas of open space, historical preservation, affordable housing and recreation.

The nonmajor governmental funds consist of other special revenue, capital projects, debt service, and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements.

The following describes the general use of these fund types:

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

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

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

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

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 collection and disposal 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 and other postemployment benefit trust fund* is used to account for the activities of the Retirement System and the City's defined benefit healthcare plan, which accumulate resources to provide pension and OPEB 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 allow the trustees to authorize spending of the realized investment earnings. The City's educational scholarship trusts are accounted for in this fund.

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

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

E. Fair Value Measurements

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

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

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

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

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

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

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

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 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

The City has entered into a school construction grant program, which is administered by the Massachusetts School Building Authority (MSBA), which is an agency of the Commonwealth of Massachusetts. Under the terms of the program, the MSBA establishes a maximum reimbursement amount, stated as a percentage of total eligible constructions costs, that the City can expect to receive over the life of the grant. The City receives grant reimbursements over time as construction costs are incurred subject to the City submitted reimbursement requests to the MSBA.

The City also participates in various federal and state grants for operating and capital purposes. These grants 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.

Departmental and Other

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

G. Inventories

Government-Wide and Fund Financial Statements

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

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, including land, construction in process, land improvements, buildings and improvements, machinery and equipment, and infrastructure, are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and in the proprietary fund financial statements, where applicable. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets (including works of art) and assets acquired under a service concession agreement are recorded at acquisition value. 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> |
|---------------------------------|---|
| Buildings..... | 40 |
| Buildings and improvements..... | 20 |
| Office equipment..... | 5 - 10 |
| Computer equipment..... | 5 - 10 |
| Vehicles..... | 5 - 10 |
| Infrastructure..... | 40 - 100 |

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

J. Unavailable Revenue

Fund Financial Statements

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

K. Net Position Flow Assumption

Government-Wide Financial Statements (Net Position)

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

L. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

M. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

N. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

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

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

Net position has been "restricted for" the following:

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

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

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

"Permanent funds – expendable" represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings that support governmental programs.

"Permanent Funds – nonexpendable" represents the endowment portion of donor restricted trusts that support governmental programs.

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

“Community preservation” represents amounts held for uses restricted by law for community preservation purposes.

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. The general fund is the only fund that reports a positive unassigned fund balance amount.

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

O. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as

other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

P. Pensions

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

Q. Investment Income

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

R. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

S. Individual Fund Deficits

Within the nonmajor governmental funds there are deficits in the special revenue funds that will be funded with grants and other available funds in future years.

T. Use of Estimates

Government-Wide and Fund Financial Statements

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

U. Total Column*Fund Financial Statements*

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

NOTE 2 – CASH AND INVESTMENTS

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

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

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

MMDT maintains a cash portfolio. The cash portfolio had a weighted average maturity of 33 days.

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 0.18 to 15.31 years. There is no credit quality rating for the fund.

Custodial Credit Risk – Deposits

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

At year-end, the carrying amount of deposits totaled \$140,290,227 and the bank balance totaled \$156,701,537. Of the bank balance, \$3,646,510 was covered by Federal Depository Insurance, \$105,264,237 was covered by the Depositors Insurance Fund, \$42,425,037 was collateralized, and \$5,365,752 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2018, the carrying amount of deposits for the Retirement System totaled \$1,053,533 and the bank balance totaled \$1,087,998. The entire bank balance was covered by Federal Depository Insurance.

Investments

As of June 30, 2019, the City had the following investments:

| <u>Investment Type</u> | <u>Fair value</u> | <u>Maturities</u> | |
|---------------------------------------|-------------------|-------------------|-------------------|
| | | <u>1-5 Years</u> | <u>6-10 Years</u> |
| <u>Debt securities:</u> | | | |
| Government sponsored enterprises..... | \$ 709,083 | \$ 709,083 | \$ - |
| Corporate bonds..... | 413,897 | 413,897 | - |
| Municipal bonds..... | 917,693 | 917,693 | - |
| Private debt obligation*..... | 8,175,653 | - | 8,175,653 |
| Total debt securities..... | 10,216,326 | \$ 2,040,673 | \$ 8,175,653 |
| <u>Other investments:</u> | | | |
| Equity securities..... | 3,551,689 | | |
| Bond funds..... | 2,011,331 | | |
| Exchange traded funds..... | 1,916,105 | | |
| Money market mutual funds..... | 1,313,238 | | |
| MMDT - Cash portfolio..... | 52,517,037 | | |
| Total investments..... | \$ 71,525,726 | | |

* The private debt obligation is held by a custodian and is related to the bond sinking fund that was formed to provide a guaranteed rate of 3.42% as discussed further in Note 8.

As of June 30, 2019, the City’s investments in debt securities had the following ratings:

| <u>Quality Rating</u> | <u>Government Sponsored Enterprises</u> | <u>Corporate Bonds</u> | <u>Municipal Bonds</u> | <u>Private Debt Obligation</u> | <u>Total</u> |
|-----------------------|---|------------------------|------------------------|--------------------------------|---------------|
| AA+..... | \$ 709,083 | \$ - | \$ - | \$ - | \$ 709,083 |
| AA..... | - | 105,531 | 402,446 | - | 507,977 |
| AA-..... | - | - | 103,025 | - | 103,025 |
| A+..... | - | - | 203,452 | - | 203,452 |
| A-..... | - | 106,728 | - | - | 106,728 |
| A1..... | - | - | 208,770 | - | 208,770 |
| BBB..... | - | 100,722 | - | - | 100,722 |
| BBB+..... | - | 100,916 | - | - | 100,916 |
| Not Rated..... | - | - | - | 8,175,653 | 8,175,653 |
| Total..... | \$ 709,083 | \$ 413,897 | \$ 917,693 | \$ 8,175,653 | \$ 10,216,326 |

As of December 31, 2018, the Retirement System had the following investments:

| <u>Investment Type</u> | <u>Fair value</u> |
|--|-----------------------|
| Alternative investments..... | \$ 674,249 |
| Pension Reserve Investment Trust (PRIT)..... | <u>335,867,504</u> |
| Total investments..... | <u>\$ 336,541,753</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 \$336,541,753 there was custodial credit risk exposure of \$674,249 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 regard to other investments, the City will only purchase investment grade securities with a high concentration in securities rated A or better. The City may invest in the Massachusetts Municipal Depository Trust (MMDT) with no limit to the amount of funds placed in the fund.

Concentration Credit Risk

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

Fair Value Measurement

The City holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the City’s mission, the City determines that the disclosures related to these investments only need to be

disaggregated by major type. The City chooses a tabular format for disclosing the levels within the fair value hierarchy.

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

The following table presents financial assets at June 30, 2019, that the City measures fair value on a recurring basis, by level, within the fair value hierarchy:

| Investment Type | June 30, 2019 | Fair Value Measurements Using | | |
|--|------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments measured at fair value: | | | | |
| <u>Debt securities:</u> | | | | |
| Government sponsored enterprises..... | \$ 709,083 | \$ 709,083 | \$ - | \$ - |
| Corporate bonds..... | 413,897 | 413,897 | - | - |
| Municipal bonds..... | 917,693 | - | 917,693 | - |
| Private debt obligation..... | 8,175,653 | - | 8,175,653 | - |
| Total debt securities..... | 10,216,326 | 1,122,980 | 9,093,346 | - |
| <u>Other investments:</u> | | | | |
| Equity securities..... | 3,551,689 | 3,551,689 | - | - |
| Bond funds..... | 2,011,331 | 2,011,331 | - | - |
| Exchange traded funds..... | 1,916,105 | 1,916,105 | - | - |
| Money market mutual funds..... | 1,313,238 | 1,313,238 | - | - |
| Total other investments..... | 8,792,363 | 8,792,363 | - | - |
| Total investments measured at fair value..... | 19,008,689 | \$ 9,915,343 | \$ 9,093,346 | \$ - |
| Investments measured at amortized cost: | | | | |
| MMDT - Cash portfolio..... | 52,517,037 | | | |
| Total investments..... | \$ 71,525,726 | | | |

Government sponsored enterprises, corporate bonds, equity securities, bond funds, exchange traded funds, and money market mutual funds are classified in Level 1 of the fair value hierarchy using prices quoted in active markets for those securities. Municipal bonds and private debt obligations classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The investment in MMDT is comprised of a cash portfolio. The cash portfolio is valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest

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

Retirement System

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

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

The System has the following recurring fair value measurements as of December 31, 2018:

| Investment Type | December 31, 2018 | Fair Value Measurements Using | | |
|---|----------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments measured at fair value: | | | | |
| Alternative investments..... | \$ 674,249 | \$ - | \$ - | \$ 674,249 |
| Investments measured at net asset value: | | | | |
| Pension Reserve Investment Trust (PRIT)..... | 335,867,504 | | | |
| Total investments..... | \$ 336,541,753 | | | |

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

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

NOTE 3 – RECEIVABLES

At June 30, 2019, 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..... | \$ 26,101,130 | \$ (4,913,300) | \$ 21,187,830 |
| Tax liens..... | 5,968,205 | (2,976,400) | 2,991,805 |
| Community preservation fund surtax..... | 28,690 | - | 28,690 |
| Motor vehicle excise taxes..... | 8,922,556 | (6,605,200) | 2,317,356 |
| Departmental and other..... | 2,569,901 | - | 2,569,901 |
| Intergovernmental..... | 42,493,744 | - | 42,493,744 |
| Community preservation state share..... | 163,000 | - | 163,000 |
| Loans..... | 3,735,272 | - | 3,735,272 |
| Total..... | \$ 89,982,498 | \$ (14,494,900) | \$ 75,487,598 |

Intergovernmental receivables of \$42.5 million as shown above, includes approximately \$31.4 million of state aid received in July of 2019. These receivables are not considered unavailable funds at June 30, 2019.

The internal service fund had \$30,650 of departmental and other receivables at June 30, 2019.

At June 30, 2019 receivables for the trash enterprise fund consist of user charges and user charges liens of \$1,195,304 and \$167,086, respectively.

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..... | \$ 20,557,870 | \$ - | \$ 20,557,870 |
| Tax liens..... | 2,976,456 | 15,349 | 2,991,805 |
| Community preservation fund surtax..... | - | 28,690 | 28,690 |
| Motor vehicle and other excise taxes..... | 2,317,356 | - | 2,317,356 |
| Departmental and other..... | 1,593,371 | 940,181 | 2,533,552 |
| Intergovernmental - highway improvements..... | - | 2,394,528 | 2,394,528 |
| Intergovernmental - other..... | - | 108,498 | 108,498 |
| Community preservation state share..... | - | 163,000 | 163,000 |
| Loans..... | - | 187,272 | 187,272 |
| <u>Other asset type:</u> | | | |
| Tax foreclosures..... | 2,007,870 | - | 2,007,870 |
| Total..... | \$ 29,452,923 | \$ 3,837,518 | \$ 33,290,441 |

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|-----------------------|---------------------|-----------------------|-----------------------|
| Governmental Activities: | | | | |
| <u>Capital assets not being depreciated:</u> | | | | |
| Land..... | \$ 28,739,239 | \$ 759,000 | \$ - | \$ 29,498,239 |
| Construction in progress..... | 4,903,393 | 8,533,529 | (4,437,588) | 8,999,334 |
| Total capital assets not being depreciated..... | <u>33,642,632</u> | <u>9,292,529</u> | <u>(4,437,588)</u> | <u>38,497,573</u> |
| <u>Capital assets being depreciated:</u> | | | | |
| Land improvements..... | 67,482,913 | 3,540,690 | (150,905) | 70,872,698 |
| Buildings and improvements..... | 742,327,273 | 26,478,593 | (40,397,302) | 728,408,564 |
| Machinery and equipment..... | 180,129,882 | 9,794,137 | (110,296,162) | 79,627,857 |
| Infrastructure..... | 440,047,881 | 13,382,055 | - | 453,429,936 |
| Total capital assets being depreciated..... | <u>1,429,987,949</u> | <u>53,195,475</u> | <u>(150,844,369)</u> | <u>1,332,339,055</u> |
| <u>Less accumulated depreciation for:</u> | | | | |
| Land improvements..... | (33,726,033) | (3,193,234) | 152,104 | (36,767,163) |
| Buildings and improvements..... | (299,523,083) | (28,781,881) | 40,397,303 | (287,907,661) |
| Machinery and equipment..... | (147,286,084) | (13,256,538) | 110,294,962 | (50,247,660) |
| Infrastructure..... | (335,882,311) | (8,694,703) | - | (344,577,014) |
| Total accumulated depreciation..... | <u>(816,417,511)</u> | <u>(53,926,356)</u> | <u>150,844,369</u> | <u>(719,499,498)</u> |
| Total capital assets being depreciated, net..... | <u>613,570,438</u> | <u>(730,881)</u> | <u>-</u> | <u>612,839,557</u> |
| Total governmental activities capital assets, net..... | <u>\$ 647,213,070</u> | <u>\$ 8,561,648</u> | <u>\$ (4,437,588)</u> | <u>\$ 651,337,130</u> |
| | | | | |
| | Beginning Balance | Increases | Decreases | Ending Balance |
| Business-Type Activities: | | | | |
| <u>Capital assets being depreciated:</u> | | | | |
| Machinery and equipment..... | \$ 6,207,375 | \$ - | \$ - | \$ 6,207,375 |
| <u>Less accumulated depreciation for:</u> | | | | |
| Machinery and equipment..... | (5,575,756) | (396,713) | - | (5,972,469) |
| Total business-type activities capital assets, net..... | <u>\$ 631,619</u> | <u>\$ (396,713)</u> | <u>\$ -</u> | <u>\$ 234,906</u> |

During the year ended June 30, 2019, management identified approximately \$151 million of fully depreciated governmental capital assets that are no longer in service and these amounts have been removed from the financial statements.

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

Governmental Activities:

| | | |
|---|----|-------------------|
| General government..... | \$ | 3,729,811 |
| Public safety..... | | 3,240,443 |
| Education..... | | 33,384,855 |
| Public works..... | | 10,793,223 |
| Health and welfare..... | | 66,102 |
| Culture and recreation..... | | <u>2,711,922</u> |
| Total depreciation expense - governmental activities..... | \$ | <u>53,926,356</u> |

Business-Type Activities:

| | | |
|------------|----|----------------|
| Trash..... | \$ | <u>396,713</u> |
|------------|----|----------------|

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables between funds at June 30, 2019, are summarized as follows:

| Receivable Fund | Payable Fund | Amount |
|------------------------------------|-------------------------------|---------------------|
| General fund..... | Highway improvement fund..... | \$ 1,140,873 |
| General fund..... | Federal grants school..... | <u>1,887,978</u> |
| Total Governmental Activities..... | | \$ <u>3,028,851</u> |

These amounts represent advances between funds to meet temporary cash flow needs.

Interfund transfers for the year ended June 30, 2019, are summarized as follows:

| | Transfers In: | | | | |
|----------------------------------|-------------------|-----------------------------|-----------------------|---------------------|-----|
| | General fund | Nonmajor governmental funds | Trash Enterprise fund | Total | |
| Transfers Out: | | | | | |
| General fund..... | \$ - | \$ 2,187,487 | \$ 3,607,866 | \$ 5,795,353 | (1) |
| Nonmajor governmental funds..... | <u>236,250</u> | <u>2,090,240</u> | <u>-</u> | <u>2,326,490</u> | (2) |
| Total..... | \$ <u>236,250</u> | \$ <u>4,277,727</u> | \$ <u>3,607,866</u> | \$ <u>8,121,843</u> | |

- (1) Represents budgeted transfers from the general fund to various nonmajor funds for capital projects and future debt service, and to the Trash enterprise fund for the City's subsidized portion.
- (2) Represents MSBA reimbursements for costs paid from the general fund and transfers within the nonmajor governmental funds to re-purpose resources.

NOTE 6 – 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 the school department. 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 recorded under capital lease agreements along with the related accumulated depreciation:

| <u>Asset:</u> | <u>Governmental Activities</u> |
|-----------------------------------|------------------------------------|
| Machinery and equipment..... | \$ 27,412,180 |
| Less: accumulated depreciation... | <u>(16,368,362)</u> |
| Total..... | <u>\$ 11,043,818</u> |

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

| <u>Years ending June 30:</u> | <u>Governmental Activities</u> |
|---|------------------------------------|
| 2020..... | \$ 4,183,008 |
| 2021..... | 3,506,749 |
| 2022..... | 2,051,155 |
| 2023..... | 379,928 |
| 2024..... | <u>121,201</u> |
| Total minimum lease payments..... | 10,242,041 |
| Less: amounts representing interest..... | <u>(661,794)</u> |
| Present value of minimum lease payments... \$ | <u>9,580,247</u> |

Operating Leases

The City leases office equipment, vehicles, and various facilities utilized primarily by the school department, the department of public works, parks and recreation, and the animal control center under non-cancelable operating leases that expire on various dates through 2035. The total lease expenditures for the year ended June 30, 2019, totaled approximately \$4.2 million and are 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 |
|-----------------------|----------------------------|
| 2020..... | \$ 4,366,704 |
| 2021..... | 3,933,580 |
| 2022..... | 3,929,137 |
| 2023..... | 3,863,437 |
| 2024..... | 3,921,613 |
| 2025 to 2029..... | 19,983,074 |
| 2030 to 2034..... | 15,635,763 |
| 2035..... | 162,443 |
| Total | \$ 55,795,750 |

NOTE 7 – SHORT-TERM FINANCING

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

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

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

Details related to the short-term debt activity for the year ended June 30, 2019, are as follows:

| Type | Purpose | Rate (%) | Due Date | Balance at June 30, 2018 | Renewed/ Issued | Retired/ Redeemed | Balance at June 30, 2019 |
|-------------------------------|--------------------------|----------|----------|--------------------------|---------------------|-----------------------|--------------------------|
| Governmental Funds: | | | | | | | |
| BAN | School construction..... | 2.75% | 03/29/19 | \$ 2,315,830 | \$ - | \$ (2,315,830) | \$ - |
| BAN | City construction..... | 2.75% | 03/29/19 | 2,732,723 | - | (2,732,723) | - |
| BAN | Equipment..... | 2.75% | 03/29/19 | 2,266,116 | - | (2,266,116) | - |
| BAN | School construction..... | 2.50% | 04/09/20 | - | 5,700,000 | - | 5,700,000 |
| Total Governmental Funds..... | | | | <u>\$ 7,314,669</u> | <u>\$ 5,700,000</u> | <u>\$ (7,314,669)</u> | <u>\$ 5,700,000</u> |

NOTE 8 – 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, 2019, 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, 2019 |
|---|--------------------|----------------------|-------------------|------------------------------|
| State Qualified New Money Bonds, Dated April 15, 2009..... | 2024 | \$ 19,500,000 | 2.0 - 4.0 | \$ 765,000 |
| State Qualified General Obligation School Bonds, Dated June 24, 2010..... | 2027 | 17,864,000 | 6.00 | 17,864,000 |
| Advance Refunding Bonds, Dated December 12, 2012..... | 2024 | 26,355,000 | 2.5 - 4.0 | 16,695,000 |
| State Qualified School Project Loan, Chapter 70B Dated February 12, 2015... | 2020 | 1,281,000 | 1.0 - 2.0 | 320,000 |
| State Qualified Bonds, Series A, Dated February 12, 2015..... | 2035 | 49,262,000 | 2.0 - 4.0 | 42,750,000 |
| State Qualified Refunding Bonds, Series C, Dated February 12, 2015..... | 2027 | 18,245,000 | 2.0 - 4.0 | 16,375,000 |
| State Qualified Refunding Bonds, Dated September 15, 2015..... | 2020 | 25,185,000 | 2.0 - 5.0 | 3,555,000 |
| General Obligation Bonds, Dated February 23, 2017..... | 2037 | 44,305,000 | 3.0 - 5.0 | 44,295,000 |
| State Qualified Refunding/General Obligation Bonds, Dated March 7, 2017... | 2037 | 27,080,000 | 3.0 - 5.0 | 20,355,000 |
| State Qualified/General Obligation Bonds, Dated March 28, 2019..... | 2049 | 27,935,000 | 3.0 - 5.0 | <u>27,935,000</u> |
| Total Bonds Payable..... | | | | 190,909,000 |
| Add: Unamortized premium on bonds..... | | | | <u>8,631,726</u> |
| Total Bonds Payable, net..... | | | | <u>\$ 199,540,726</u> |

