

TOWN OF EAST LONGMEADOW, MASSACHUSETTS

**Report on the Examination
Of Basic Financial Statements**

For the Year Ended June 30, 2019

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Independent Auditor's Report

To the Honorable Town Council
Town of East Longmeadow, 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 Town of East Longmeadow, Massachusetts, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of East Longmeadow, Massachusetts' 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 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 from 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of East Longmeadow, Massachusetts, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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, pension plan and other post employment benefit plan schedules as listed on 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 Town of East Longmeadow's basic financial statements. The Supplementary Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The Supplementary Schedules 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, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated July 20, 2020 on our consideration of the Town of East Longmeadow, 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 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 Town of East Longmeadow Massachusetts' internal control over financial reporting and compliance.

Scanlon & Associates, LLC
South Deerfield, Massachusetts

July 20, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of East Longmeadow, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Town's financial performance.

Financial Highlights

- The Town's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$54,644,676 (net position) for the fiscal year reported. This compares to the previous year when liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$59,932,810, or an increase of \$5,288,134 (9%) over last fiscal year's total net position.
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$16,281,803, an increase of \$1,371,289 (9%) in comparison with prior year.
- The General Fund's total fund balance decreased \$1,509,291 (17%) to \$7,158,516. The ending fund balance is 11% of revenues and transfers in and 11% of expenditures and transfers out.
- Total long-term liabilities of the Town decreased by \$7,179,237 (6%) to \$108,642,519 during the fiscal year. This change was mainly the result a net increase in bonds and leases payable of \$2,186,823 in the pension liability of \$4,471,407 and a net decrease in the Other Post Employment Benefits (OPEB) liability of \$13,524,340.
- The Town had General Fund free cash certified by the Department of Revenue in the amount of \$1,688,773. The key factors that attributed to the free cash amount for fiscal year 2019 were unexpended/unencumbered appropriations of \$815,400, excess over budget other financing sources of \$151,700 and prior year free cash not appropriated of \$630,300.
- The Town's enterprise fund certified free cash is as follows:
 - Sewer fund \$ 376,002.
 - Water fund \$ 1,006,373.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of East Longmeadow's basic financial statements. These basic financial statements are comprised of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, public works, education, health and human services, culture and recreation, employee benefits and insurance, state assessments and interest. The business-type activities include the water and sewer activities.

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial 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 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 decision. 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 Town of East Longmeadow adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintains one type of proprietary fund.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer activities.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town'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

Statement of Activities Highlights

	Governmental Activities		
	2019	2018	Change
Program Revenues:			
Charges for services	\$ 3,668,693	\$ 3,169,684	\$ 499,009
Operating grants and contributions	22,482,069	21,293,016	1,189,053
Capital grants and contributions	1,936,573	556,259	1,380,314
General Revenues:			
Property taxes	41,080,719	40,236,219	844,500
Motor vehicle excise and other taxes	2,703,765	2,732,985	(29,220)
Penalties and interest on taxes	212,938	196,588	16,350
Nonrestricted grants	1,724,033	1,556,738	167,295
Unrestricted investment income	439,554	88,825	350,729
Gain/(Loss) on sale of capital assets	-	160,081	(160,081)
Miscellaneous	10,400	17,998	(7,598)
Total revenues	74,258,744	70,008,393	4,250,351
Expenses:			
General Government	3,472,125	3,116,132	355,993
Public Safety	6,069,707	4,700,871	1,368,836
Public Works	5,290,417	5,191,221	99,196
Education	36,600,235	34,636,342	1,963,893
Health and Human Services	1,046,971	941,601	105,370
Culture and Recreation	1,813,089	1,730,193	82,896
Employee Benefits and Insurance	13,780,649	17,941,061	(4,160,412)
State Assessments	402,847	394,566	8,281
Interest	459,330	435,525	23,805
Total expenses	68,935,370	69,087,512	(152,142)
Net (expenses) revenues	5,323,374	920,881	4,402,493
Transfers	-	-	-
Change in net position	5,323,374	920,881	4,402,493
Net position - beginning of year	(73,221,106)	(74,141,987)	920,881
Net position - end of year	\$ (67,897,732)	\$ (73,221,106)	\$ 5,323,374