The bonds outstanding at June 30, 2019 relate to the following projects:

| Purpose | Amount |
|---------------------------------------|-----------------------|
| Public education..... | \$ 83,032,303 |
| City-wide non-school buildings..... | 42,887,768 |
| Parks and recreation..... | 6,007,950 |
| Infrastructure..... | 30,407,880 |
| Equipment and other..... | <u>28,573,099</u> |
| Total long-term debt outstanding..... | <u>\$ 190,909,000</u> |

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

| Year | Principal | Interest | Total |
|------------|----------------|---------------|----------------|
| 2020..... | \$ 18,945,000 | \$ 7,684,777 | \$ 26,629,777 |
| 2021..... | 17,940,000 | 6,972,448 | 24,912,448 |
| 2022..... | 17,300,000 | 6,188,234 | 23,488,234 |
| 2023..... | 17,580,000 | 5,441,711 | 23,021,711 |
| 2024..... | 11,335,000 | 4,795,209 | 16,130,209 |
| 2025..... | 8,780,000 | 4,353,311 | 13,133,311 |
| 2026..... | 8,575,000 | 3,961,836 | 12,536,836 |
| 2027..... | 26,309,000 | 3,581,157 | 29,890,157 |
| 2028..... | 6,575,000 | 2,170,544 | 8,745,544 |
| 2029..... | 6,615,000 | 1,912,617 | 8,527,617 |
| 2030..... | 6,285,000 | 1,672,169 | 7,957,169 |
| 2031..... | 6,155,000 | 1,462,669 | 7,617,669 |
| 2032..... | 5,885,000 | 1,265,671 | 7,150,671 |
| 2033..... | 5,940,000 | 1,069,266 | 7,009,266 |
| 2034..... | 5,565,000 | 884,718 | 6,449,718 |
| 2035..... | 5,065,000 | 706,643 | 5,771,643 |
| 2036..... | 3,000,000 | 572,447 | 3,572,447 |
| 2037..... | 2,925,000 | 470,031 | 3,395,031 |
| 2038..... | 690,000 | 373,794 | 1,063,794 |
| 2039..... | 720,000 | 351,368 | 1,071,368 |
| 2040..... | 750,000 | 327,968 | 1,077,968 |
| 2041..... | 775,000 | 297,968 | 1,072,968 |
| 2042..... | 810,000 | 266,968 | 1,076,968 |
| 2043..... | 840,000 | 234,568 | 1,074,568 |
| 2044..... | 875,000 | 200,968 | 1,075,968 |
| 2045..... | 910,000 | 165,968 | 1,075,968 |
| 2046..... | 930,000 | 134,118 | 1,064,118 |
| 2047..... | 960,000 | 101,568 | 1,061,568 |
| 2048..... | 995,000 | 67,968 | 1,062,968 |
| 2049..... | 880,000 | 31,900 | 911,900 |
| Total..... | \$ 190,909,000 | \$ 57,720,582 | \$ 248,629,582 |

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, 2019, the

Bond Sinking Fund has a balance of \$8,175,653, which is classified as a restricted asset in the City’s debt service fund. The interest subsidy received by the City amounted to approximately \$966,442 in 2019. The City expects to receive future interest subsidies totaling approximately \$7.7 million over the life of the bonds.

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, 2019, the City has \$121 million of authorized and unissued debt for various City-wide projects.

Changes in Long-term Liabilities

During the year ended June 30, 2019, the following changes occurred in long-term liabilities:

| | Beginning Balance | Bonds and Notes Issued | Bonds and Notes Redeemed | Other Increases | Other Decreases | Ending Balance | Due Within One Year |
|---|-------------------|------------------------|--------------------------|-----------------|------------------|------------------|---------------------|
| Governmental Activities: | | | | | | | |
| Long-term bonds payable..... | \$ 182,084,000 | \$ 27,935,000 | \$ (19,110,000) | \$ - | \$ - | \$ 190,909,000 | \$ 18,945,000 |
| Add: Unamortized premium on bonds..... | 8,626,550 | 1,953,039 | (1,947,863) | - | - | 8,631,726 | 1,591,605 |
| Total bonds payable..... | 190,710,550 | 29,888,039 | (21,057,863) | - | - | 199,540,726 | 20,536,605 |
| Capital lease obligations..... | 14,436,227 | - | - | 1,034,283 | (5,890,263) | 9,580,247 | 3,836,874 |
| Landfill closure..... | 2,475,000 | - | - | - | (619,000) | 1,856,000 | 619,000 |
| Compensated absences..... | 21,980,606 | - | - | 6,203,244 | (9,478,697) | 18,705,153 | 9,787,067 |
| Workers' compensation..... | 6,303,000 | - | - | 2,252,000 | (1,891,000) | 6,664,000 | 1,999,000 |
| Net pension liability..... | 755,900,236 | - | - | 93,900,475 | (59,445,831) | 790,354,880 | - |
| Net OPEB liability..... | 1,201,104,167 | - | - | 171,328,309 | (32,130,571) | 1,340,301,905 | - |
| Total governmental activity long-term liabilities..... | \$ 2,192,909,786 | \$ 29,888,039 | \$ (21,057,863) | \$ 274,718,311 | \$ (109,455,362) | \$ 2,367,002,911 | \$ 36,778,546 |
| Business-Type Activities: | | | | | | | |
| Capital lease obligations..... | \$ 202,552 | \$ - | \$ - | \$ - | \$ (202,552) | \$ - | \$ - |
| Net pension liability..... | 4,562,778 | - | - | 566,804 | (358,828) | 4,770,754 | - |
| Net OPEB liability..... | 10,296,909 | - | - | 1,468,775 | (275,451) | 11,490,233 | - |
| Total business-type activity long-term liabilities..... | \$ 15,062,239 | \$ - | \$ - | \$ 2,035,579 | \$ (836,831) | \$ 16,260,987 | \$ - |

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

NOTE 9 – 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 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 City Council.

The City has four stabilization funds that can be used for any general or capital purpose upon City Council approval. At June 30, 2019, the balance of the stabilization funds was \$49.9 million. These balances have been reported in the General Fund as unassigned fund balance.

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

| | General | Community preservation act | Nonmajor governmental funds | Total Governmental Funds |
|--|----------------|----------------------------------|-----------------------------------|--------------------------------|
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Permanent fund..... | \$ - | \$ - | \$ 3,114,650 | \$ 3,114,650 |
| Restricted for: | | | | |
| Education..... | 17,989,282 | - | - | 17,989,282 |
| MGL Chapter 656..... | 6,776,629 | - | - | 6,776,629 |
| Community preservation act..... | - | 2,596,267 | - | 2,596,267 |
| Utility/telephone..... | - | - | 693,191 | 693,191 |
| Receipts reserved..... | - | - | 282,690 | 282,690 |
| School lunch..... | - | - | 1,862,822 | 1,862,822 |
| Revolving..... | - | - | 4,295,383 | 4,295,383 |
| Federal grants city..... | - | - | 9,954 | 9,954 |
| State grants school..... | - | - | 7,381,388 | 7,381,388 |
| State grants city..... | - | - | 4,260,568 | 4,260,568 |
| Promise fund..... | - | - | 5,083,723 | 5,083,723 |
| Tornado relief..... | - | - | 865,133 | 865,133 |
| Springfield Empowerment Zone Partnership, Inc..... | - | - | 1,102,956 | 1,102,956 |
| Other special revenue fund..... | - | - | 7,784,046 | 7,784,046 |
| Public buildings..... | - | - | 1,646,728 | 1,646,728 |
| Parks..... | - | - | 486,929 | 486,929 |
| Equipment..... | - | - | 2,760,729 | 2,760,729 |
| Public works..... | - | - | 4,325,971 | 4,325,971 |
| School capital projects..... | - | - | 908,167 | 908,167 |
| Other capital projects..... | - | - | 150,209 | 150,209 |
| Bond sinking fund..... | - | - | 8,175,653 | 8,175,653 |
| Debt service reserve..... | - | - | 1,280,263 | 1,280,263 |
| Governmental trust..... | - | - | 2,227,947 | 2,227,947 |
| Springfield Library Foundation, Inc..... | - | - | 7,958,477 | 7,958,477 |
| Assigned to: | | | | |
| Encumbrances: | | | | |
| General government..... | 1,420,923 | - | - | 1,420,923 |
| Public safety..... | 474,309 | - | - | 474,309 |
| Public works..... | 126,644 | - | - | 126,644 |
| Health and human services..... | 3,601 | - | - | 3,601 |
| Culture and recreation..... | 388,949 | - | - | 388,949 |
| State and county charges..... | 50,386 | - | - | 50,386 |
| Unemployment..... | 20,000 | - | - | 20,000 |
| Unassigned..... | 73,632,740 | - | (357,015) | 73,275,725 |
| Total Fund Balances..... | \$ 100,883,463 | \$ 2,596,267 | \$ 66,300,562 | \$ 169,780,292 |

NOTE 10 – 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 postclosure monitoring plan. The Bondi’s Island site is substantially 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 \$9.1 million for both sites and has recorded an estimated \$1.9 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 11 – 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. The amount of claim settlements for insured products has not exceeded insurance coverage in any of the previous three years.

Liabilities are reported when it is 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, 2019, the liability for dental and eye care insurance claims totaled approximately \$174,000. This liability is the best estimate based on available information. Changes in the reported liability since July 1, 2017, are as follows:

| | Balance at Beginning of Year | | Current Year Claims and Changes in Estimate | | Claims Payments | | Balance at Year-End |
|-----------|------------------------------------|----|--|----|--------------------|----|------------------------|
| 2018..... | \$ 161,869 | \$ | 4,051,300 | \$ | (4,044,732) | \$ | 168,437 |
| 2019..... | 168,437 | | 4,198,325 | | (4,192,436) | | 174,326 |

(b) *Workers’ Compensation*

The estimated future workers’ compensation liability is based on history and injury type. At June 30, 2019, the amount of the estimated liability for workers’ compensation claims totaled approximately \$6,664,000.

Changes in the reported liability since July 1, 2017 are as follows:

| | Balance at Beginning of Year | Current Year Claims and Changes in Estimate | Claims Payments | Balance at Year-End | Current Portion |
|-----------|------------------------------------|--|--------------------|------------------------|--------------------|
| 2018..... | \$ 6,551,000 | \$ 4,395,343 | \$ (4,643,343) | \$ 6,303,000 | \$ 1,891,000 |
| 2019..... | 6,303,000 | 5,102,961 | (4,741,961) | 6,664,000 | 1,999,000 |

The liability for unemployment claims at June 30, 2019 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 \$694,000.

NOTE 12 – 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, 2018. The City’s portion of the collective pension expense, contributed by the Commonwealth, of \$58,942,915 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 \$581,660,954 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, 2018.

At December 31, 2018, the System's membership consists of the following:

| | |
|--|---------------------|
| Active members..... | 3,188 |
| Inactive members..... | 698 |
| Retirees and beneficiaries currently receiving benefits..... | <u>2,802</u> |
| Total..... | <u><u>6,688</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, 2018 was \$67,724,281, or 43.84% of covered payroll, an amount that is actuarially determined 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 \$57,804,659 and its actual contribution was \$60,922,646.

Pension Liabilities

The components of the net pension liability of the participating member units at December 31, 2018, were as follows:

| | |
|---|------------------------------|
| Total pension liability..... | \$ 1,242,191,000 |
| Total pension plan's fiduciary net position..... | <u>(337,853,862)</u> |
| Total net pension liability..... | <u><u>\$ 904,337,138</u></u> |
| The pension plan's fiduciary net position as a percentage of the total pension liability..... | 27.20% |

At June 30, 2019, the City reported a liability of \$795,125,634 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. 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, 2018, the City's proportion was 87.92%, which is an increase of 0.22% from its proportion measured at December 31, 2017.

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

Pension Expense

For the year ended June 30, 2019, the City recognized pension expense of \$83,961,403. At June 30, 2019, the City reported deferred outflows of resources related to pensions of \$54,266,684 and deferred inflows of resources related to pensions of \$6,110,783 as detailed below.

| Deferred Category | Deferred Outflows of Resources | Deferred Inflows of Resources | Total |
|---|--------------------------------------|-------------------------------------|----------------|
| Differences between expected and actual experience..... | \$ 2,982,393 | \$ (6,110,783) | \$ (3,128,390) |
| Difference between projected and actual earnings, net..... | 13,003,442 | - | 13,003,442 |
| Changes in assumptions..... | 32,448,360 | - | 32,448,360 |
| Changes in proportion and proportionate share of contributions..... | 4,714,502 | - | 4,714,502 |
| Contributions made subsequent to the measurement date..... | 1,117,987 | - | 1,117,987 |
| Total deferred outflows/(inflows) of resources..... | \$ 54,266,684 | \$ (6,110,783) | \$ 48,155,901 |

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

| <u>Year ended June 30:</u> | |
|---|---------------|
| 2020..... | \$ 20,817,659 |
| 2021..... | 11,801,878 |
| 2022..... | 6,321,772 |
| 2023..... | 7,754,804 |
| 2024..... | 341,801 |
| Subtotal amortized deferred outflows/(inflows) of resources..... | 47,037,914 |
| Contributions made subsequent to the measurement date..... | 1,117,987 |
| Total deferred outflows/(inflows) of resources..... | \$ 48,155,901 |

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions applied to all periods included in the measurement that was updated to December 31, 2018:

| | |
|------------------------------------|---|
| Valuation date..... | January 1, 2018. Actuarial liabilities were rolled forward to the December 31, 2018 measurement date. |
| Actuarial cost method..... | Entry Age Normal Cost Method. |
| Amortization method..... | Total payments increase 9.0% per year until FY32 with a final amortization payment in FY33. |
| Remaining amortization period..... | 14 years from July 1, 2019. |
| Asset valuation method..... | Market value for GASB 67/68. For funding purposes, gains and losses each year are recognized over 5 years. |
| Investment rate of return..... | 7.40%, net of pension plan investment expense, including inflation. |
| Discount rate..... | 7.40% |
| Inflation rate..... | Not explicitly assumed. |
| Projected salary increases..... | Select and ultimate by job group; ultimate rates 4.25% for Group 1 and 4.75% for Group 4. |
| Cost of living adjustments..... | 3% of the first \$13,000 of retirement income. |
| Mortality rates..... | Pre-retirement rates reflect the RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct). Post-retirement rates reflect the RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct). For disabled retirees, the rates reflect the RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2012 (gender distinct). |

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 December 31, 2018 are summarized in the following table:

| <u>Asset Class</u> | <u>Long-Term Expected Asset Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--|--|---|
| Domestic equities..... | 17.50% | 7.62% |
| International equities..... | 15.50% | 7.80% |
| Emerging international equities..... | 6.00% | 9.31% |
| Core fixed income..... | 12.00% | 4.07% |
| Value added fixed income..... | 10.00% | 7.58% |
| Private equity..... | 12.00% | 11.15% |
| Real estate..... | 10.00% | 6.59% |
| Timberland..... | 4.00% | 7.00% |
| Hedge fund and portfolio completion..... | 13.00% | 6.83% |
| Total..... | <u>100.00%</u> | |

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (2.33%). 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 7.40%. 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 7.40%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.40%) or 1-percentage-point higher (8.40%) than the current rate:

| | <u>1% Decrease (6.40%)</u> | <u>Current Discount (7.40%)</u> | <u>1% Increase (8.40%)</u> |
|--|--------------------------------|---|--------------------------------|
| The City's proportionate share of the net pension liability..... | \$ <u>913,356,145</u> | \$ <u>795,125,634</u> | \$ <u>695,087,411</u> |
| SCRS total net pension liability..... | \$ <u>1,038,492,000</u> | \$ <u>904,337,138</u> | \$ <u>790,319,000</u> |

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The City maintains a single employer defined benefit healthcare plan (the 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. The plan does not issue a publicly available financial report.

Funding Policy

Contribution 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. 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 \$32.4 million during 2019 towards these benefits, including a pre-funding contribution of \$745,325 as discussed below. Administrative costs of the Plan are assumed to be included in the fully insured premium rates. The City’s average contribution rate was 11.23% of covered-employee payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the City to establish the postemployment benefit trust fund and to enable the City to raise taxes necessary to pre-fund its OPEB liabilities. During 2019, the City pre-funded future OPEB liabilities in the amount of \$745,325 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Fund financial statements. As of June 30, 2019, the net position of the OPEB trust fund totaled \$2,421,644.

The annual money-weighted rate of return on OPEB plan investments is not applicable for the year ending 2019 as the plan assets have not been invested. The City is currently working on an investment policy for these funds and expects it to be implemented in the next fiscal year.

Measurement Date

GASB #74 requires the net OPEB liability to be measured as of the OPEB Plan’s most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

Employees Covered by Benefit Terms

The following table represents the Plan’s membership at June 30, 2019:

| | |
|--|---------------------|
| Active employees..... | 5,584 |
| Retired employees (including vested terminations)..... | <u>3,912</u> |
| Total..... | <u><u>9,496</u></u> |

Components of OPEB Liability

The following table represents the components of the Plan's OPEB liability as of June 30, 2019:

| | | |
|--|----|----------------------|
| Total OPEB liability..... | \$ | 1,354,213,782 |
| Less: OPEB plan's fiduciary net position..... | | <u>(2,421,644)</u> |
| Net OPEB liability..... | \$ | <u>1,351,792,138</u> |
| | | |
| The OPEB plan's fiduciary net position as a percentage of the total OPEB liability..... | | 0.18% |

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2019, to be in accordance with GASB Statement #74:

| | |
|--|---|
| Valuation date..... | July 1, 2017 |
| Actuarial cost method..... | Entry Age Normal as a Level Percentage of Payroll. |
| Asset valuation method..... | Market Value of Assets as of the Reporting Date, June 30, 2019. |
| Nominal investment rate of return..... | 2.52%, previously 1.35%. |
| Single equivalent discount rate..... | 3.10%, based on the municipal bond index rate, previously 3.50%. |
| Inflation..... | Not specifically assumed. |
| Salary increases..... | 3.0% annually as of June 30, 2019 and for future periods. |
| Healthcare cost trend rate..... | Year 1 Trend: 8.0% Pre-65 and Post 65. Ultimate Trend: July 1, 2025 and later, 5.0% Pre-65 and Post 65. Grading Per year: 0.5% Pre-65 and Post 65. |
| Mortality..... | RP 2014 Healthy Male and Female Tables are based on the Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using Projection Scale AA for 3.5 years, plus 10 years additional mortality improvement. |

Discount rate

The discount rate used to measure the total OPEB liability was 3.10% and 3.50% as of June 30, 2019 and June 30, 2018, respectively. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments to current plan members. Therefore a yield or index rate for 20 year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher, which was based on the average of the S&P Municipal Bond 20 – Year High Grade Index, Bond Buyer 20-Bond GO, and Fidelity Go AA – 20 years, as of June 30, 2019, was applied.

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

The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 3.10%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (2.10%) or 1-percentage-point higher (4.10%) than the current rate.

| | <u>1% Decrease</u> (2.10%) | <u>Current</u> Discount Rate (3.10%) | <u>1% Increase</u> (4.10%) |
|-------------------------|-------------------------------|--|-------------------------------|
| Net OPEB liability..... | \$ 1,711,558,625 | \$ 1,351,792,138 | \$ 1,098,238,873 |

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend

The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

| | <u>1% Decrease</u> | <u>Current Trend</u> | <u>1% Increase</u> |
|-------------------------|--------------------|----------------------|--------------------|
| Net OPEB liability..... | \$ 1,078,730,161 | \$ 1,351,792,138 | \$ 1,760,619,283 |

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Measurement Date

GASB Statement #75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year, consistently applied

from period to period. Accordingly, the net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

Changes in the Net OPEB Liability

| | Increase (Decrease) | | |
|----------------------------------|--------------------------------|--|------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balances at June 30, 2018..... | \$ 1,213,035,400 | \$ 1,634,324 | \$ 1,211,401,076 |
| Changes for the year: | | | |
| Service cost..... | 20,831,520 | - | 20,831,520 |
| Interest..... | 40,567,984 | - | 40,567,984 |
| Changes in assumptions..... | 111,439,575 | - | 111,439,575 |
| Benefit payments..... | (31,660,697) | (31,660,697) | - |
| Contributions from employer..... | - | 32,406,022 | (32,406,022) |
| Net investment income..... | - | 41,995 | (41,995) |
| Net change..... | <u>141,178,382</u> | <u>787,320</u> | <u>140,391,062</u> |
| Balances at June 30, 2019..... | <u>\$ 1,354,213,782</u> | <u>\$ 2,421,644</u> | <u>\$ 1,351,792,138</u> |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the GASB Statement #75 measurement date, the City recognized OPEB expense of \$70,644,140. At June 30, 2019, the City reported deferred outflows of resources related to OPEB of \$102,152,944 for changes in assumptions.

The City’s deferred outflows of resources related to OPEB will be recognized in OPEB expenses as follows:

| Year ended June 30: | |
|---------------------|-----------------------|
| 2020..... | \$ 9,286,631 |
| 2021..... | 9,286,631 |
| 2022..... | 9,286,631 |
| 2023..... | 9,286,631 |
| 2024..... | 9,286,631 |
| 2025..... | 9,286,631 |
| 2026..... | 9,286,631 |
| 2027..... | 9,286,631 |
| 2028..... | 9,286,631 |
| 2029..... | 9,286,631 |
| 2030..... | <u>9,286,634</u> |
| Total..... | <u>\$ 102,152,944</u> |

Changes of Assumptions – The discount rate was decreased from 3.50% to 3.10%.

Changes in Plan Provisions – None.

NOTE 14 – FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

GAAP requires that all Pension and Other Postemployment Trust Funds be combined and presented in one column in the Fiduciary Funds financial statements and that the individual financial statements for each trust fund plan are reported in the notes to the financial statements. Provided below are the individual financial statements for the pension and OPEB plans that are included in the Fiduciary Funds as Pension and Other Postemployment Benefit Trust Funds.

| | Pension Trust Fund (as of December 31, 2018) | Other Postemployment Benefit Trust Fund | Total Pension and Other Postemployment Benefit Trust Funds |
|--|---|--|--|
| ASSETS | | | |
| Cash and cash equivalents..... | \$ 1,053,533 | \$ 2,421,644 | \$ 3,475,177 |
| Investments: | | | |
| Investments in Pension Reserve Investment Trust..... | 335,867,504 | - | 335,867,504 |
| Alternative investments..... | 674,249 | - | 674,249 |
| Receivables, net of allowance for uncollectibles: | | | |
| Departmental and other..... | 279,319 | - | 279,319 |
| TOTAL ASSETS..... | 337,874,605 | 2,421,644 | 340,296,249 |
| LIABILITIES | | | |
| Warrants payable..... | 20,743 | - | 20,743 |
| NET POSITION | | | |
| Restricted for pensions..... | 337,853,862 | - | 337,853,862 |
| Restricted for other postemployment benefits..... | - | 2,421,644 | 2,421,644 |
| TOTAL NET POSITION..... | \$ 337,853,862 | \$ 2,421,644 | \$ 340,275,506 |

| | Pension Trust Fund (as of December 31, 2018) | Other Postemployment Benefit Trust Fund | Total Pension and Other Postemployment Benefit Trust Funds |
|---|---|--|--|
| ADDITIONS: | | | |
| Contributions: | | | |
| Employer contributions..... | \$ 67,724,281 | \$ 745,325 | \$ 68,469,606 |
| Employer contributions for other postemployment benefit payments..... | - | 31,660,697 | 31,660,697 |
| Member contributions..... | 15,523,357 | - | 15,523,357 |
| Transfers from other systems..... | 1,233,813 | - | 1,233,813 |
| 3(8)c contributions from other systems..... | 816,242 | - | 816,242 |
| State COLA reimbursements..... | 549,575 | - | 549,575 |
| Member makeup payments and redeposits..... | 113,870 | - | 113,870 |
| Other receipts..... | 889 | - | 889 |
| Total contributions..... | 85,962,027 | 32,406,022 | 118,368,049 |
| Net investment income: | | | |
| Investment income..... | 24,936,129 | 41,995 | 24,978,124 |
| Net change in fair value of investments..... | (31,102,356) | - | (31,102,356) |
| Less: investment expense..... | (1,798,110) | - | (1,798,110) |
| Net investment income (loss)..... | (7,964,337) | 41,995 | (7,922,342) |
| TOTAL ADDITIONS..... | 77,997,690 | 32,448,017 | 110,445,707 |
| DEDUCTIONS: | | | |
| Administration..... | 824,545 | - | 824,545 |
| Transfers to other systems..... | 1,165,703 | - | 1,165,703 |
| 3(8)c transfer to other systems..... | 2,336,249 | - | 2,336,249 |
| Retirement benefits and refunds..... | 78,997,769 | - | 78,997,769 |
| Other postemployment benefit payments..... | - | 31,660,697 | 31,660,697 |
| TOTAL DEDUCTIONS..... | 83,324,266 | 31,660,697 | 114,984,963 |
| NET INCREASE (DECREASE) IN NET POSITION..... | (5,326,576) | 787,320 | (4,539,256) |
| NET POSITION AT BEGINNING OF YEAR..... | 343,180,438 | 1,634,324 | 344,814,762 |
| NET POSITION AT END OF YEAR..... | \$ 337,853,862 | \$ 2,421,644 | \$ 340,275,506 |

NOTE 14 – TAX INCREMENT FINANCING AGREEMENTS

The City enters into tax increment financing (TIF) agreements with local businesses under Chapter 40, Section 59 of the Massachusetts General Laws. Under this section of the law, localities may grant property tax exemptions of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The exemptions may be granted to any business located within or promising to relocate to the City. Currently there are 12 Agreements in place, 9 of which will expire within four years, 1 that extends out until 2027, 1 that extends out until 2029, and 1 that extends out until 2030. These all represent new construction and permanent job opportunities within the City. For the fiscal year ended 2019, the City exempted property taxes totaling \$1,328,000 under these agreements.

The City has not made any commitments as part of the agreements other than to reduce taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities.

NOTE 15 – HOST COMMUNITY AGREEMENT

The City entered into a Host Community Agreement (the Agreement) with MGM Springfield Redevelopment, LLC (MGM) a subsidiary of MGM Resorts International on May 14, 2013 for the development of a mixed-use entertainment complex, which opened its doors in August of 2018. The project consists of a resort casino, a four-star hotel, retail space, restaurants and lounges, meeting and convention space, parking, and residential space. Under the Agreement, MGM is required to make substantial payments to the City. Upfront and advance payments totaled over \$15 million and annual payments to be made upon opening of the facility total over \$25 million.

Upfront Payments

The upfront payments of approximately \$15.2 million include Direct Community Impact payments for police, fire, schools, and various infrastructure requirements; a Community Development Grant; Surrounding Community Impact payments, Chapter 121A advances, Riverfront Park Improvement payments, and an MGM Pavilion at the Franconia Municipal Golf Course.

Massachusetts General Laws Chapter 121A authorizes the creation of single-purpose, project-specific, for-profit companies for undertaking commercial projects in areas which are considered to be decadent, substandard, or blighted. Chapter 121A sets forth the procedures for negotiating an alternative tax payment which benefits a municipality by: (1) creating agreed upon tax payments for a period of years, (2) eliminating the uncertainty and expense associated with the property tax assessment process, (3) allowing the municipality to use the full amount of tax prepayments without regard to possible abatement claims, and (4) allowing the municipality to receive advance payments on dates certain during the development and construction of the project.

Projected Annual Payments

Projected annual payments range from approximately \$20 million, net of advances in the first seven years, to approximately \$27 million after 15 years of operation. These payments to the City consist of Annual Community Impact payments, Annual Community Development grants, Annual Chapter 121A payments (fixed and variable), Annual Surrounding Community payments, and Annual Funding for Union Station.

The City collected total revenue of approximately \$18.6 million in 2019 under this Agreement, not including \$500,000 provided to Union Station directly.

NOTE 16 – 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 July 2017, the City of Springfield entered into an amended and restated Waste Service Agreement with what is now Covanta of Springfield, LLC, a company that owns and operates a 400 ton a 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 seven years, specified quantities of solid waste and to pay a specified monthly service fee. The City’s obligated to pay two invoices per month which will describe on a per-day and per vehicle basis the quantity of solid waste charged against the account during such period. For the year-ending June 30, 2019, the City costs under the service level agreement were approximately \$2.95 million. In May of 2019 Covanta of Springfield, LLC assigned the City of Springfield contract to Community ECO Springfield, LLC.

NOTE 17 – 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, 2019. However, management believes that the disposition of matters that are pending or asserted will not have a materially adverse effect on the financial statements.

Federal Grants

The City participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2019, 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 18 – RESTATEMENT OF NET POSITION AND FUND BALANCE PREVIOUSLY REPORTED

The City restated its beginning net position and nonmajor fund balance to the reflect the inclusion of two blended component units not previously reported, as follows:

| | 06/30/2018 Previously Reported Balances | Springfield Empowerment Zone Partnership, Inc. | Springfield Library Foundation, Inc. | 06/30/2018 Restated Balances |
|---|--|---|--|------------------------------------|
| Government-Wide Financial Statements | | | | |
| Governmental activities..... | \$ (1,317,734,832) | \$ 812,644 | \$ 8,060,573 | \$ (1,308,861,615) |
| Governmental funds | | | | |
| Nonmajor governmental funds..... | \$ 54,605,240 | \$ 812,644 | \$ 8,060,573 | \$ 63,478,457 |

NOTE 19 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 27, 2019, which is the date the financial statements were available to be issued.

NOTE 20 – FUTURE IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2019, the following GASB pronouncements were implemented:

- GASB Statement #83, *Certain Asset Retirement Obligations*. This pronouncement did not impact the basic financial statements.
- GASB Statement #88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2020.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2021.
- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2020.
- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2022.

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

Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2019

| | 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..... | \$ 202,789,680 | \$ 202,789,652 | \$ 198,821,244 | \$ - | \$ (3,968,408) |
| Tax liens..... | - | - | 2,030,903 | - | 2,030,903 |
| Motor vehicle and other excise taxes..... | 11,300,000 | 11,300,000 | 12,520,438 | - | 1,220,438 |
| Hotel/motel tax..... | 1,352,927 | 1,352,927 | 1,672,361 | - | 319,434 |
| Meals tax..... | 1,800,000 | 1,800,000 | 2,143,294 | - | 343,294 |
| Charges for services..... | 5,878,565 | 5,878,565 | 4,885,923 | - | (992,642) |
| Penalties and interest on taxes..... | 1,230,350 | 1,230,350 | 1,598,891 | - | 368,541 |
| Payments in lieu of taxes..... | 300,000 | 300,000 | 261,621 | - | (38,379) |
| Chapter 121A - excise payments in lieu of taxes..... | 15,819,948 | 15,819,948 | 15,812,516 | - | (7,432) |
| Licenses and permits..... | 9,640,353 | 9,640,353 | 7,375,290 | - | (2,265,063) |
| Fines and forfeitures..... | 6,435,772 | 6,435,772 | 6,445,789 | - | 10,017 |
| Intergovernmental - state aid..... | 391,830,224 | 393,847,540 | 394,434,419 | - | 586,879 |
| Departmental and other..... | 5,916,697 | 5,916,697 | 6,502,981 | - | 586,284 |
| Investment income..... | 1,896,859 | 1,896,859 | 3,278,415 | - | 1,381,556 |
| TOTAL REVENUES..... | 656,191,375 | 658,208,663 | 657,784,085 | - | (424,578) |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| GENERAL GOVERNMENT | | | | | |
| City Council | | | | | |
| Personal Services..... | 433,685 | 433,714 | 424,366 | - | 9,348 |
| Expenditures..... | 15,031 | 15,031 | 13,922 | - | 1,109 |
| Total City Council..... | 448,716 | 448,745 | 438,288 | - | 10,457 |
| Mayor | | | | | |
| Personal Services..... | 543,446 | 557,612 | 557,226 | - | 386 |
| Expenditures..... | 14,432 | 14,432 | 8,241 | - | 6,191 |
| Total Mayor..... | 557,878 | 572,044 | 565,467 | - | 6,577 |
| Finance | | | | | |
| Expenditures..... | 3,478,548 | 1,875,567 | 1,688,650 | - | 186,917 |
| Office of Management and Budget | | | | | |
| Personal Services..... | 790,303 | 775,303 | 764,765 | - | 10,538 |
| Expenditures..... | 129,946 | 129,947 | 84,055 | 29,851 | 16,041 |
| Total Department of Administration and Finance..... | 920,249 | 905,250 | 848,820 | 29,851 | 26,579 |
| 311 Call Center | | | | | |
| Personal Services..... | 412,263 | 412,263 | 409,167 | - | 3,096 |
| Expenditures..... | 52,758 | 52,758 | 52,302 | 316 | 140 |
| Total 311 Call Center..... | 465,021 | 465,021 | 461,469 | 316 | 3,236 |
| Comptroller | | | | | |
| Personal Services..... | 586,943 | 586,943 | 585,698 | - | 1,245 |
| Expenditures..... | 80,088 | 6,087 | 5,581 | - | 506 |
| Total Comptroller..... | 667,031 | 593,030 | 591,279 | - | 1,751 |
| Internal Audit | | | | | |
| Personal Services..... | 280,230 | 265,230 | 249,597 | - | 15,633 |
| Expenditures..... | 223,039 | 223,039 | 213,840 | 1,058 | 8,141 |
| Total Internal Audit..... | 503,269 | 488,269 | 463,437 | 1,058 | 23,774 |
| Office of Procurement | | | | | |
| Personal Services..... | 480,287 | 470,287 | 455,967 | - | 14,320 |
| Expenditures..... | 100,134 | 100,134 | 96,628 | 3,506 | - |
| Total Office of Procurement..... | 580,421 | 570,421 | 552,595 | 3,506 | 14,320 |
| Board of Assessors | | | | | |
| Personal Services..... | 748,442 | 718,442 | 700,085 | - | 18,357 |
| Expenditures..... | 210,436 | 210,435 | 110,141 | 37,300 | 62,994 |
| Total Board of Assessors..... | 958,878 | 928,877 | 810,226 | 37,300 | 81,351 |

(Continued)

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

YEAR ENDED JUNE 30, 2019

| | Budgeted Amounts | | Actual Budgetary Amounts | Amounts Carried Forward To Next Year | Variance to Final Budget |
|--|--------------------|-------------------|--------------------------------|--|--------------------------------|
| | Original Budget | Final Budget | | | |
| Treasurer | | | | | |
| Personal Services..... | 519,312 | 519,312 | 519,142 | - | 170 |
| Expenditures..... | 1,351,324 | 1,351,324 | 1,049,729 | 72,810 | 228,785 |
| Total Treasurer..... | 1,870,636 | 1,870,636 | 1,568,871 | 72,810 | 228,955 |
| Collector | | | | | |
| Personal Services..... | 352,020 | 352,020 | 347,941 | - | 4,079 |
| Expenditures..... | 174,316 | 174,316 | 147,054 | 10,570 | 16,692 |
| Total Collector..... | 526,336 | 526,336 | 494,995 | 10,570 | 20,771 |
| Law | | | | | |
| Personal Services..... | 1,996,338 | 1,836,454 | 1,836,453 | - | 1 |
| Expenditures..... | 447,054 | 2,072,055 | 1,998,405 | 35,712 | 37,938 |
| Total Law..... | 2,443,392 | 3,908,509 | 3,834,858 | 35,712 | 37,939 |
| Department of Humans Resources & Labor Relations | | | | | |
| Personal Services..... | 1,153,481 | 1,148,481 | 1,134,070 | - | 14,411 |
| Expenditures..... | 550,289 | 539,370 | 497,181 | 22,176 | 20,013 |
| Total Department of Humans Resources & Labor Relations..... | 1,703,770 | 1,687,851 | 1,631,251 | 22,176 | 34,424 |
| Payroll | | | | | |
| Expenditures..... | 170,281 | 170,281 | 170,281 | - | - |
| Information Technology | | | | | |
| Personal Services..... | 1,034,219 | 894,219 | 870,883 | - | 23,336 |
| Expenditures..... | 2,171,808 | 2,169,031 | 2,082,967 | 73,613 | 12,451 |
| Capital..... | 20,000 | 22,777 | 17,626 | 2,247 | 2,904 |
| Total Information Technology..... | 3,226,027 | 3,086,027 | 2,971,476 | 75,860 | 38,691 |
| City Clerk | | | | | |
| Personal Services..... | 556,013 | 546,013 | 535,398 | - | 10,615 |
| Expenditures..... | 48,255 | 48,254 | 46,050 | 1,644 | 560 |
| Total City Clerk..... | 604,268 | 594,267 | 581,448 | 1,644 | 11,175 |
| Board of Election Commission | | | | | |
| Personal Services..... | 441,149 | 431,148 | 385,909 | - | 45,239 |
| Expenditures..... | 144,283 | 144,283 | 133,560 | 1,680 | 9,043 |
| Total Board of Election Commission..... | 585,432 | 575,431 | 519,469 | 1,680 | 54,282 |
| Planning | | | | | |
| Personal Services..... | 960,876 | 958,401 | 947,877 | - | 10,524 |
| Expenditures..... | 423,481 | 425,956 | 406,627 | 15,501 | 3,828 |
| Total Planning..... | 1,384,357 | 1,384,357 | 1,354,504 | 15,501 | 14,352 |
| Facilities Management | | | | | |
| Personal Services..... | 1,327,077 | 1,102,077 | 980,943 | - | 121,134 |
| Expenditures..... | 2,096,149 | 2,096,148 | 1,830,857 | 231,880 | 33,411 |
| Total Facilities Management..... | 3,423,226 | 3,198,225 | 2,811,800 | 231,880 | 154,545 |
| Capital Asset Construction | | | | | |
| Personal Services..... | 446,200 | 446,200 | 446,200 | - | - |
| Expenditures..... | 78,614 | 78,614 | 40,701 | 4,151 | 33,762 |
| Total Capital Asset Construction..... | 524,814 | 524,814 | 486,901 | 4,151 | 33,762 |
| Provisions for Uncompensated Absences | | | | | |
| Expenditures..... | (1,000,000) | 1,126 | - | - | 1,126 |
| Reserve for Contingencies | | | | | |
| Expenditures..... | 250,000 | - | - | - | - |
| Parking Contract | | | | | |
| Expenditures..... | 1,225,471 | 1,225,471 | 1,006,541 | 218,929 | 1 |
| Pay-As-You-Go Capital | | | | | |
| Capital..... | 3,465,249 | 2,767,656 | 1,812,482 | 657,979 | 297,195 |
| TOTAL GENERAL GOVERNMENT..... | 28,983,270 | 28,368,211 | 25,665,108 | 1,420,923 | 1,282,180 |

(Continued)