	Business-Type Activities		
	2019	2018	Change
Program Revenues:			
Charges for services	\$ 4,296,210	\$ 4,280,908	\$ 15,302
Operating grants and contributions	23,561	17,935	5,626
Capital grants and contributions	40,072	-	40,072
Total revenues	4,359,843	4,298,843	61,000
Expenses:			
Water	2,462,867	2,274,305	188,562
Sewer	1,932,216	1,626,323	305,893
Total expenses	4,395,083	3,900,628	494,455
Change in net position	(35,240)	398,215	(433,455)
Net position - beginning of year	13,288,296	12,890,081	398,215
Net position - end of year	\$ 13,253,056	\$ 13,288,296	\$ (35,240)

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$54,644,676 at the close of fiscal year 2019.

Net position of \$39,025,784 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The Town 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, \$9,842,487 represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$103,512,947).

At the end of the current fiscal year, the Town is able to report positive balances in two categories of net position and a negative balance in the unrestricted category in the governmental activities and for the government as a whole. The unrestricted governmental activities and government as a whole resulted in a negative balance mainly due to the accrual of the OPEB and pension liabilities that are required under GASB to be recognized in the Town's financial statements. These liabilities are presented on the statement of net position.

The business-type activities are able to report positive balances in all categories of net position.

The governmental activities net position increased by \$5,323,374 (7%) during the current fiscal year. The key elements of the increase in net position for fiscal year 2019 is attributed to increases from the net changes in governmental fund balances of \$1,371,289, and in recognizing the changes in this year's OPEB liability of \$13,786,278 and in the deferred outflow/(inflow) of resources related to pensions of \$2,819,352; and decreases in recognizing the changes in the deferred outflow/(inflow) of resources related to OPEB of \$7,185,394 and in the pension liability of \$4,305,070.

There was a decrease of \$35,240 (.3%) in net position reported in connection with the water and sewer business-type activities. Of this, there was an increase of \$87,867 attributed to the water department and a decrease of \$123,107 attributed to the sewer department.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$16,281,803, an increase of \$1,371,289 (9%) in comparison with the prior year.

The breakdown of the governmental funds is as follows:

- Restricted fund balance – \$8,504,464 (52%).
- Committed fund balance – \$1,080,039 (7%).
- Assigned fund balance – \$616,440 (4%).
- Unassigned fund balance – \$6,080,860 (37%).

At the end of the fiscal year, the General Fund reported a total fund balance of \$7,158,516 decreasing \$1,509,291 (17%) from the prior year. Of the \$7,158,516, the unassigned amount is \$6,080,860 (85%), the assigned amount is \$616,440 (9%) and the restricted amount is \$461,216 (6%). General fund revenues were \$1,986,460 (3%) more than the prior fiscal year and expenditures also increased by \$3,051,611 (5%). Other activities in the General fund were net transfers to other funds of \$731,104.

The main components of the increases in general fund revenues were related to an increase in property taxes of \$927,988 (2%), intergovernmental receipts of \$740,352 (6%), and investment income of \$350,729 (395%).

The major changes in general fund expenditures from the prior fiscal year were as follows:

- Increase in Public safety expenditures of \$1,038,699 (27%).
- Increase in Employee benefits and insurance expenditures of \$1,858,268 (6%).

Proprietary Funds. The proprietary funds statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

Major Proprietary Funds

The *Water Fund* is the financing and operations of the Town's water system. The water fund has accumulated a balance of \$7,578,234 and shows an increase of \$87,867 (1%) in total operations. This change resulted from operating revenues exceeding operating expenditures of \$182,672, investment income of \$13,325, other income of \$25,500 and interest expense of \$133,630. Operating revenues decreased by \$28,609 (1%) while operating expenses increased by \$177,280 (8%) from the prior year.

The *Sewer Fund* is the financing and operations of the Town's sewer system. The sewer fund has accumulated a balance of \$5,674,822 and shows a decrease of \$123,107 (2%) in total operations. This change was mainly attributed to operating costs exceeding operating revenue by \$65,669, investment income of \$10,236, other income of \$14,572 and interest expense of \$82,246. Operating revenues increased by \$43,911 (3%) and operating expenses also increased by \$310,726 (20%) from the prior year.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2019 was \$61,165,070. This was an increase of \$1,710,237 (3%) over the previous year's budget.

There were increases between the original budget and the final amended budget. The changes are attributed to council votes during the year for various budget operating line items.