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

YEAR ENDED JUNE 30, 2019

| | Budgeted Amounts | | Actual Budgetary Amounts | Amounts Carried Forward To Next Year | Variance to Final Budget |
|---|--------------------|-------------------|--------------------------------|--|--------------------------------|
| | Original Budget | Final Budget | | | |
| PUBLIC SAFETY | | | | | |
| Police | | | | | |
| Personal Services..... | 41,860,890 | 47,168,982 | 46,878,907 | - | 290,075 |
| Expenditures..... | 3,632,137 | 3,615,138 | 3,246,236 | 212,078 | 156,824 |
| Capital..... | 208,800 | 288,800 | 116,147 | 167,044 | 5,609 |
| Total Police..... | 45,701,827 | 51,072,920 | 50,241,290 | 379,122 | 452,508 |
| Fire | | | | | |
| Personal Services..... | 21,610,963 | 21,610,963 | 20,470,531 | - | 1,140,432 |
| Expenditures..... | 1,921,024 | 1,918,861 | 1,859,487 | 17,536 | 41,838 |
| Capital..... | 7,500 | 7,500 | 7,500 | - | - |
| Total Fire..... | 23,539,487 | 23,537,324 | 22,337,518 | 17,536 | 1,182,270 |
| Building - Code Enforcement | | | | | |
| Personal Services..... | 1,778,553 | 1,656,053 | 1,582,889 | - | 73,164 |
| Expenditures..... | 54,293 | 54,293 | 49,798 | - | 4,495 |
| Total Building - Code Enforcement..... | 1,832,846 | 1,710,346 | 1,632,687 | - | 77,659 |
| Housing - Code Enforcement | | | | | |
| Personal Services..... | 766,406 | 750,406 | 703,251 | - | 47,155 |
| Expenditures..... | 170,993 | 170,993 | 124,072 | 41,958 | 4,963 |
| Total Housing - Code Enforcement..... | 937,399 | 921,399 | 827,323 | 41,958 | 52,118 |
| Centralized Dispatch | | | | | |
| Personal Services..... | 1,886,781 | 1,886,781 | 1,752,159 | - | 134,622 |
| Expenditures..... | 158,616 | 117,874 | 114,105 | - | 3,769 |
| Total Centralized Dispatch..... | 2,045,397 | 2,004,655 | 1,866,264 | - | 138,391 |
| TJ O'Connor Animal Control | | | | | |
| Personal Services..... | 685,368 | 685,368 | 685,368 | - | - |
| Expenditures..... | 835,392 | 860,373 | 787,583 | 35,693 | 37,097 |
| Total Animal Control..... | 1,520,760 | 1,545,741 | 1,472,951 | 35,693 | 37,097 |
| TOTAL PUBLIC SAFETY..... | 75,577,716 | 80,792,385 | 78,378,033 | 474,309 | 1,940,043 |
| EDUCATION | | | | | |
| School Department..... | 441,559,617 | 443,576,874 | 425,207,326 | 17,989,282 | 380,266 |
| PUBLIC WORKS | | | | | |
| Personal Services..... | 4,314,467 | 4,314,467 | 3,987,315 | - | 327,152 |
| Expenditures..... | 6,811,582 | 6,811,583 | 6,654,494 | 126,644 | 30,445 |
| TOTAL PUBLIC WORKS..... | 11,126,049 | 11,126,050 | 10,641,809 | 126,644 | 357,597 |
| HEALTH & HUMAN SERVICES | | | | | |
| Health & Human Services | | | | | |
| Personal Services..... | 1,465,866 | 1,365,865 | 1,218,498 | - | 147,367 |
| Expenditures..... | 247,137 | 247,137 | 224,349 | 3,582 | 19,206 |
| Total Health & Human Services..... | 1,713,003 | 1,613,002 | 1,442,847 | 3,582 | 166,573 |
| Department of Elder Affairs | | | | | |
| Personal Services..... | 406,736 | 406,736 | 388,356 | - | 18,380 |
| Expenditures..... | 126,668 | 211,685 | 205,735 | - | 5,950 |
| Total Department of Elder Affairs..... | 533,404 | 618,421 | 594,091 | - | 24,330 |
| Veterans Services | | | | | |
| Personal Services..... | 351,790 | 351,790 | 351,790 | - | - |
| Expenditures..... | 1,717,057 | 1,717,057 | 1,296,087 | 19 | 420,951 |
| Veterans Services..... | 2,068,847 | 2,068,847 | 1,647,877 | 19 | 420,951 |
| TOTAL HEALTH & HUMAN SERVICES..... | 4,315,254 | 4,300,270 | 3,684,815 | 3,601 | 611,854 |

(Continued)

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

YEAR ENDED JUNE 30, 2019

| | Budgeted Amounts | | Actual Budgetary Amounts | Amounts Carried Forward To Next Year | Variance to Final Budget |
|---|----------------------|----------------------|--------------------------------|--|--------------------------------|
| | Original Budget | Final Budget | | | |
| CULTURE & RECREATION | | | | | |
| Library | | | | | |
| Personal Services..... | 3,250,624 | 3,246,810 | 3,236,268 | - | 10,542 |
| Expenditures..... | 1,437,336 | 1,441,150 | 1,400,959 | 33,316 | 6,875 |
| Capital..... | 47,000 | 47,000 | 46,988 | - | 12 |
| Total Library..... | 4,734,960 | 4,734,960 | 4,684,215 | 33,316 | 17,429 |
| Museum | | | | | |
| Expenditures..... | 1,320,000 | 1,320,000 | 1,320,000 | - | - |
| Parks | | | | | |
| Personal Services..... | 5,068,529 | 4,706,499 | 4,436,880 | - | 269,619 |
| Expenditures..... | 4,145,450 | 4,430,480 | 4,044,919 | 355,633 | 29,928 |
| Capital..... | 226,265 | 226,265 | 226,263 | - | 2 |
| Total Parks..... | 9,440,244 | 9,363,244 | 8,708,062 | 355,633 | 299,549 |
| TOTAL CULTURE & RECREATION..... | 15,495,204 | 15,418,204 | 14,712,277 | 388,949 | 316,978 |
| OTHER | | | | | |
| Debt Service | | | | | |
| Expenditures..... | 27,870,576 | 27,870,576 | 27,361,935 | - | 508,641 |
| State Assessments | | | | | |
| Expenditures..... | 3,659,157 | 3,733,158 | 3,682,772 | 50,386 | - |
| Contribution Retirement Pension | | | | | |
| Expenditures..... | 39,473,185 | 42,591,172 | 42,496,071 | - | 95,101 |
| Non-Contributory Pensions | | | | | |
| Expenditures..... | 149,403 | 149,403 | 60,259 | - | 89,144 |
| Unemployment | | | | | |
| Expenditures..... | 174,800 | 177,750 | 85,543 | 20,000 | 72,207 |
| Workers Compensation Indemnity | | | | | |
| Expenditures..... | 595,970 | 595,970 | 486,265 | - | 109,705 |
| Workers Compensation Medical Claims | | | | | |
| Expenditures..... | 1,056,518 | 1,301,518 | 1,259,337 | - | 42,181 |
| Health Insurance - Non School | | | | | |
| Expenditures..... | 24,147,257 | 23,902,257 | 22,989,393 | - | 912,864 |
| Medicare - Employer Match | | | | | |
| Expenditures..... | 1,426,746 | 1,434,715 | 1,434,468 | - | 247 |
| TOTAL EXPENDITURES..... | 675,610,722 | 685,338,513 | 658,145,411 | 20,474,094 | 6,719,008 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | (19,419,347) | (27,129,850) | (361,326) | (20,474,094) | 6,294,430 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Use of prior year reserves..... | 23,027,213 | 23,027,213 | - | - | (23,027,213) |
| Use of free cash to fund transfers out..... | - | 1,467,167 | - | - | (1,467,167) |
| Use of free cash for supplemental votes..... | - | 5,986,079 | - | - | (5,986,079) |
| Transfers in..... | - | 3,135,000 | 3,371,250 | - | 236,250 |
| Transfers out..... | (3,607,866) | (6,485,609) | (6,485,609) | - | - |
| TOTAL OTHER FINANCING SOURCES (USES)..... | 19,419,347 | 27,129,850 | (3,114,359) | - | (30,244,209) |
| NET CHANGE IN FUND BALANCE..... | - | - | (3,475,685) | (20,474,094) | (23,949,779) |
| BUDGETARY FUND BALANCE, Beginning of year..... | 69,950,087 | 69,950,087 | 69,950,087 | - | - |
| BUDGETARY FUND BALANCE, End of year..... | \$ 69,950,087 | \$ 69,950,087 | \$ 66,474,402 | \$ (20,474,094) | \$ (23,949,779) |

(Concluded)

See notes to required supplementary information.

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
SPRINGFIELD CONTRIBUTORY RETIREMENT SYSTEM**

| | December 31, 2014 | December 31, 2015 | December 31, 2016 | December 31, 2017 | December 31, 2018 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Total pension liability: | | | | | |
| Service cost..... | \$ 17,151,000 | \$ 17,923,000 | \$ 22,085,000 | \$ 23,027,000 | \$ 23,719,000 |
| Interest..... | 77,538,000 | 79,578,000 | 84,605,000 | 87,036,000 | 88,350,000 |
| Differences between expected and actual experience..... | - | 12,434,000 | - | (11,096,000) | - |
| Changes in assumptions..... | - | 54,000,000 | - | 35,400,000 | - |
| Benefit payments..... | <u>(68,031,686)</u> | <u>(71,092,314)</u> | <u>(74,233,640)</u> | <u>(77,530,360)</u> | <u>(80,146,000)</u> |
| Net change in total pension liability..... | 26,657,314 | 92,842,686 | 32,456,360 | 56,836,640 | 31,923,000 |
| Total pension liability - beginning..... | <u>1,001,475,000</u> | <u>1,028,132,314</u> | <u>1,120,975,000</u> | <u>1,153,431,360</u> | <u>1,210,268,000</u> |
| Total pension liability - ending (a)..... | <u>\$ 1,028,132,314</u> | <u>\$ 1,120,975,000</u> | <u>\$ 1,153,431,360</u> | <u>\$ 1,210,268,000</u> | <u>\$ 1,242,191,000</u> |
| Plan fiduciary net position: | | | | | |
| Employer contributions..... | \$ 45,805,630 | \$ 47,710,101 | \$ 50,572,700 | \$ 57,652,878 | \$ 67,724,281 |
| Member contributions..... | 12,150,386 | 13,184,024 | 14,085,746 | 14,594,679 | 15,705,337 |
| Net investment income (loss)..... | 20,681,621 | 1,890,211 | 20,912,155 | 50,175,997 | (7,964,337) |
| Administrative expenses..... | (751,843) | (722,933) | (830,407) | (796,923) | (824,545) |
| Retirement benefits and refunds, net..... | (68,031,686) | (71,092,314) | (74,233,640) | (77,530,360) | (79,968,201) |
| Other receipts..... | <u>-</u> | <u>785,488</u> | <u>295,507</u> | <u>121,215</u> | <u>889</u> |
| Net increase (decrease) in fiduciary net position..... | 9,854,108 | (8,245,423) | 10,802,061 | 44,217,486 | (5,326,576) |
| Fiduciary net position - beginning of year..... | <u>286,552,206</u> | <u>296,406,314</u> | <u>288,160,891</u> | <u>298,962,952</u> | <u>343,180,438</u> |
| Fiduciary net position - end of year (b)..... | <u>\$ 296,406,314</u> | <u>\$ 288,160,891</u> | <u>\$ 298,962,952</u> | <u>\$ 343,180,438</u> | <u>\$ 337,853,862</u> |
| Net pension liability - ending (a)-(b)..... | <u>\$ 731,726,000</u> | <u>\$ 832,814,109</u> | <u>\$ 854,468,408</u> | <u>\$ 867,087,562</u> | <u>\$ 904,337,138</u> |
| Plan fiduciary net position as a percentage of the total pension liability..... | 28.83% | 25.71% | 25.92% | 28.36% | 27.20% |
| Covered payroll..... | \$ 139,681,000 | \$ 152,161,000 | \$ 159,008,245 | \$ 154,471,000 | \$ 155,243,000 |
| Net pension liability as a percentage of covered payroll..... | 523.86% | 547.32% | 537.37% | 561.33% | 582.53% |

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 CONTRIBUTIONS
SPRINGFIELD CONTRIBUTORY RETIREMENT SYSTEM**

| Year | Actuarially determined contribution | Contributions in relation to the actuarially determined contribution | Contribution deficiency (excess) | Covered payroll | Contributions as a percentage of covered payroll |
|------------------------|---|--|--|--------------------|---|
| December 31, 2018..... | \$ 65,724,281 | \$ (67,724,281) | \$ (2,000,000) | \$ 155,243,000 | 43.62% |
| December 31, 2017..... | 57,652,878 | (57,652,878) | - | 154,471,000 | 37.32% |
| December 31, 2016..... | 50,572,700 | (50,572,700) | - | 159,008,245 | 31.81% |
| December 31, 2015..... | 47,710,100 | (47,710,100) | - | 152,161,000 | 31.36% |
| December 31, 2014..... | 45,009,537 | (45,009,537) | - | 139,681,000 | 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.

See notes to required supplementary information.

**SCHEDULE OF INVESTMENT RETURNS
 SPRINGFIELD CONTRIBUTORY RETIREMENT SYSTEM**

| Year | Annual money-weighted rate of return, net of investment expense |
|------------------------|---|
| December 31, 2018..... | -2.33% |
| December 31, 2017..... | 17.04% |
| December 31, 2016..... | 7.45% |
| December 31, 2015..... | 0.58% |
| December 31, 2014..... | 7.24% |

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.

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**

| Year | Proportion of the net pension liability (asset) | Proportionate share of the net pension liability (asset) | Covered payroll | Net pension liability as a percentage of covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|------------------------|---|---|--------------------|--|--|
| December 31, 2018..... | 87.92% | \$ 795,125,634 | \$ 135,857,606 | 585.26% | 27.20% |
| December 31, 2017..... | 87.70% | 760,463,014 | 135,475,917 | 561.33% | 28.36% |
| December 31, 2016..... | 87.61% | 748,584,423 | 138,289,911 | 541.32% | 25.92% |
| December 31, 2015..... | 86.97% | 724,300,735 | 132,334,843 | 547.32% | 25.71% |
| December 31, 2014..... | 86.94% | 636,164,105 | 121,438,952 | 523.86% | 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 THE CITY'S CONTRIBUTIONS
SPRINGFIELD CONTRIBUTORY RETIREMENT SYSTEM**

| Year | Actuarially determined contribution | Contributions in relation to the actuarially determined contribution | Contribution deficiency (excess) | Covered payroll | Contributions as a percentage of covered payroll |
|--------------------|---|--|--|--------------------|--|
| June 30, 2019..... | \$ 57,804,659 | \$ (60,922,646) | \$ (3,117,987) | \$ 135,993,464 | 44.80% |
| June 30, 2018..... | 50,563,384 | (50,563,384) | - | 135,471,094 | 37.32% |
| June 30, 2017..... | 44,305,834 | (44,305,834) | - | 138,298,374 | 32.04% |
| June 30, 2016..... | 41,493,606 | (41,493,606) | - | 132,328,300 | 31.36% |
| June 30, 2015..... | 39,131,385 | (39,131,385) | - | 121,441,306 | 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.

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. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

| Year | Commonwealth's 100% Share of the Associated Net Pension Liability | Expense and Revenue Recognized for the Commonwealth's Support | Plan Fiduciary Net Position as a Percentage of the Total Liability |
|-----------|--|---|---|
| 2019..... | \$ 581,660,954 | \$ 58,942,915 | 54.84% |
| 2018..... | 594,362,737 | 62,035,369 | 54.25% |
| 2017..... | 555,999,756 | 56,715,620 | 52.73% |
| 2016..... | 534,192,073 | 43,327,731 | 55.38% |
| 2015..... | 430,067,023 | 29,878,820 | 61.64% |

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

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

The Schedule of Changes in the City's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered-employee payroll.

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

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment 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
CITY'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

| | June 30, 2017 | June 30, 2018 | June 30, 2019 |
|---|-------------------------|-------------------------|-------------------------|
| Total OPEB Liability | | | |
| Service Cost..... | \$ 21,293,075 | \$ 18,688,914 | \$ 20,831,520 |
| Interest..... | 46,678,450 | 40,969,637 | 40,567,984 |
| Changes of benefit terms..... | - | - | - |
| Differences between expected and actual experience.... | - | - | - |
| Changes of assumptions..... | - | - | 111,439,575 |
| Benefit payments..... | <u>(25,000,273)</u> | <u>(34,268,374)</u> | <u>(31,660,697)</u> |
| Net change in total OPEB liability..... | 42,971,252 | 25,390,177 | 141,178,382 |
| Total OPEB liability - beginning..... | <u>1,144,673,971</u> | <u>1,187,645,223</u> | <u>1,213,035,400</u> |
| Total OPEB liability - ending (a)..... | <u>\$ 1,187,645,223</u> | <u>\$ 1,213,035,400</u> | <u>\$ 1,354,213,782</u> |
| Plan fiduciary net position | | | |
| Employer contributions..... | \$ 494,794 | \$ 644,079 | \$ 745,325 |
| Employer contributions for OPEB payments..... | 25,000,273 | 34,268,374 | 31,660,697 |
| Net investment income..... | 1,455 | 13,005 | 41,995 |
| Benefit payments..... | <u>(25,000,273)</u> | <u>(34,268,374)</u> | <u>(31,660,697)</u> |
| Net change in plan fiduciary net position..... | 496,249 | 657,084 | 787,320 |
| Plan fiduciary net position - beginning of year..... | <u>480,991</u> | <u>977,240</u> | <u>1,634,324</u> |
| Plan fiduciary net position - end of year (b)..... | <u>\$ 977,240</u> | <u>\$ 1,634,324</u> | <u>\$ 2,421,644</u> |
| Net OPEB liability - ending (a)-(b)..... | <u>\$ 1,186,667,983</u> | <u>\$ 1,211,401,076</u> | <u>\$ 1,351,792,138</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability..... | 0.08% | 0.13% | 0.18% |
| Covered-employee payroll..... | \$ 277,466,376 | \$ 279,686,107 | \$ 281,923,596 |
| Net OPEB liability as a percentage of covered-employee payroll..... | 427.68% | 433.13% | 479.49% |

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 THE CITY'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

| Year | Actuarially determined contribution | Contributions in relation to the actuarially determined contribution | Contribution deficiency (excess) | Covered- employee payroll | Contributions as a percentage of covered- employee payroll |
|--------------------|---|--|--|------------------------------|---|
| June 30, 2019..... | \$ 70,644,140 | \$ (31,660,697) | \$ 38,983,443 | \$ 281,923,596 | 11.23% |
| June 30, 2018..... | 59,645,546 | (32,406,022) | 27,239,524 | 279,686,107 | 11.59% |
| June 30, 2017..... | 67,971,525 | (25,495,067) | 42,476,458 | 277,466,376 | 9.19% |

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 INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

| Year | Annual money-weighted rate of return, net of investment expense |
|--------------------|---|
| June 30, 2019..... | N/A |
| June 30, 2018..... | N/A |
| June 30, 2017..... | N/A |

(N/A) - The assets of the OPEB Trust Fund were invested in money market funds earning 2.55% at June 30, 2019.

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.

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 2019 approved budget authorized approximately \$679.2 million in appropriations and other amounts to be raised. During the year the City appropriated an additional \$12.6 million of expenditures and transfers out to the retirement system, capital funds, stabilization funds, and OPEB trust. 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, 2019, is presented below:

| | |
|--|------------------------------|
| Net change in fund balance - budgetary basis..... | \$ (3,475,685) |
| <u>Perspective differences:</u> | |
| Activity of the stabilization fund recorded in the general fund for GAAP..... | (1,153,337) |
| <u>Basis of accounting differences:</u> | |
| Net change in recording 60 day receipts..... | (35,723) |
| Net change in recording accrued expenditures..... | (184,035) |
| Recognition of revenue for on-behalf payments..... | 58,942,915 |
| Recognition of expenditures for on-behalf payments..... | <u>(58,942,915)</u> |
| Net change in fund balance - GAAP basis..... | \$ <u><u>(4,848,780)</u></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, 2018.

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 Returns

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:

None.

E. Changes in Plan Provisions:

None.

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. Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on behalf of its teacher retirees by the state.

The Other Postemployment Benefit PlanThe Schedule of Changes in the City's Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the City's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

Schedule of the City's Contributions

The Schedule of the City's Contributions includes the City's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The City is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll. Actuarially contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates are as follows on the next page.

| | |
|--|---|
| Valuation date..... | July 1, 2017 |
| Actuarial cost method..... | Entry Age Normal as a Level Percentage of Payroll. |
| Asset valuation method..... | Market Value of Assets as of the Reporting Date, June 30, 2019. |
| Nominal investment rate of return..... | 2.52%, previously 1.35%. |
| Single equivalent discount rate..... | 3.10%, based on the municipal bond index rate, previously 3.50%. |
| Inflation..... | Not specifically assumed. |
| Salary increases..... | 3.0% annually as of June 30, 2019 and for future periods. |
| Healthcare cost trend rate..... | Year 1 Trend: 8.0% Pre-65 and Post 65. Ultimate Trend: July 1, 2025 and later, 5.0% Pre-65 and Post 65. Grading Per year: 0.5% Pre-65 and Post 65. |
| Mortality..... | RP 2014 Healthy Male and Female Tables are based on the Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using Projection Scale AA for 3.5 years, plus 10 years additional mortality improvement. |

Schedule of Investment Return

The Schedule of Investment Returns includes the money-weighted investment return on the Plan’s other postemployment assets, net of investment expense. The assets of the OPEB Trust fund were invested in money market funds earning 2.55% at June 30, 2019.

Changes in Assumptions:

The discount rate was decreased from 3.50% to 3.10%.

Changes in Plan Provisions:

None.

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.

Tornado Relief – This fund accounts for activity related to cleanup and repair costs of the tornado that occurred during 2011.

Springfield Empowerment Zone Partnership, Inc – This fund is used to account for operations of a voluntary Partnership that was formed to oversee the planning, budgeting, and day-to-day operations of certain Middle Schools within the Springfield Public School System.

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

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.

School Capital Projects – This fund is used to account for construction, renovations, and major repairs of the City's schools.

Other – This fund accounts for all other legally established capital projects 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.

PERMANENT FUND

Permanent Funds are used to account for the resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

Springfield Library Foundation, Inc. – This fund is used to account for Library Trust funds and Endowment funds that benefit the Springfield City Library System.

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

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2019

| | Special Revenue Funds | | | | | |
|---|-----------------------|----------------------|---------------------|-------------------------|---------------------|-----------------------------|
| | Utility/ Telephone | Receipts Reserved | School Lunch | Highway Improvements | Revolving | Federal Grants School |
| ASSETS | | | | | | |
| Cash and cash equivalents..... | \$ 1,195,246 | \$ 282,690 | \$ 1,883,990 | \$ - | \$ 4,436,675 | \$ 18,822 |
| Investments..... | - | - | - | - | - | - |
| Beneficial Interest in trusts..... | - | - | - | - | - | - |
| Receivables, net of uncollectibles: | | | | | | |
| Departmental and other..... | - | - | - | - | 911,719 | - |
| Intergovernmental..... | - | - | - | 4,325,148 | 35,291 | 2,590,356 |
| Loans..... | - | - | - | - | - | - |
| Other assets..... | - | - | - | - | - | - |
| Restricted assets: | | | | | | |
| Cash and cash equivalents..... | - | - | - | - | - | - |
| Investments held by custodian..... | - | - | - | - | - | - |
| TOTAL ASSETS..... | \$ 1,195,246 | \$ 282,690 | \$ 1,883,990 | \$ 4,325,148 | \$ 5,383,685 | \$ 2,609,178 |
| LIABILITIES | | | | | | |
| Warrants payable..... | \$ 7,215 | \$ - | \$ 13,296 | \$ 788,240 | \$ 4,257 | \$ 325,468 |
| Accrued payroll..... | 2,840 | - | 7,872 | 1,507 | 172,245 | 752,747 |
| Due to other funds..... | - | - | - | 1,140,873 | - | 1,887,978 |
| Due to granting agencies..... | - | - | - | - | - | - |
| Other liabilities..... | - | - | - | - | 81 | - |
| Claims and judgments..... | 492,000 | - | - | - | - | - |
| Notes payable..... | - | - | - | - | - | - |
| TOTAL LIABILITIES..... | 502,055 | - | 21,168 | 1,930,620 | 176,583 | 2,966,193 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue..... | - | - | - | 2,394,528 | 911,719 | - |
| Beneficial interest in trusts..... | - | - | - | - | - | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES..... | - | - | - | 2,394,528 | 911,719 | - |
| FUND BALANCES | | | | | | |
| Nonspendable..... | - | - | - | - | - | - |
| Restricted..... | 693,191 | 282,690 | 1,862,822 | - | 4,295,383 | - |
| Unassigned..... | - | - | - | - | - | (357,015) |
| TOTAL FUND BALANCES..... | 693,191 | 282,690 | 1,862,822 | - | 4,295,383 | (357,015) |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES..... | \$ 1,195,246 | \$ 282,690 | \$ 1,883,990 | \$ 4,325,148 | \$ 5,383,685 | \$ 2,609,178 |

| Special Revenue Funds | | | | | | | |
|-----------------------|---------------------|---------------------|---------------------|-------------------|--|----------------------|----------------------|
| Federal Grants City | State Grants School | State Grants City | Promise Fund | Tornado Relief | Springfield Empowerment Zone Partnership | Other | Subtotal |
| \$ 43,690 | \$ 8,137,986 | \$ 4,449,739 | \$ 5,088,529 | \$ 865,133 | \$ 518,827 | \$ 12,064,179 | \$ 38,985,506 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 36,349 | 28,462 | 976,530 |
| 1,451,698 | - | - | - | - | 625,000 | - | 9,027,493 |
| 3,735,272 | - | - | - | - | - | - | 3,735,272 |
| - | - | - | - | - | 2,000 | - | 2,000 |
| 433,505 | - | - | - | - | - | - | 433,505 |
| - | - | - | - | - | - | - | - |
| <u>\$ 5,664,165</u> | <u>\$ 8,137,986</u> | <u>\$ 4,449,739</u> | <u>\$ 5,088,529</u> | <u>\$ 865,133</u> | <u>\$ 1,182,176</u> | <u>\$ 12,092,641</u> | <u>\$ 53,160,306</u> |
| \$ 527,144 | \$ 701,539 | \$ 147,622 | \$ - | \$ - | \$ 51,686 | \$ 45,458 | \$ 2,611,925 |
| 57,297 | 55,059 | 41,549 | 4,806 | - | 27,534 | 58,611 | 1,182,067 |
| - | - | - | - | - | - | - | 3,028,851 |
| 4,774,000 | - | - | - | - | - | - | 4,774,000 |
| - | - | - | - | - | - | 4,176,064 | 4,176,145 |
| - | - | - | - | - | - | - | 492,000 |
| - | - | - | - | - | - | - | - |
| <u>5,358,441</u> | <u>756,598</u> | <u>189,171</u> | <u>4,806</u> | <u>-</u> | <u>79,220</u> | <u>4,280,133</u> | <u>16,264,988</u> |
| 295,770 | - | - | - | - | - | 28,462 | 3,630,479 |
| - | - | - | - | - | - | - | - |
| <u>295,770</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>28,462</u> | <u>3,630,479</u> |
| - | - | - | - | - | - | - | - |
| 9,954 | 7,381,388 | 4,260,568 | 5,083,723 | 865,133 | 1,102,956 | 7,784,046 | 33,621,854 |
| - | - | - | - | - | - | - | (357,015) |
| <u>9,954</u> | <u>7,381,388</u> | <u>4,260,568</u> | <u>5,083,723</u> | <u>865,133</u> | <u>1,102,956</u> | <u>7,784,046</u> | <u>33,264,839</u> |
| <u>\$ 5,664,165</u> | <u>\$ 8,137,986</u> | <u>\$ 4,449,739</u> | <u>\$ 5,088,529</u> | <u>\$ 865,133</u> | <u>\$ 1,182,176</u> | <u>\$ 12,092,641</u> | <u>\$ 53,160,306</u> |

(continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2019

| | Capital Project Funds | | | | | | | Subtotal |
|---|-----------------------|-------------------|---------------------|---------------------|-------------------------|-------------------|----------------------|----------|
| | Public Buildings | Parks | Equipment | Public Works | School Capital Projects | Other | | |
| ASSETS | | | | | | | | |
| Cash and cash equivalents..... | \$ 3,668,871 | \$ 486,929 | \$ 2,760,729 | \$ 4,896,854 | \$ 5,431,103 | \$ 150,209 | \$ 17,394,695 | |
| Investments..... | - | - | - | - | - | - | - | |
| Beneficial Interest in trusts..... | - | - | - | - | - | - | - | |
| Receivables, net of uncollectibles: | | | | | | | | |
| Departmental and other..... | - | - | - | - | - | - | - | |
| Intergovernmental - other..... | - | - | - | - | 2,037,624 | - | 2,037,624 | |
| Loans..... | - | - | - | - | - | - | - | |
| Other assets..... | - | - | - | - | - | - | - | |
| Restricted assets: | | | | | | | | |
| Cash and cash equivalents..... | - | - | - | - | - | - | - | |
| Investments held by custodian..... | - | - | - | - | - | - | - | |
| TOTAL ASSETS..... | \$ 3,668,871 | \$ 486,929 | \$ 2,760,729 | \$ 4,896,854 | \$ 7,468,727 | \$ 150,209 | \$ 19,432,319 | |
| LIABILITIES | | | | | | | | |
| Warrants payable..... | \$ 2,022,143 | \$ - | \$ - | \$ 570,883 | \$ 860,560 | \$ - | \$ 3,453,586 | |
| Accrued payroll..... | - | - | - | - | - | - | - | |
| Due to other funds..... | - | - | - | - | - | - | - | |
| Due to granting agencies..... | - | - | - | - | - | - | - | |
| Other liabilities..... | - | - | - | - | - | - | - | |
| Claims and judgments..... | - | - | - | - | - | - | - | |
| Notes payable..... | - | - | - | - | 5,700,000 | - | 5,700,000 | |
| TOTAL LIABILITIES..... | 2,022,143 | - | - | 570,883 | 6,560,560 | - | 9,153,586 | |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | |
| Unavailable revenue..... | - | - | - | - | - | - | - | |
| Unavailable revenue..... | - | - | - | - | - | - | - | |
| TOTAL DEFERRED INFLOWS OF RESOURCES..... | - | - | - | - | - | - | - | |
| FUND BALANCES | | | | | | | | |
| Nonspendable..... | - | - | - | - | - | - | - | |
| Restricted..... | 1,646,728 | 486,929 | 2,760,729 | 4,325,971 | 908,167 | 150,209 | 10,278,733 | |
| Unassigned..... | - | - | - | - | - | - | - | |
| TOTAL FUND BALANCES..... | 1,646,728 | 486,929 | 2,760,729 | 4,325,971 | 908,167 | 150,209 | 10,278,733 | |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES..... | \$ 3,668,871 | \$ 486,929 | \$ 2,760,729 | \$ 4,896,854 | \$ 7,468,727 | \$ 150,209 | \$ 19,432,319 | |

(1) The funds are as of June 30, 2018.

| Debt Service Funds | | | Permanent Fund | | | Total Nonmajor Governmental Funds |
|---------------------|----------------------|---------------------|---------------------|--------------------------------|----------------------|-----------------------------------|
| Bond Sinking Fund | Debt Service Reserve | Subtotal | Governmental Trusts | Springfield Library Foundation | Subtotal | |
| \$ - | \$ 1,280,263 | \$ 1,280,263 | \$ 2,266,776 | \$ 625,539 | \$ 2,892,315 | \$ 60,552,779 |
| - | - | - | - | 7,479,125 | 7,479,125 | 7,479,125 |
| - | - | - | 2,436,928 | 3,014,130 | 5,451,058 | 5,451,058 |
| - | - | - | - | - | - | 976,530 |
| - | - | - | - | - | - | 11,065,117 |
| - | - | - | - | - | - | 3,735,272 |
| - | - | - | - | - | - | 2,000 |
| - | - | - | - | - | - | 433,505 |
| <u>8,175,653</u> | <u>-</u> | <u>8,175,653</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>8,175,653</u> |
| <u>\$ 8,175,653</u> | <u>\$ 1,280,263</u> | <u>\$ 9,455,916</u> | <u>\$ 4,703,704</u> | <u>\$ 11,118,794</u> | <u>\$ 15,822,498</u> | <u>\$ 97,871,039</u> |
| \$ - | \$ - | \$ - | \$ 38,829 | \$ 45,667 | \$ 84,496 | \$ 6,150,007 |
| - | - | - | - | - | - | 1,182,067 |
| - | - | - | - | - | - | 3,028,851 |
| - | - | - | - | - | - | 4,774,000 |
| - | - | - | - | - | - | 4,176,145 |
| - | - | - | - | - | - | 492,000 |
| - | - | - | - | - | - | 5,700,000 |
| - | - | - | 38,829 | 45,667 | 84,496 | 25,503,070 |
| - | - | - | - | - | - | 3,630,479 |
| - | - | - | 2,436,928 | - | 2,436,928 | 2,436,928 |
| - | - | - | 2,436,928 | - | 2,436,928 | 6,067,407 |
| - | - | - | - | 3,114,650 | 3,114,650 | 3,114,650 |
| 8,175,653 | 1,280,263 | 9,455,916 | 2,227,947 | 7,958,477 | 10,186,424 | 63,542,927 |
| - | - | - | - | - | - | (357,015) |
| <u>8,175,653</u> | <u>1,280,263</u> | <u>9,455,916</u> | <u>2,227,947</u> | <u>11,073,127</u> | <u>13,301,074</u> | <u>66,300,562</u> |
| <u>\$ 8,175,653</u> | <u>\$ 1,280,263</u> | <u>\$ 9,455,916</u> | <u>\$ 4,703,704</u> | <u>\$ 11,118,794</u> | <u>\$ 15,822,498</u> | <u>\$ 97,871,039</u> |

(concluded)

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

YEAR ENDED JUNE 30, 2019

| | Special Revenue Funds | | | | | |
|---|-----------------------|----------------------|---------------------|-------------------------|---------------------|-----------------------------|
| | Utility/ Telephone | Receipts Reserved | School Lunch | Highway Improvements | Revolving | Federal Grants School |
| REVENUES: | | | | | | |
| Charges for services..... | \$ - | \$ - | \$ 787,312 | \$ - | \$ 31,007 | \$ - |
| Fines and forfeitures..... | - | - | - | - | - | - |
| Intergovernmental - other..... | - | - | 23,184,387 | 4,755,936 | 506,929 | 37,045,435 |
| Departmental and other..... | 391,101 | - | - | - | 8,093,249 | - |
| Contributions and donations..... | - | - | - | - | - | - |
| Investment income..... | - | - | 9,636 | 596 | 750 | - |
| TOTAL REVENUES..... | 391,101 | - | 23,981,335 | 4,756,532 | 8,631,935 | 37,045,435 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government..... | - | 37,838 | - | - | 11,762 | - |
| Public safety..... | - | - | - | - | 6,996,713 | - |
| Education..... | - | - | 28,408,645 | - | 1,428,211 | 37,818,192 |
| Public works..... | - | - | - | 4,756,532 | - | - |
| Health and human services..... | - | - | - | - | 379 | - |
| Culture and recreation..... | - | - | - | - | 151,498 | - |
| TOTAL EXPENDITURES..... | - | 37,838 | 28,408,645 | 4,756,532 | 8,588,563 | 37,818,192 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | 391,101 | (37,838) | (4,427,310) | - | 43,372 | (772,757) |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Issuance of bonds..... | - | - | - | - | - | - |
| Premium from issuance of bonds..... | - | - | - | - | - | - |
| Transfers in..... | - | - | - | - | - | - |
| Transfers out..... | - | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES)..... | - | - | - | - | - | - |
| NET CHANGE IN FUND BALANCES..... | 391,101 | (37,838) | (4,427,310) | - | 43,372 | (772,757) |
| FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED..... | 302,090 | 320,528 | 6,290,132 | - | 4,252,011 | 415,742 |
| FUND BALANCES AT END OF YEAR..... | \$ 693,191 | \$ 282,690 | \$ 1,862,822 | \$ - | \$ 4,295,383 | \$ (357,015) |

| Special Revenue Funds | | | | | | | |
|-----------------------|---------------------|---------------------|---------------------|-------------------|--|---------------------|----------------------|
| Federal Grants City | State Grants School | State Grants City | Promise Fund | Tornado Relief | Springfield Empowerment Zone Partnership | Other | Subtotal |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 150,932 | \$ 969,251 |
| - | - | - | - | - | - | 30,325 | 30,325 |
| 17,412,512 | 14,341,560 | 9,509,303 | - | 84,230 | 700,000 | - | 107,540,292 |
| - | - | 1,170,083 | - | - | 1,133,351 | 1,850 | 10,789,634 |
| - | - | - | - | - | 7,000 | 4,877,481 | 4,884,481 |
| 6,123 | - | 206 | 84,311 | - | - | - | 101,622 |
| <u>17,418,635</u> | <u>14,341,560</u> | <u>10,679,592</u> | <u>84,311</u> | <u>84,230</u> | <u>1,840,351</u> | <u>5,060,588</u> | <u>124,315,605</u> |
| 14,335,214 | - | 2,301,898 | - | - | - | 240,402 | 16,927,114 |
| 432,848 | - | 3,176,103 | - | - | - | 124,346 | 10,730,010 |
| - | 14,876,135 | - | 462,391 | - | 1,550,039 | 1,577,591 | 86,121,204 |
| 73,140 | - | 342,128 | - | - | - | 100,000 | 5,271,800 |
| 3,208,023 | - | 2,286,792 | - | - | - | 36,542 | 5,531,736 |
| 400,466 | - | 2,293,512 | - | - | - | 437,078 | 3,282,554 |
| <u>18,449,691</u> | <u>14,876,135</u> | <u>10,400,433</u> | <u>462,391</u> | <u>-</u> | <u>1,550,039</u> | <u>2,515,959</u> | <u>127,864,418</u> |
| <u>(1,031,056)</u> | <u>(534,575)</u> | <u>279,159</u> | <u>(378,080)</u> | <u>84,230</u> | <u>290,312</u> | <u>2,544,629</u> | <u>(3,548,813)</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| (1,031,056) | (534,575) | 279,159 | (378,080) | 84,230 | 290,312 | 2,544,629 | (3,548,813) |
| <u>1,041,010</u> | <u>7,915,963</u> | <u>3,981,409</u> | <u>5,461,803</u> | <u>780,903</u> | <u>812,644</u> | <u>5,239,417</u> | <u>36,813,652</u> |
| \$ <u>9,954</u> | \$ <u>7,381,388</u> | \$ <u>4,260,568</u> | \$ <u>5,083,723</u> | \$ <u>865,133</u> | \$ <u>1,102,956</u> | \$ <u>7,784,046</u> | \$ <u>33,264,839</u> |

(continued)

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

YEAR ENDED JUNE 30, 2018

| | Capital Project Funds | | | | Capital Project Funds | | |
|---|-----------------------|--------------------|---------------------|---------------------|-------------------------|--------------------|----------------------|
| | Public Buildings | Parks | Equipment | Public Works | School Capital Projects | Other | Subtotal |
| REVENUES: | | | | | | | |
| Charges for services..... | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fines and forfeitures..... | - | - | - | - | - | - | - |
| Intergovernmental - other..... | 1,645,220 | - | 106,107 | - | 9,163,512 | - | 10,914,839 |
| Departmental and other..... | - | - | - | - | - | - | - |
| Contributions and donations..... | 500,000 | - | - | - | - | - | 500,000 |
| Investment income..... | - | - | - | - | - | - | - |
| TOTAL REVENUES..... | 2,145,220 | - | 106,107 | - | 9,163,512 | - | 11,414,839 |
| EXPENDITURES: | | | | | | | |
| Current: | | | | | | | |
| General government..... | 623,661 | - | 936,395 | - | - | - | 1,560,056 |
| Public safety..... | 346,783 | - | 1,027,862 | - | - | - | 1,374,645 |
| Education..... | - | - | - | - | 18,723,757 | - | 18,723,757 |
| Public works..... | - | - | 1,279,587 | 6,385,337 | - | - | 7,664,924 |
| Health and human services..... | 248,674 | - | - | - | - | - | 248,674 |
| Culture and recreation..... | 6,494,795 | 1,925,061 | 7,541 | - | - | 2,181,815 | 10,609,212 |
| TOTAL EXPENDITURES..... | 7,713,913 | 1,925,061 | 3,251,385 | 6,385,337 | 18,723,757 | 2,181,815 | 40,181,268 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | (5,568,693) | (1,925,061) | (3,145,278) | (6,385,337) | (9,560,245) | (2,181,815) | (28,766,429) |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Issuance of bonds..... | 4,137,718 | 3,100,000 | 1,682,329 | 7,500,000 | 11,514,953 | - | 27,935,000 |
| Premium from issuance of bonds..... | - | - | 1,942,833 | - | - | - | 1,942,833 |
| Transfers in..... | 1,500,000 | - | 1,410,576 | 590,240 | - | - | 3,500,816 |
| Transfers out..... | (50,134) | (145,463) | - | - | (1,864,962) | (29,681) | (2,090,240) |
| TOTAL OTHER FINANCING SOURCES (USES)..... | 5,587,584 | 2,954,537 | 5,035,738 | 8,090,240 | 9,649,991 | (29,681) | 31,288,409 |
| NET CHANGE IN FUND BALANCES..... | 18,891 | 1,029,476 | 1,890,460 | 1,704,903 | 89,746 | (2,211,496) | 2,521,980 |
| FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED.... | 1,627,837 | (542,547) | 870,269 | 2,621,068 | 818,421 | 2,361,705 | 7,756,753 |
| FUND BALANCES AT END OF YEAR..... | \$ 1,646,728 | \$ 486,929 | \$ 2,760,729 | \$ 4,325,971 | \$ 908,167 | \$ 150,209 | \$ 10,278,733 |

(1) The funds are for the year ended June 30, 2018.

| Debt Service Funds | | | Permanent Fund | | | Total Nonmajor Governmental Funds |
|-------------------------|----------------------------|---------------------|------------------------|--------------------------------------|----------------------|--|
| Bond Sinking Fund | Debt Service Reserve | Subtotal | Governmental Trusts | Springfield Library Foundation | Subtotal | |
| \$ - | \$ - | \$ - | 209,409 | - | 209,409 | \$ 1,178,660 |
| - | - | - | - | - | - | 30,325 |
| - | - | - | - | - | - | 118,455,131 |
| - | - | - | - | 152,160 | 152,160 | 10,941,794 |
| - | - | - | 287,590 | 3,152,913 | 3,440,503 | 8,824,984 |
| 259,291 | - | 259,291 | 30,452 | 677,992 | 708,444 | 1,069,357 |
| <u>259,291</u> | <u>-</u> | <u>259,291</u> | <u>527,451</u> | <u>3,983,065</u> | <u>4,510,516</u> | <u>140,500,251</u> |
| - | - | - | - | - | - | 18,487,170 |
| - | - | - | - | - | - | 12,104,655 |
| - | - | - | 4,684 | - | 4,684 | 104,849,645 |
| - | - | - | - | - | - | 12,936,724 |
| - | - | - | - | - | - | 5,780,410 |
| - | - | - | 496,541 | 970,511 | 1,467,052 | 15,358,818 |
| - | - | - | 501,225 | 970,511 | 1,471,736 | 169,517,422 |
| <u>259,291</u> | <u>-</u> | <u>259,291</u> | <u>26,226</u> | <u>3,012,554</u> | <u>3,038,780</u> | <u>(29,017,171)</u> |
| - | - | - | - | - | - | 27,935,000 |
| - | 10,206 | 10,206 | - | - | - | 1,953,039 |
| 776,911 | - | 776,911 | - | - | - | 4,277,727 |
| - | (236,250) | (236,250) | - | - | - | (2,326,490) |
| <u>776,911</u> | <u>(226,044)</u> | <u>550,867</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>31,839,276</u> |
| 1,036,202 | (226,044) | 810,158 | 26,226 | 3,012,554 | 3,038,780 | 2,822,105 |
| <u>7,139,451</u> | <u>1,506,307</u> | <u>8,645,758</u> | <u>2,201,721</u> | <u>8,060,573</u> | <u>10,262,294</u> | <u>63,478,457</u> |
| <u>\$ 8,175,653</u> | <u>\$ 1,280,263</u> | <u>\$ 9,455,916</u> | <u>\$ 2,227,947</u> | <u>\$ 11,073,127</u> | <u>\$ 13,301,074</u> | <u>\$ 66,300,562</u> |

(concluded)

Internal Service Funds

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

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

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

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2019

| | Public Works Shared Services | Health Insurance | Total Internal Service Funds |
|---|------------------------------------|----------------------|---------------------------------------|
| ASSETS | | | |
| CURRENT: | | | |
| Cash and cash equivalents..... | \$ 769,624 | \$ 12,669,610 | \$ 13,439,234 |
| Receivables, net of allowance for uncollectibles: | | | |
| Departmental and other..... | - | 30,650 | 30,650 |
| Total current assets..... | <u>769,624</u> | <u>12,700,260</u> | <u>13,469,884</u> |
| LIABILITIES | | | |
| CURRENT: | | | |
| Warrants payable..... | 102,448 | - | 102,448 |
| Accrued withholdings..... | - | 1,815,628 | 1,815,628 |
| Health claims payable..... | - | 174,326 | 174,326 |
| Total current liabilities..... | <u>102,448</u> | <u>1,989,954</u> | <u>2,092,402</u> |
| NET POSITION | | | |
| Unrestricted..... | <u>\$ 667,176</u> | <u>\$ 10,710,306</u> | <u>\$ 11,377,482</u> |

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

YEAR ENDED JUNE 30, 2019

| | Public Works Shared Services | Health Insurance | Total Internal Service Funds |
|---|------------------------------------|----------------------|---------------------------------------|
| OPERATING REVENUES: | | | |
| Employee contributions..... | \$ - | \$ 21,864,784 | \$ 21,864,784 |
| Employer contributions..... | - | 64,797,228 | 64,797,228 |
| Charges for services..... | 1,418,331 | - | 1,418,331 |
| TOTAL OPERATING REVENUES | 1,418,331 | 86,662,012 | 88,080,343 |
| OPERATING EXPENSES: | | | |
| Cost of services and administration..... | 1,417,655 | - | 1,417,655 |
| Employee benefits..... | - | 85,959,386 | 85,959,386 |
| TOTAL OPERATING EXPENSES..... | 1,417,655 | 85,959,386 | 87,377,041 |
| OPERATING INCOME..... | 676 | 702,626 | 703,302 |
| NONOPERATING REVENUES (EXPENSES): | | | |
| Investment income..... | - | 53,709 | 53,709 |
| CHANGE IN NET POSITION..... | 676 | 756,335 | 757,011 |
| NET POSITION AT BEGINNING OF YEAR..... | 666,500 | 9,953,971 | 10,620,471 |
| NET POSITION AT END OF YEAR..... | \$ 667,176 | \$ 10,710,306 | \$ 11,377,482 |

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2019

| | Public Works Shared Services | Health Insurance | Total Internal Service Funds |
|--|------------------------------------|-----------------------------|---------------------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | | |
| Receipts from member employees..... | \$ - | \$ 21,357,756 | \$ 21,357,756 |
| Receipts from interfund services provided..... | 1,418,331 | 64,794,409 | 66,212,740 |
| Payments for interfund services used..... | <u>(1,353,041)</u> | <u>(85,953,497)</u> | <u>(87,306,538)</u> |
| NET CASH FROM OPERATING ACTIVITIES..... | <u>65,290</u> | <u>198,668</u> | <u>263,958</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | | |
| Investment income..... | <u>-</u> | <u>53,709</u> | <u>53,709</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS..... | 65,290 | 252,377 | 317,667 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR..... | <u>704,334</u> | <u>12,417,233</u> | <u>13,121,567</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR..... | <u>\$ 769,624</u> | <u>\$ 12,669,610</u> | <u>\$ 13,439,234</u> |
| <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u> | | | |
| <u>FROM OPERATING ACTIVITIES:</u> | | | |
| Operating income (loss)..... | \$ 676 | \$ 702,626 | \$ 703,302 |
| Adjustments to reconcile operating income to net cash from operating activities: | | | |
| Changes in assets and liabilities: | | | |
| Departmental and other..... | - | (2,819) | (2,819) |
| Warrants payable..... | 64,614 | - | 64,614 |
| Accrued withholdings..... | - | (507,028) | (507,028) |
| Health claims payable..... | <u>-</u> | <u>5,889</u> | <u>5,889</u> |
| Total adjustments..... | <u>64,614</u> | <u>(503,958)</u> | <u>(439,344)</u> |
| NET CASH FROM OPERATING ACTIVITIES..... | <u>\$ 65,290</u> | <u>\$ 198,668</u> | <u>\$ 263,958</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, 2019

| | June 30, 2018 | Additions | Deletions | June 30, 2019 |
|---|---------------------|-----------------------|-------------------------|---------------------|
| ASSETS | | | | |
| CURRENT: | | | | |
| Cash and cash equivalents..... | \$ 1,469,588 | \$ 114,709,776 | \$ (114,415,695) | \$ 1,763,669 |
| Receivables, net of allowance for uncollectibles: | | | | |
| Departmental and other..... | 1,588 | - | (821) | 767 |
| TOTAL ASSETS..... | \$ 1,471,176 | \$ 114,709,776 | \$ (114,416,516) | \$ 1,764,436 |
| LIABILITIES | | | | |
| Liabilities due depositors..... | \$ 1,471,176 | \$ 114,709,776 | \$ (114,416,516) | \$ 1,764,436 |

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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.



Naismith Basketball Hall of Fame.

City of Springfield, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2019



The Amazing World of Dr. Seuss Museum.

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>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|-------------------------|---------------------------|---------------------------|---------------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets..... | \$ 320,198,349 | \$ 332,597,837 | \$ 374,981,234 | \$ 434,638,276 | \$ 449,486,707 | \$ 469,947,179 | \$ 464,426,535 | \$ 445,205,624 | \$ 451,296,767 | \$ 453,567,266 |
| Restricted..... | 15,210,173 | 21,614,220 | 22,794,687 | 15,633,323 | 12,596,529 | 12,985,477 | 18,121,346 | 22,574,550 | 28,917,393 | 42,834,599 |
| Unrestricted..... | <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> | <u>(838,399,784)</u> | <u>(1,754,845,827)</u> | <u>(1,797,948,992)</u> | <u>(1,855,187,558)</u> |
| Total governmental activities net position..... | <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> | <u>\$ (355,851,903)</u> | <u>\$ (1,287,065,653)</u> | <u>\$ (1,317,734,832)</u> | <u>\$ (1,358,785,693)</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets..... | \$ 209,137 | \$ 266,698 | \$ 412,276 | \$ 882,976 | \$ 1,316,726 | \$ 1,159,638 | \$ 874,405 | \$ 677,297 | \$ 429,067 | \$ 234,906 |
| Unrestricted..... | <u>2,160,316</u> | <u>2,676,105</u> | <u>2,337,268</u> | <u>1,835,950</u> | <u>(355,950)</u> | <u>(494,302)</u> | <u>(1,240,585)</u> | <u>(11,571,871)</u> | <u>(12,090,844)</u> | <u>(13,053,289)</u> |
| Total business-type activities net position..... | <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> | <u>\$ (366,180)</u> | <u>\$ (10,894,574)</u> | <u>\$ (11,661,777)</u> | <u>\$ (12,818,383)</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets..... | \$ 320,407,486 | \$ 332,864,535 | \$ 375,393,510 | \$ 435,521,252 | \$ 450,803,433 | \$ 471,106,817 | \$ 465,300,940 | \$ 445,882,921 | \$ 451,725,834 | \$ 453,802,172 |
| Restricted..... | 16,968,807 | 21,614,220 | 22,794,687 | 15,633,323 | 12,596,529 | 12,985,477 | 18,121,346 | 22,574,550 | 28,917,393 | 42,834,599 |
| Unrestricted..... | <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> | <u>(839,640,369)</u> | <u>(1,766,417,698)</u> | <u>(1,810,039,836)</u> | <u>(1,868,240,847)</u> |
| Total primary government net position..... | <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> | <u>\$ (356,218,083)</u> | <u>\$ (1,297,960,227)</u> | <u>\$ (1,329,396,609)</u> | <u>\$ (1,371,604,076)</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.
The City implemented GASB Statement #75 in 2018 which required the net OPEB liability to be recorded for the first time. This also required the revision of the ending net position in 2017.
The City included two blended component units in 2019 for the first time. Beginning net position was restated to reflect the inclusion.

Changes in Net Position

Last Ten Years

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government..... | \$ 63,024,227 | \$ 62,794,736 | \$ 55,175,091 | \$ 48,859,996 | \$ 48,796,742 | \$ 56,103,956 | \$ 58,886,621 | \$ 56,754,950 | \$ 64,029,962 | \$ 61,419,676 |
| Public safety..... | 108,229,250 | 110,047,282 | 111,769,805 | 110,185,618 | 110,564,124 | 122,391,784 | 133,631,995 | 140,788,834 | 142,997,932 | 146,872,970 |
| Education..... | 455,624,524 | 466,952,480 | 481,476,353 | 500,466,892 | 520,281,758 | 529,212,400 | 547,408,081 | 570,421,173 | 593,925,177 | 641,488,216 |
| Public works..... | 26,963,956 | 33,422,502 | 30,608,396 | 30,833,589 | 30,653,951 | 32,648,659 | 30,294,896 | 30,622,701 | 29,922,956 | 26,130,344 |
| Health and human services..... | 9,813,743 | 10,299,084 | 10,241,088 | 11,525,257 | 10,108,674 | 10,951,993 | 9,823,540 | 9,672,059 | 9,807,050 | 10,442,078 |
| Culture and recreation..... | 21,342,468 | 22,118,556 | 20,769,658 | 22,960,894 | 21,915,878 | 22,587,575 | 21,575,179 | 26,372,799 | 22,476,657 | 25,589,218 |
| Community preservation..... | - | - | - | - | - | - | - | - | 3,393 | 18,924 |
| Community development - Union Station..... | - | - | - | - | - | - | 2,904,953 | 202,630 | - | - |
| Storm damage - October 2011 snow storm..... | - | - | 27,596,332 | 1,199,462 | 52,408 | - | - | - | - | - |
| Interest..... | 13,458,084 | 13,266,838 | 12,170,740 | 9,414,835 | 9,221,794 | 7,852,070 | 8,540,037 | 8,255,720 | 7,826,283 | 7,520,565 |
| Claims and judgments..... | - | - | - | - | 1,000,000 | - | - | - | - | - |
| Total government activities expenses..... | 698,456,252 | 718,901,478 | 749,807,463 | 735,446,543 | 752,595,329 | 781,748,437 | 813,065,302 | 843,090,866 | 870,989,410 | 919,481,991 |
| Business-type activities: | | | | | | | | | | |
| Trash..... | 5,962,662 | 8,537,689 | 8,874,676 | 8,840,556 | 8,480,177 | 8,594,111 | 9,352,645 | 9,097,729 | 8,964,408 | 9,392,373 |
| Total business type activities expenses..... | 5,962,662 | 8,537,689 | 8,874,676 | 8,840,556 | 8,480,177 | 8,594,111 | 9,352,645 | 9,097,729 | 8,964,408 | 9,392,373 |
| Total primary government expenses..... | \$ 704,418,914 | \$ 727,439,167 | \$ 758,682,139 | \$ 744,287,099 | \$ 761,075,506 | \$ 790,342,548 | \$ 822,417,947 | \$ 852,188,595 | \$ 879,953,818 | \$ 928,874,364 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Education charges for services..... | \$ 7,903,176 | \$ 8,545,601 | \$ 6,873,282 | \$ 5,524,444 | \$ 7,325,322 | \$ 6,541,388 | \$ 7,366,602 | \$ 8,421,563 | \$ 6,601,784 | \$ 7,592,779 |
| Public safety charges for services..... | 7,743,422 | 7,059,899 | 7,839,552 | 8,782,858 | 9,993,470 | 10,199,759 | 11,421,926 | 16,548,101 | 14,451,499 | 11,743,629 |
| Other charges for services..... | 11,423,636 | 10,061,714 | 13,093,301 | 14,949,540 | 18,881,666 | 17,728,851 | 16,133,345 | 14,381,032 | 15,865,133 | 17,385,563 |
| Operating grants and contributions..... | 419,677,283 | 438,860,676 | 452,149,037 | 442,911,024 | 456,798,724 | 435,396,915 | 466,735,558 | 488,898,185 | 521,696,484 | 525,688,387 |
| Capital grant and contributions..... | 10,232,406 | 43,524,730 | 37,356,599 | 57,614,376 | 41,100,524 | 47,911,551 | 14,989,533 | 7,759,281 | 19,492,790 | 17,681,277 |
| Total government activities program revenues..... | 456,979,923 | 508,052,620 | 517,311,771 | 529,782,152 | 534,099,706 | 517,778,464 | 516,646,964 | 536,008,162 | 578,107,690 | 580,091,635 |
| Business-type activities: | | | | | | | | | | |
| Charges for services - Trash..... | 3,913,653 | 4,101,890 | 3,982,627 | 4,069,875 | 4,457,622 | 4,207,837 | 4,278,954 | 4,370,792 | 4,605,046 | 4,627,901 |
| Total primary government program revenues..... | \$ 463,545,743 | \$ 514,527,586 | \$ 523,157,239 | \$ 535,438,440 | \$ 539,937,259 | \$ 521,986,301 | \$ 520,925,918 | \$ 540,378,954 | \$ 582,712,736 | \$ 584,719,536 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities..... | \$ (238,824,162) | \$ (208,475,782) | \$ (230,632,851) | \$ (204,077,978) | \$ (217,115,692) | \$ (263,969,973) | \$ (296,418,338) | \$ (307,082,704) | \$ (292,881,720) | \$ (339,390,356) |
| Business-type activities..... | (2,049,009) | (4,435,799) | (4,892,049) | (4,770,681) | (4,022,555) | (4,386,274) | (5,073,691) | (9,097,729) | (4,359,562) | (4,764,472) |
| Total primary government net expense..... | \$ (240,873,171) | \$ (212,911,581) | \$ (235,524,900) | \$ (208,848,659) | \$ (221,138,247) | \$ (268,356,247) | \$ (301,492,029) | \$ (316,180,433) | \$ (297,241,082) | \$ (344,154,828) |
| General Revenues and other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Real estate and personal property taxes, net of tax refunds payable..... | \$ 162,066,493 | \$ 159,965,027 | \$ 163,454,196 | \$ 161,546,733 | \$ 168,561,581 | \$ 172,273,135 | \$ 174,690,242 | \$ 184,532,180 | \$ 194,314,236 | \$ 210,195,184 |
| Tax liens..... | 3,820,323 | 4,328,306 | 3,259,181 | 2,610,661 | 7,482,943 | 2,224,967 | 2,108,728 | 2,204,912 | 1,358,855 | 2,634,247 |
| Motor vehicle and other excise taxes..... | 7,602,969 | 7,323,777 | 9,599,000 | 9,394,207 | 9,042,640 | 9,989,321 | 10,328,923 | 11,554,971 | 12,380,477 | 12,145,528 |
| Hotel/Motel tax..... | 727,765 | 767,571 | 872,952 | 889,971 | 1,186,881 | 1,194,899 | 1,276,054 | 1,352,635 | 1,090,930 | 1,672,361 |
| Local Meals Tax..... | 848,785 | 1,513,257 | 1,624,115 | 1,623,553 | 1,647,182 | 1,678,239 | 1,792,212 | 1,769,323 | 1,847,255 | 2,143,294 |
| Community Preservation Tax..... | - | - | - | - | - | - | - | - | 1,341,677 | 1,422,684 |
| Penalties and interest on taxes..... | 1,613,260 | 1,677,741 | 1,802,033 | 1,818,809 | 1,831,584 | 1,865,149 | 1,587,998 | 1,355,037 | 1,420,044 | 1,601,084 |
| Payments in lieu of taxes..... | 6,523,169 | 5,082,080 | 5,054,420 | 3,975,168 | 2,133,729 | 2,553,962 | 1,489,346 | 2,109,803 | 486,485 | 261,621 |
| Chapter 121A - excise payments in lieu of taxes..... | 2,652,167 | 2,373,076 | 1,862,841 | 1,586,413 | 1,379,931 | 1,701,796 | 7,598,317 | 6,592,119 | 9,677,652 | 15,812,516 |
| Grants and contributions not restricted to specific programs..... | 34,225,053 | 32,062,000 | 32,059,135 | 32,057,032 | 32,849,552 | 33,726,234 | 34,943,018 | 36,440,603 | 37,992,614 | 39,485,253 |
| Unrestricted investment income..... | 807,832 | 669,539 | 458,708 | 335,362 | 567,353 | 754,978 | 989,345 | 2,338,896 | 3,770,273 | 5,669,398 |
| Gain on sale of capital assets..... | - | - | - | 2,072,705 | - | - | - | - | - | - |
| Miscellaneous..... | 28,214 | 92,752 | 42,044 | 95,433 | - | 303,704 | 582,428 | 19,282 | 134,302 | 30,974 |
| Transfers..... | (3,260,789) | (5,009,149) | (4,698,790) | (4,740,063) | (4,532,450) | (4,090,834) | (4,042,175) | (3,286,181) | (3,592,159) | (3,607,866) |
| Forgiveness of debt - state loan..... | - | 8,700,000 | - | - | - | - | - | - | - | - |
| Extraordinary items: | | | | | | | | | | |
| Tornado reimbursements..... | - | - | 20,000,450 | 770,149 | 1,155,928 | 1,062,077 | 1,186,382 | - | - | - |
| Tornado expense..... | - | - | (20,485,451) | (1,479,748) | (1,173,848) | (457,097) | (908,183) | - | - | - |
| Total governmental activities..... | 217,655,141 | 219,545,977 | 214,904,834 | 212,556,385 | 222,133,006 | 224,780,530 | 233,622,635 | 246,983,580 | 262,212,541 | 289,466,278 |
| Business-type activities: | | | | | | | | | | |
| Transfers..... | 3,260,789 | 5,009,149 | 4,698,790 | 4,740,063 | 4,532,450 | 4,090,834 | 4,042,175 | 3,286,181 | 3,592,159 | 3,607,866 |
| Total primary government..... | \$ 220,915,930 | \$ 224,555,126 | \$ 219,603,624 | \$ 217,296,448 | \$ 226,665,456 | \$ 228,871,364 | \$ 237,664,810 | \$ 250,269,761 | \$ 265,804,700 | \$ 293,074,144 |
| Changes in Net Position | | | | | | | | | | |
| Governmental activities..... | \$ (23,821,188) | \$ 8,697,119 | \$ (17,590,858) | \$ 6,891,994 | \$ 3,637,383 | \$ (39,189,443) | \$ (62,795,703) | \$ (60,099,124) | \$ (30,669,179) | \$ (49,924,078) |
| Business-type activities..... | 1,211,780 | 573,350 | (193,259) | (30,618) | 509,895 | (295,440) | (1,031,516) | (5,811,548) | (767,203) | (1,156,606) |
| Total primary government..... | \$ (22,609,408) | \$ 9,270,469 | \$ (17,784,117) | \$ 6,861,376 | \$ 4,147,278 | \$ (39,484,883) | \$ (63,827,219) | \$ (65,910,672) | \$ (31,436,382) | \$ (51,080,684) |

Source: Audited Financial Statements

Fund Balances, Governmental Funds

Last Ten Years

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | | | | | | |
| Reserved for: | | | | | | | | | | |
| Encumbrances and continuing appropriations..... \$ | 9,660,020 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Chapter 656 reserve..... | 5,794,053 | - | - | - | - | - | - | - | - | - |
| Schools | 10,881,300 | - | - | - | - | - | - | - | - | - |
| Unreserved..... | 49,160,191 | - | - | - | - | - | - | - | - | - |
| Restricted..... | - | 30,421,176 | 35,132,415 | 40,486,563 | 39,126,795 | 24,083,457 | 22,187,043 | 25,080,609 | 28,589,952 | 24,765,911 |
| Assigned..... | - | 3,341,976 | 2,978,810 | 2,273,838 | 1,450,068 | 1,870,366 | 1,957,909 | 2,178,880 | 2,834,008 | 2,484,812 |
| Unassigned..... | - | 64,287,919 | 60,169,358 | 55,190,530 | 64,077,847 | 58,627,885 | 59,492,923 | 67,643,909 | 74,308,283 | 73,632,740 |
| Total general fund..... | \$ 75,495,564 | \$ 98,051,071 | \$ 98,280,583 | \$ 97,950,931 | 104,654,710 | 84,581,708 | 83,637,875 | 94,903,398 | 105,732,243 | 100,883,463 |
| All Other Governmental Funds | | | | | | | | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds..... \$ | 54,400,287 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Capital projects funds..... | 34,709,187 | - | - | - | - | - | - | - | - | - |
| Permanent funds..... | 1,758,634 | - | - | - | - | - | - | - | - | - |
| Nonspendable..... | - | - | - | - | - | - | - | - | - | 3,114,650 |
| Restricted..... | - | 66,102,729 | 53,388,549 | 39,092,674 | 34,671,623 | 49,335,423 | 47,074,372 | 68,750,902 | 56,456,334 | 66,139,194 |
| Unassigned..... | - | (324,076) | (12,040,461) | (17,250,514) | (30,414,896) | (6,151,930) | (12,505,677) | (4,480,679) | (542,547) | (357,015) |
| Total all other governmental funds..... | \$ 90,868,108 | \$ 65,778,653 | \$ 41,348,088 | \$ 21,842,160 | \$ 4,256,727 | \$ 43,183,493 | \$ 34,568,695 | \$ 64,270,223 | \$ 55,913,787 | \$ 68,896,829 |

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. The City included two blended component units in 2019 for the first time. Beginning fund balance was restate.

Changes in Fund Balances, Governmental Funds

Last Ten Years

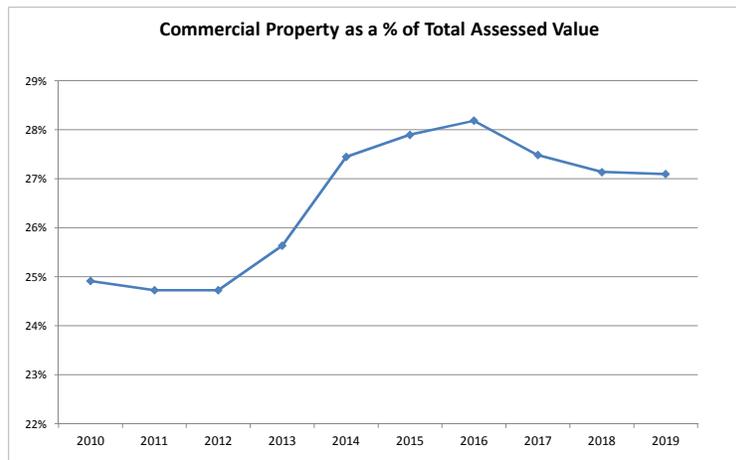
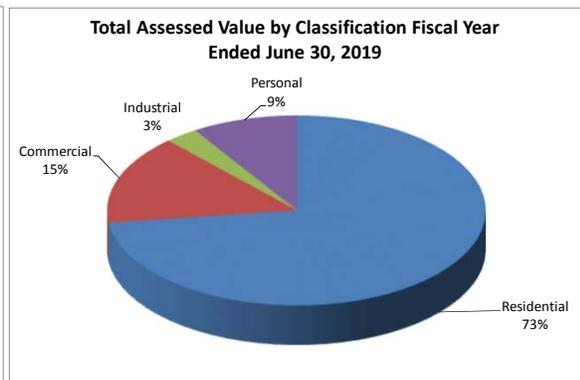
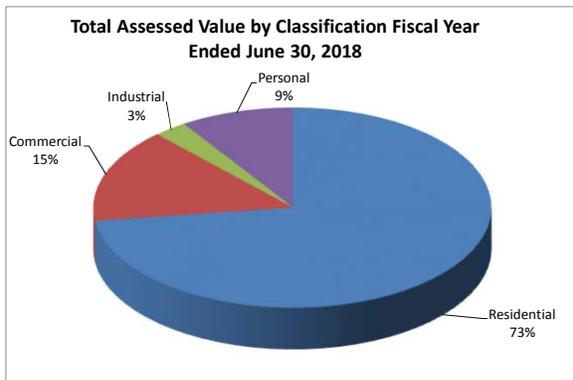
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|---------------------|----------------------|---------------------|--------------------|--------------------|
| Revenues: | | | | | | | | | | |
| Real estate and personal property taxes, net of tax refunds..... | \$ 164,367,177 | \$ 160,413,338 | \$ 163,234,056 | \$ 159,557,644 | \$ 166,418,136 | \$ 170,978,385 | \$ 173,395,907 | \$ 185,168,180 | \$ 193,425,844 | \$ 198,785,518 |
| Tax liens..... | 3,768,128 | 3,448,477 | 3,833,024 | 3,098,323 | 2,870,817 | 2,141,570 | 2,679,712 | 1,950,676 | 1,927,627 | 2,035,836 |
| Motor vehicle and other excise taxes..... | 7,839,549 | 7,691,115 | 8,814,442 | 8,817,723 | 9,687,138 | 9,984,739 | 10,857,876 | 11,500,953 | 12,209,050 | 12,520,438 |
| Hotel/Motel tax..... | 727,765 | 767,571 | 872,952 | 889,971 | 1,186,881 | 1,194,899 | 1,276,054 | 1,352,635 | 1,080,830 | 1,672,361 |
| Local Meals Tax..... | 848,785 | 1,513,257 | 1,624,115 | 1,623,553 | 1,647,182 | 1,678,239 | 1,792,212 | 1,769,323 | 1,847,255 | 2,143,294 |
| Charges for services..... | 2,439,774 | 1,353,944 | 2,663,543 | 2,203,716 | 2,974,605 | 2,313,984 | 2,294,736 | 7,518,828 | 8,915,699 | 6,064,583 |
| Penalties and interest on taxes..... | 1,613,260 | 1,677,741 | 1,802,033 | 1,818,809 | 1,831,584 | 1,865,149 | 1,587,998 | 1,355,037 | 1,420,044 | 1,601,084 |
| Payments in lieu of taxes..... | 6,523,169 | 5,082,080 | 5,054,420 | 3,975,168 | 2,133,729 | 2,553,962 | 1,489,346 | 2,109,803 | 486,485 | 261,621 |
| Chapter 121A - excise payments in lieu of taxes..... | 2,652,167 | 2,373,076 | 1,862,841 | 1,586,413 | 1,379,931 | 1,701,796 | 7,598,317 | 6,592,119 | 9,677,652 | 15,812,516 |
| Licenses and permits..... | 3,734,353 | 3,432,098 | 3,823,239 | 4,307,698 | 5,067,083 | 5,092,038 | 5,254,833 | 9,848,333 | 9,155,769 | 7,375,290 |
| Fines and forfeitures..... | 6,444,218 | 5,451,805 | 6,019,333 | 6,318,372 | 6,810,517 | 6,810,269 | 6,114,371 | 6,022,846 | 6,128,654 | 6,476,114 |
| Intergovernmental..... | 473,123,963 | 527,373,079 | 531,494,799 | 541,588,826 | 539,741,990 | 526,259,893 | 523,412,996 | 558,008,572 | 572,062,037 | 572,087,780 |
| Departmental and other..... | 9,154,317 | 13,160,527 | 13,922,836 | 14,147,895 | 20,723,615 | 19,662,232 | 20,204,321 | 14,761,964 | 13,771,948 | 17,444,775 |
| Community preservation taxes..... | - | - | - | - | - | - | - | - | 1,310,997 | 1,409,325 |
| Investment income..... | 787,970 | 675,518 | 497,734 | 398,711 | 643,624 | 858,604 | 1,123,769 | 2,512,286 | 3,729,154 | 5,615,689 |
| Contributions..... | 2,888,734 | 2,568,421 | 1,832,890 | 1,348,629 | 2,080,938 | 1,866,126 | 1,358,925 | 2,562,236 | 3,333,510 | 8,824,984 |
| Total Revenue..... | 686,913,329 | 736,982,047 | 747,352,257 | 751,681,451 | 764,997,770 | 754,761,885 | 760,441,373 | 813,033,791 | 840,482,555 | 860,131,208 |
| Expenditures: | | | | | | | | | | |
| General government..... | 59,236,857 | 57,699,771 | 44,099,741 | 36,668,006 | 39,055,405 | 48,893,300 | 42,492,632 | 39,234,061 | 50,359,323 | 44,688,598 |
| Public safety..... | 74,986,038 | 73,028,036 | 70,330,653 | 68,870,769 | 72,769,400 | 74,984,290 | 78,559,713 | 87,103,294 | 87,321,397 | 91,156,686 |
| Education..... | 437,093,450 | 482,327,150 | 495,973,985 | 530,685,879 | 530,592,608 | 520,513,226 | 511,925,956 | 522,451,597 | 506,515,388 | 530,056,968 |
| Public works..... | 13,750,634 | 14,706,846 | 15,912,108 | 14,716,796 | 15,574,080 | 23,991,761 | 18,022,917 | 18,424,180 | 18,357,110 | 23,578,533 |
| Health and human services..... | 8,828,544 | 8,998,028 | 8,869,509 | 10,453,432 | 8,857,462 | 8,857,462 | 8,437,344 | 16,280,025 | 12,373,330 | 9,465,225 |
| Culture and recreation..... | 16,222,484 | 15,754,746 | 13,995,057 | 16,521,564 | 15,486,583 | 19,898,451 | 17,929,366 | 23,026,697 | 17,184,731 | 30,071,095 |
| Community preservation..... | - | - | - | - | - | - | - | - | 3,393 | 392,142 |
| Community development - union station..... | - | - | - | - | - | - | 2,904,953 | 202,630 | - | - |
| Pension benefits..... | 22,372,681 | 24,254,094 | 23,825,273 | 24,474,041 | 25,558,597 | 26,749,744 | 28,319,804 | 30,296,628 | 96,513,552 | 101,499,245 |
| Employee benefits..... | 22,648,896 | 23,812,432 | 24,027,365 | 22,883,088 | 23,479,125 | 23,850,929 | 26,140,555 | 26,601,670 | 26,952,291 | 27,008,331 |
| Claims and judgments..... | - | - | - | - | - | - | - | - | 1,279,448 | - |
| Storm damage..... | - | - | 27,596,332 | 1,199,462 | 52,408 | - | - | - | - | - |
| State, county, and district assessments..... | 2,657,567 | 2,896,717 | 2,760,698 | 2,917,105 | 3,099,037 | 3,143,173 | 3,219,435 | 3,514,020 | 3,611,175 | 3,682,772 |
| Debt service..... | - | - | - | - | - | - | - | - | - | - |
| Payment of callable debt prior to maturity..... | - | - | - | - | - | - | - | 48,495,000 | - | - |
| Principal..... | 72,701,316 | 26,509,108 | 26,243,152 | 27,063,276 | 28,024,556 | 26,232,047 | 25,196,997 | 24,326,002 | 18,445,000 | 19,110,000 |
| Interest..... | 14,646,118 | 14,656,717 | 13,555,322 | 11,713,951 | 11,037,794 | 9,562,549 | 10,023,853 | 9,193,046 | 8,087,968 | 7,475,024 |
| Total Expenditures..... | 745,144,585 | 744,643,645 | 767,189,195 | 768,167,369 | 773,587,055 | 787,494,552 | 773,173,525 | 850,428,298 | 845,724,658 | 888,184,619 |
| Excess of revenues over (under) expenditures..... | (58,231,256) | (7,661,598) | (19,836,938) | (16,485,918) | (8,589,285) | (32,732,667) | (12,732,152) | (37,394,507) | (5,242,103) | (28,053,411) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Issuance of long-term debt..... | 17,864,000 | - | - | - | - | 50,543,000 | - | 47,420,000 | - | 27,935,000 |
| Premium from issuance of bonds..... | - | - | - | - | - | 2,779,251 | - | 3,220,816 | - | 1,953,039 |
| Issuance of refunding bonds..... | - | - | - | 26,355,000 | - | 18,245,000 | 25,185,000 | 23,965,000 | - | - |
| Premium from issuance of refunding bonds..... | - | - | - | 3,807,457 | - | 2,295,402 | 1,979,298 | 2,619,224 | - | - |
| Payments to refunded bond escrow agent..... | - | - | - | (30,162,457) | - | (20,540,402) | (27,164,298) | - | - | - |
| Capital lease financing..... | - | 1,436,799 | 819,676 | - | 2,258,001 | 1,750,034 | 6,937,497 | 4,422,699 | 11,306,671 | 1,034,283 |
| Sale of capital assets..... | - | - | - | 2,100,000 | - | - | - | - | - | - |
| Transfers in..... | 68,387,868 | 9,104,472 | 5,111,949 | 3,068,340 | 4,687,753 | 3,866,216 | 6,899,344 | 3,119,481 | 1,241,026 | 4,513,977 |
| Transfers out..... | (71,648,657) | (14,113,621) | (9,810,739) | (7,808,403) | (9,220,203) | (7,957,050) | (10,941,519) | (6,406,662) | (4,833,185) | (8,121,843) |
| Total other financing sources (uses)..... | 14,603,211 | (3,572,350) | (3,879,114) | (2,640,063) | (2,274,449) | 50,981,451 | 2,895,322 | 78,361,558 | 7,714,512 | 27,314,456 |
| Special Item - Forgiveness of Debt, State Loan..... | - | 8,700,000 | - | - | - | - | - | - | - | - |
| Extraordinary Item - Intergovernmental tornado revenue..... | - | - | 20,000,450 | 770,149 | 1,155,928 | 1,062,077 | 1,186,382 | - | - | - |
| Extraordinary Item - Tornado relief expenditures..... | - | - | (20,485,451) | (1,479,748) | (1,173,848) | (457,097) | (908,183) | - | - | - |
| Net change in fund balance..... | \$(43,628,045) | \$(2,533,948) | \$(24,201,053) | \$(19,835,580) | \$(10,881,654) | \$18,853,764 | \$(9,558,631) | \$40,967,051 | \$2,472,409 | \$(738,955) |
| Debt service as a percentage of noncapital expenditures..... | 12.33% | 6.07% | 5.60% | 5.61% | 5.50% | 4.97% | 4.78% | 10.17% | 3.36% | 3.20% |

(1) Debt service in 2010 includes the early repayment of the \$46.8 million state loan.
(2) Debt service in 2017 includes \$22.6 million of a state grant to complete a current refunding of the same amount.
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 |
| 2010 | \$5,252,153,800 | \$ 19.50 | \$1,052,016,750 | \$229,288,700 | \$461,359,650 | \$1,742,665,100 | \$ 39.25 | \$ 24.42 | \$6,994,818,900 |
| 2011 | \$5,155,722,500 | \$ 19.49 | \$1,045,580,000 | \$184,851,100 | \$463,175,130 | \$1,693,606,230 | \$ 38.97 | \$ 24.31 | \$6,849,328,730 |
| 2012 | \$5,038,856,200 | \$ 19.83 | \$1,009,971,300 | \$166,822,500 | \$560,357,950 | \$1,737,151,750 | \$ 39.99 | \$ 25.00 | \$6,776,007,950 |
| 2013 | \$4,858,355,700 | \$ 19.71 | \$1,047,246,800 | \$159,725,600 | \$631,025,200 | \$1,837,997,600 | \$ 38.98 | \$ 25.00 | \$6,696,353,300 |
| 2014 | \$5,025,199,000 | \$ 19.71 | \$1,064,979,700 | \$162,566,500 | \$665,647,970 | \$1,893,194,170 | \$ 39.04 | \$ 25.00 | \$6,918,393,170 |
| 2015 | \$5,079,607,100 | \$ 19.67 | \$1,156,136,600 | \$168,230,700 | \$640,954,110 | \$1,965,321,410 | \$ 39.04 | \$ 25.07 | \$7,044,928,510 |
| 2016 | \$5,225,634,600 | \$ 19.66 | \$1,200,394,800 | \$171,773,800 | \$678,618,930 | \$2,050,787,530 | \$ 38.60 | \$ 25.00 | \$7,276,422,130 |
| 2017 | \$5,553,040,400 | \$ 19.66 | \$1,210,558,400 | \$174,399,800 | \$719,957,490 | \$2,104,915,690 | \$ 39.07 | \$ 25.00 | \$7,657,956,090 |
| 2018 | \$5,780,377,200 | \$ 19.68 | \$1,206,763,700 | \$215,259,800 | \$730,855,150 | \$2,152,878,650 | \$ 39.28 | \$ 25.00 | \$7,933,255,850 |
| 2019 | \$5,987,324,700 | \$ 19.68 | \$1,250,878,800 | \$232,031,300 | \$742,412,040 | \$2,225,322,140 | \$ 39.30 | \$ 25.00 | \$8,212,646,840 |



(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 Eight Years Ago

| Name | Nature of Business | 2019 | | | 2011 | | |
|---|--------------------|-----------------------|------|--|-----------------------|------|--|
| | | Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value | Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value |
| NSTAR Electric Co. (formally Western Mass Electric) | Utility | \$ 300,054,940 | 1 | 3.7% | \$ 142,789,600 | 1 | 2.1% |
| Columbia Gas (formally Bay State Gas) | Utility | 147,131,010 | 2 | 1.8% | 59,146,200 | 3 | 0.9% |
| Massachusetts Mutual Life Insurance | Insurance | 82,602,300 | 3 | 1.0% | 88,460,800 | 2 | 1.3% |
| Masspower | Energy | 75,000,000 | 4 | 0.9% | n/a | n/a | n/a |
| CNR Springfield LLC | Industrial | 43,093,300 | 5 | 0.5% | n/a | n/a | n/a |
| Solutia Inc. | Chemicals | 32,003,580 | 6 | 0.4% | 25,631,500 | 6 | 0.4% |
| Five Town Station LLC | Retail | 30,996,530 | 7 | 0.4% | n/a | n/a | n/a |
| Albany Road Springfield Plaza LLC | Retail | 30,700,000 | 8 | 0.4% | n/a | n/a | n/a |
| Bc Colonial Estates LLC | Residential | 27,059,500 | 9 | 0.3% | n/a | n/a | n/a |
| Verizon New England | Utility | 25,037,900 | 10 | 0.3% | 45,614,400 | 4 | 0.7% |
| Wireline Leasing Co. | Utility | n/a | n/a | n/a | 32,849,750 | 5 | 0.5% |
| Springfield Center 1 Associates | Retail | n/a | n/a | n/a | 29,968,400 | 7 | 0.4% |
| Eastfield Associates | Retail | n/a | n/a | n/a | 22,632,800 | 8 | 0.3% |
| Hubbard Real Estate Investments | Retail | n/a | n/a | n/a | 22,448,500 | 9 | 0.3% |
| Ineos Nova LLC | Chemicals | n/a | n/a | n/a | 19,950,810 | 10 | 0.3% |
| | Totals | <u>\$ 793,679,060</u> | | <u>9.7%</u> | <u>\$ 489,492,760</u> | | <u>7.1%</u> |

Source: Board of Assessors

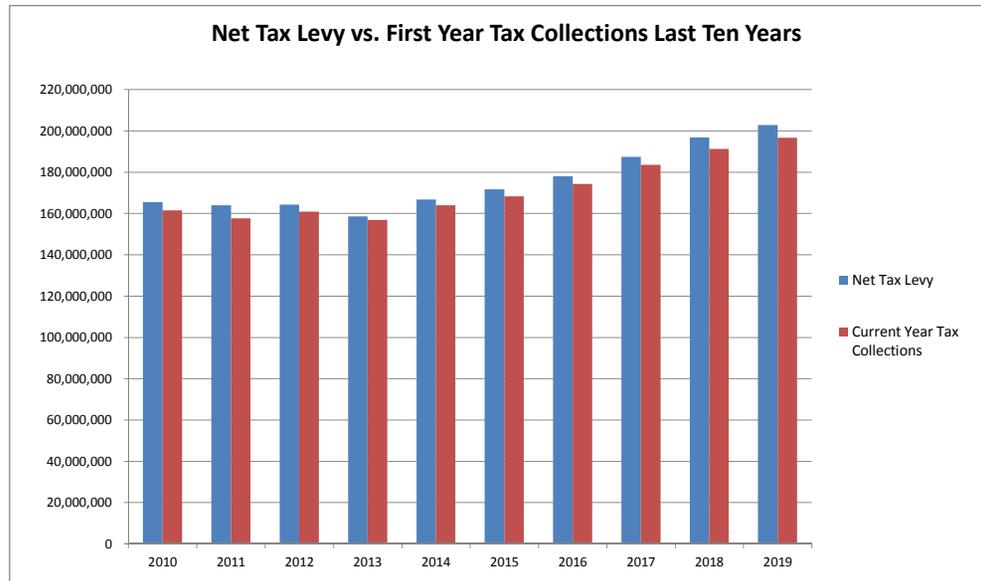
**Property Tax Levies and Collections
Last Ten Years**

| 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 |
|------|----------------|--|---------------|-------------------------|-------------------------------|----------------------------|-----------------------|--|
| 2010 | \$170,816,604 | \$5,369,540 | \$165,447,064 | \$161,385,261 | 97.5% | \$3,448,477 | \$164,833,738 | 99.6% |
| 2011 | \$166,484,866 | \$2,506,666 | \$163,978,200 | \$157,657,130 | 96.1% | \$3,833,024 | \$161,490,154 | 98.5% |
| 2012 | \$169,389,217 | \$5,144,964 | \$164,244,253 | \$160,899,584 | 98.0% | \$2,328,642 | \$163,228,226 | 99.4% |
| 2013 | \$167,403,337 | \$8,893,003 | \$158,510,334 | \$156,836,563 | 98.9% | \$2,561,533 | \$159,398,096 | 100.6% ⁽²⁾ |
| 2014 | \$172,956,973 | \$6,311,481 | \$166,645,492 | \$163,856,603 | 98.3% | \$2,680,415 | \$166,537,018 | 99.9% |
| 2015 | \$176,111,383 | \$4,530,488 | \$171,580,895 | \$168,297,970 | 98.1% | \$2,465,464 | \$170,763,434 | 99.5% |
| 2016 | \$181,896,375 | \$3,985,822 | \$177,910,553 | \$174,310,774 | 98.0% | \$1,724,670 | \$176,035,444 | 98.9% |
| 2017 | \$191,411,830 | \$3,976,196 | \$187,435,634 | \$183,443,510 | 97.9% | \$2,185,596 | \$185,629,106 | 99.0% |
| 2018 | \$198,322,897 | \$1,587,452 | \$196,735,445 | \$191,240,248 | 97.2% | \$2,088,471 | \$193,328,719 | 98.3% |
| 2019 | \$205,285,710 | \$2,496,067 | \$202,789,643 | \$196,697,047 | 97.0% | \$0 | \$196,697,047 | 97.0% |

(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 by Type

Last Ten Years

| Year | Governmental Activities | | Business-type Activities | Total Debt Outstanding | Percentage of Personal Income | U. S. Census Population | Debt Per Capita |
|------|---|----------------|--------------------------|------------------------|-------------------------------|-------------------------|-----------------|
| | General Obligation Bonds ⁽¹⁾ | Capital Leases | Capital Leases | | | | |
| 2010 | \$ 320,358,951 | \$ 1,737,837 | \$ 1,155,889 | \$ 323,252,677 | 11.66% | 153,060 | \$ 2,104 |
| 2011 | \$ 292,933,732 | \$ 2,348,138 | \$ 1,747,169 | \$ 297,029,039 | 10.53% | 153,060 | \$ 1,929 |
| 2012 | \$ 265,809,756 | \$ 2,273,361 | \$ 1,544,271 | \$ 269,627,388 | 9.40% | 153,060 | \$ 1,751 |
| 2013 | \$ 236,501,965 | \$ 1,243,014 | \$ 895,437 | \$ 238,640,416 | 8.44% | 153,060 | \$ 1,553 |
| 2014 | \$ 207,900,886 | \$ 2,518,281 | \$ 922,672 | \$ 211,341,839 | 7.46% | 153,060 | \$ 1,375 |
| 2015 | \$ 233,711,751 | \$ 3,042,599 | \$ 1,300,663 | \$ 238,055,013 | 8.40% | 153,991 | \$ 1,537 |
| 2016 | \$ 208,019,602 | \$ 7,246,084 | \$ 767,034 | \$ 216,032,720 | 7.56% | 153,703 | \$ 1,401 |
| 2017 | \$ 211,478,676 | \$ 8,059,058 | \$ 402,071 | \$ 219,939,805 | 10.42% | 154,204 | \$ 1,424 |
| 2018 | \$ 190,710,550 | \$ 14,436,227 | \$ 202,552 | \$ 205,349,329 | 9.29% | 154,341 | \$ 1,329 |
| 2019 | \$ 199,540,726 | \$ 9,580,247 | \$ - | \$ 209,120,973 | 9.14% | 153,060 | \$ 1,366 |

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

Source: Audited Financial Statements, U. S. Census

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Years

| Year | General Obligation Bonds ⁽²⁾ | Less Amounts Available ⁽¹⁾ | Total | Percentage of Assessed Value | Debt Per Capita |
|------|---|---|----------------|------------------------------------|-----------------------|
| 2010 | \$ 320,358,951 | \$ - | \$ 320,358,951 | 4.58% | \$ 2,487 |
| 2011 | \$ 292,933,732 | \$ (790,196) | \$ 292,143,536 | 4.27% | \$ 1,929 |
| 2012 | \$ 265,809,756 | \$ (1,607,648) | \$ 264,202,108 | 3.90% | \$ 1,751 |
| 2013 | \$ 236,501,965 | \$ (2,453,296) | \$ 234,048,669 | 3.50% | \$ 1,553 |
| 2014 | \$ 207,900,886 | \$ (3,328,112) | \$ 204,572,774 | 2.96% | \$ 1,375 |
| 2015 | \$ 233,711,751 | \$ (4,233,103) | \$ 229,478,648 | 3.26% | \$ 1,537 |
| 2016 | \$ 208,019,602 | \$ (5,169,309) | \$ 202,850,293 | 2.79% | \$ 1,401 |
| 2017 | \$ 211,478,676 | \$ (6,137,807) | \$ 205,340,869 | 2.68% | \$ 1,424 |
| 2018 | \$ 190,710,550 | \$ (7,139,451) | \$ 183,571,099 | 2.31% | \$ 1,329 |
| 2019 | \$ 199,540,726 | \$ (8,175,653) | \$ 191,365,073 | 2.33% | \$ 1,366 |

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

(2) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2019

| <u>Overlapping Entity</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable ⁽¹⁾</u> | <u>Share of Overlapping Debt</u> |
|--|------------------------------|---|--------------------------------------|
| Pioneer Valley Regional Transit Authority..... | \$ 13,100,000 | 38.60% | \$ 5,056,600 |
| City direct debt..... | <u>209,120,973</u> | | <u>209,120,973</u> |
| Total direct and overlapping debt..... | \$ <u><u>222,220,973</u></u> | | \$ <u><u>214,177,573</u></u> |

(1) Estimated share based on debt service only.

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

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Equalized Valuation..... | \$ <u>7,856,633,600</u> | \$ <u>7,856,633,600</u> | \$ <u>7,233,354,700</u> | \$ <u>7,233,354,700</u> | \$ <u>7,077,664,000</u> | \$ <u>7,077,664,000</u> | \$ <u>7,471,065,400</u> | \$ <u>7,471,065,400</u> | \$ <u>8,016,915,700</u> | \$ <u>8,212,646,840</u> |
| Debt Limit - 5% of Equalized Valuation.... | \$ 392,831,680 | \$ 392,831,680 | \$ 361,667,735 | \$ 361,667,735 | \$ 353,883,200 | \$ 353,883,200 | \$ 373,553,270 | \$ 373,553,270 | \$ 400,845,785 | \$ 410,632,342 |
| Less: | | | | | | | | | | |
| Outstanding debt applicable to limit..... | 166,996,788 | 154,580,881 | 143,031,151 | 129,597,855 | 115,761,191 | 126,650,226 | 115,438,560 | 134,896,135 | 126,653,100 | 141,991,147 |
| Authorized and unissued debt..... | <u>31,500,000</u> | <u>31,500,000</u> | <u>31,531,010</u> | <u>100,575,123</u> | <u>158,676,403</u> | <u>129,577,399</u> | <u>188,064,302</u> | <u>156,043,558</u> | <u>184,214,915</u> | <u>120,667,264</u> |
| Legal debt margin..... | \$ <u>225,495,917</u> | \$ <u>206,750,799</u> | \$ <u>218,269,519</u> | \$ <u>131,494,757</u> | \$ <u>76,887,766</u> | \$ <u>97,655,575</u> | \$ <u>70,050,408</u> | \$ <u>82,613,577</u> | \$ <u>89,977,770</u> | \$ <u>147,973,931</u> |
| Total debt applicable to the limit as a percentage of debt limit..... | 50.53% | 47.37% | 48.27% | 63.64% | 77.55% | 72.40% | 81.25% | 77.88% | 77.55% | 63.96% |

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 |
|------|-------------------------|--------------------|-------------------------------------|---------------|----------------------|----------------------|
| 2010 | 151,342 | \$1,983,075,000 | \$18,105 | 32.5 | 25,141 | 12.6% |
| 2011 | 155,521 | \$2,046,092,000 | \$18,424 | 32.5 | 25,213 | 10.4% |
| 2012 | 153,784 | \$2,063,146,000 | \$18,743 | 32.6 | 25,185 | 10.7% |
| 2013 | 153,060 | \$1,968,503,060 | \$18,483 | 32.1 | 25,283 | 11.9% |
| 2014 | 153,581 | \$2,010,532,000 | \$18,509 | 32.0 | 25,826 | 10.5% |
| 2015 | 153,552 | \$2,047,862,000 | \$18,135 | 32.0 | 25,536 | 8.4% |
| 2016 | 153,703 | \$2,084,349,000 | \$18,435 | 32.4 | 25,633 | 8.3% |
| 2017 | 154,204 | \$2,109,884,000 | \$18,133 | 32.4 | 25,629 | 8.7% |
| 2018 | 154,341 | \$2,210,367,000 | \$14,334 | 32.6 | 25,034 | 4.4% |
| 2019 | 153,060 | \$2,288,247,000 | \$14,950 | 32.2 | 25,361 | 6.2% |

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 | 2019 | | | 2010 | | |
|---|-----------------------------------|---------------|------|-------------------------------------|---------------|------|-------------------------------------|
| | | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Baystate Health Systems | Healthcare | 8,859 | 1 | 13.3% | 10,075 | 1 | 15.1% |
| MassMutual Financial Group | Insurance | 4,296 | 2 | 6.5% | 6,600 | 2 | 9.9% |
| Sisters of Providence | Healthcare | 2,775 | 3 | 4.2% | 3,362 | 3 | 5.1% |
| MGM Springfield | Entertainment | 2,303 | 4 | 3.5% | n/a | n/a | n/a |
| Smith and Wesson (American Outdoor Brands Inc.) | Firearms | 1,960 | 5 | 3.0% | 800 | 7 | 1.2% |
| Big Y | Grocery | 965 | 6 | 1.5% | 916 | 6 | 1.4% |
| Western New England University | Education | 875 | 7 | 1.3% | 646 | 9 | 1.0% |
| Springfield Technical Community College | Education | 803 | 8 | 1.2% | 979 | 4 | 1.5% |
| Springfield College | Education | 617 | 9 | 0.9% | 780 | 8 | 1.2% |
| Center for Human Development | Social Services/Behavioral Health | 564 | 10 | 0.8% | 921 | 5 | 1.4% |
| The Republican/Union News | Newspaper | n/a | n/a | n/a | 550 | 10 | 0.8% |
| | | <u>24,017</u> | | <u>36.2%</u> | <u>25,629</u> | | <u>38.5%</u> |

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

Full-time Equivalent City Employees by Function

Last Ten Years

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Function | | | | | | | | | | |
| General government..... | 354 | 339 | 309 | 265 | 262 | 272 | 274 | 278 | 283 | 291 |
| Public safety..... | 891 | 894 | 832 | 790 | 800 | 870 | 897 | 897 | 918 | 950 |
| (A) Education..... | 3,664 | 3,808 | 4,500 | 4,652 | 4,695 | 4,709 | 4,781 | 4,761 | 4,660 | 4,722 |
| Public works..... | 84 | 70 | 61 | 60 | 70 | 71 | 70 | 70 | 70 | 80 |
| Health and human services..... | 40 | 39 | 35 | 33 | 32 | 33 | 34 | 34 | 35 | 40 |
| Culture and recreation..... | 63 | 64 | 63 | 59 | 78 | 77 | 77 | 77 | 76 | 76 |
| Total | <u>5,097</u> | <u>5,214</u> | <u>5,800</u> | <u>5,859</u> | <u>5,937</u> | <u>6,032</u> | <u>6,133</u> | <u>6,117</u> | <u>6,042</u> | <u>6,159</u> |

Source: Payroll Department

(A) Fiscal Year 2010 - 2011 includes General Fund only FTE Count.

Operating Indicators by Function/Program

Last Ten Years

| Function/Program | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General government | | | | | | | | | | |
| Marriage recordings..... | 850 | 810 | 901 | 832 | 876 | 959 | 820 | 874 | 853 | 808 |
| Birth recordings..... | 5,297 | 4,468 | 5,037 | 4,709 | 5,419 | 5,416 | 5,366 | 5,985 | 5,424 | 5,212 |
| Death recordings..... | 2,006 | 1,581 | 1,856 | 1,933 | 2,159 | 2,131 | 2,444 | 2,746 | 2,565 | 2,668 |
| Police | | | | | | | | | | |
| Physical arrests..... | 5,474 | 5,634 | 3,058 | 4,457 | 4,222 | 4,347 | 4,646 | 4,708 | 4,084 | 4,231 |
| Motor vehicle violations..... | 18,581 | 14,205 | 5,175 | 4,900 | 26,539 | 41,505 | 25,963 | 33,206 | 24,786 | 24,839 |
| Police personnel and officers..... | 583 | 467 | 531 | 499 | 509 | 521 | 515 | 526 | 586 | 555 |
| Fire | | | | | | | | | | |
| Inspections..... | 5,657 | 7,397 | 7,164 | 7,178 | 5,831 | 5,064 | 4,852 | 4,468 | 5,161 | 5,530 |
| Emergency responses..... | 15,019 | 15,519 | 15,953 | 15,726 | 16,000 | 16,043 | 15,870 | 15,690 | 15,593 | 16,280 |
| Fire personnel and officers..... | 250 | 260 | 225 | 230 | 214 | 228 | 228 | 230 | 230 | 230 |
| Education | | | | | | | | | | |
| Number of students..... | 25,141 | 25,213 | 25,185 | 25,283 | 25,826 | 25,645 | 25,479 | 25,629 | 25,285 | 25,297 |
| Number of graduating seniors..... | 1,017 | 1,170 | 995 | 1,122 | 1,403 | 1,467 | 1,284 | 1,322 | 1,386 | 1,264 |
| Number of teachers..... | 2,144 | 2,076 | 2,393 | 2,516 | 2,550 | 2,174 | 2,167 | 2,206 | 2,242 | 2,118 |
| Number of administrators..... | N/A | 192 | 171 | 208 | 213 | 200 | 202 | 193 | 193 | 193 |
| Elder Affairs | | | | | | | | | | |
| Number of persons using COA transportation..... | 1,513 | 830 | 108 | 156 | 132 | 133 | 581 | 661 | 771 | 871 |
| Number of personnel..... | 14 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Libraries | | | | | | | | | | |
| Volumes in circulation..... | 795,409 | 785,977 | 785,436 | 749,557 | 697,893 | 659,936 | 814,908 | 694,832 | 705,166 | 668,484 |
| Total volumes borrowed..... | 608,946 | 604,071 | 569,199 | 513,585 | 561,966 | 560,494 | 616,865 | 628,489 | 631,595 | 592,263 |

Source: MBLC Annual Report Surveys
 Van Trip Logs, Employee Workforce Reports
 Mass Board of Library Commissioners
 Annual Report Information Survey
 Number from IMC records Mngt System and FY19 Budget Build

Capital Asset Statistics by Function/Program

Last Ten Years

| <u>Function/Program</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General government | | | | | | | | | | |
| Number of buildings..... | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 43 | 46 | 46 |
| Fire | | | | | | | | | | |
| Number of stations..... | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Police (1) | | | | | | | | | | |
| Number of stations..... | 2 | 2 | 2 | 5 | 5 | 5 | 5 | 5 | 4 | 4 |
| Education | | | | | | | | | | |
| Number of elementary schools..... | 32 | 32 | 33 | 33 | 33 | 33 | 33 | 33 | 34 | 34 |
| Number of middle/junior high schools..... | 7 | 8 | 10 | 12 | 12 | 15 | 15 | 16 | 16 | 16 |
| Number of secondary schools..... | 6 | 5 | 10 | 11 | 11 | 13 | 13 | 13 | 14 | 14 |
| Culture and recreation | | | | | | | | | | |
| Parks and playgrounds..... | 38 | 38 | 38 | 38 | 38 | 39 | 40 | 41 | 42 | 42 |
| Park and playground (acreage)..... | 2,102 | 2,102 | 2,102 | 2,102 | 2,102 | 2,103 | 2,105 | 2,200 | 2,212 | 2,224 |
| Conservation land (acreage)..... | 430 | 430 | 430 | 430 | 430 | 430 | 430 | 430 | 430 | 430 |
| Public beaches..... | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Ball fields..... | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 |
| Tennis courts..... | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 |

Source: City Departmental records.

(1) Includes substations

Free Cash and Stabilization Fund Balances

Last Ten Years

| Year | Free Cash | Stabilization Funds |
|---------------|---------------|------------------------|
| 2019..... | \$ N/A | \$ 49,936,928 |
| 2018..... | \$ 7,453,246 | \$ 51,090,262 |
| 2017..... | \$ 6,440,788 | \$ 46,790,689 |
| 2016..... | \$ 4,947,944 | \$ 44,485,558 |
| 2015..... | \$ 4,809,916 | \$ 41,221,011 |
| 2014..... | \$ 14,626,673 | \$ 33,936,860 |
| 2013..... | \$ 3,896,871 | \$ 37,295,134 |
| 2012..... | \$ 7,498,622 | \$ 41,422,909 |
| 2011..... | \$ 4,698,933 | \$ 45,100,661 |
| 2010 (A)..... | \$ 33,776,930 | \$ 31,354,741 |

Source: City Records

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

N/A: FY2019 Free Cash amount is not yet available.



View of the second floor of City Hall, outside of the City Council Chambers.