General fund expenditures were less than budgeted by \$1,431,861. Of the \$1,431,861 in under budget expenditures, \$616,440 has been carried over to fiscal year 2020.

There are negative variances in excise and other taxes of \$107,883; in licenses, permits, and fees of \$185,810, and in interest on taxes of \$13,003 as expectations (budget) were higher than the receipts.

Overall, the variance with the final budget was a positive \$817,546 consisting of a revenue surplus of \$2,125 and an appropriation surplus of \$815,421.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounts to \$39,072,265 and \$17,539,242, respectively.

The investment in capital assets includes land, construction in progress, buildings and renovations, machinery, equipment and other and infrastructure.

Major capital events during the current fiscal year in the governmental type funds included the following:

- Town information technology improvements for \$154,283.
- Public Safety dispatch upgrades system for \$30,000.
- Police vehicle purchase for \$42,129.
- Highway office renovations for \$13,345.
- Highway vehicle and equipment purchases for \$178,351.
- Road infrastructure improvements for \$608,706.
- Various schools' improvements for \$2,287,001.
- Pine Knoll building improvements for \$15,371.

The capital events during the current fiscal year in the business-type funds included the following:

Water fund:

- Water vehicle and equipment purchases for \$179,494.
- Water infrastructure improvements for \$265,448.

Sewer fund:

- Sewer vehicle and equipment purchase for \$64,922.
- Sewer infrastructure improvements for \$46,721.

Debt Administration. The Town's outstanding governmental long-term debt, as of June 30, 2019, totaled \$12,260,975, of which \$7,537,000 is for school projects, \$285,000 for Town buildings' improvements, \$330,000 for pool renovations, \$440,000 for the new library, \$133,975 for the GIS projects, and \$3,535,000 for various municipal purpose loans.

The Town also entered into a financing agreement (lease) with Northeast Efficiency Supply for the Meadowbrook School lighting upgrade consisting of \$30,542 in principal to be repaid monthly over the remaining three years (approximately \$12,638 annually) with the electric billing. The Town also has capital leases in the governmental type fund for the financing of the fire department vehicles. The last lease is due in 2023. The Town currently owes \$981,638 on the leases consisting of \$920,918 in principal and \$60,720 in interest.

The Town's outstanding business-type long-term debt totals \$5,681,807 consisting of \$3,543,223 in water debt and \$2,138,584 in sewer debt that is fully supported by the rates.

Please refer to notes 3D, 3F, and 3G for further discussion of the major capital and debt activity.

Next Year's Budget – Fiscal Year 2020

The financial statements of the Town of East Longmeadow as of June 30, 2019 do not reflect the fiscal year 2020 budget approved by the Town Council on May 22, 2019. The Town Council has authorized a fiscal year 2020 operating and capital budget as follows:

From raise and appropriate		\$	61,247,252
From sewer revenues	\$	2,061,300	
From sewer retained earnings		<u>233,980</u>	2,295,280
From water revenues			3,144,350
From Cable Access TV (ELCAT) revenues *			231,500
From Stormwater revenues			289,075
From Other Available Funds:			
Non-major Governmental Funds:			
Ambulance		218,186	
Community preservation funds		<u>356,280</u>	574,466
			<u><u>\$ 67,781,923</u></u>

* = The Town budgets/operates ELCAT as an Enterprise Fund in accordance with M.G.L. For GAAP purposes, ELCAT is classified as a special revenue fund.

Requests for Information

This financial report is designed to provide a general overview of the Town of East Longmeadow's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, 60 Center Square, East Longmeadow, Massachusetts 01028.

BASIC FINANCIAL STATEMENTS

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 11,311,875	\$ 2,824,942	\$ 14,136,817
Investments	4,003,793	-	4,003,793
Receivables, net of allowance for uncollectibles:			
Property Taxes	786,649	-	786,649
Tax Liens	447,597	-	447,597
Excise and Other Taxes	188,647	-	188,647
User Charges	-	763,697	763,697
Departmental	251,988	-	251,988
Special Assessments	-	6,827	6,827
Due from Other Governments	2,657,815	-	2,657,815
Total current assets	<u>19,648,364</u>	<u>3,595,466</u>	<u>23,243,830</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special Assessments	-	50,279	50,279
Due from Other Governments	653,939	-	653,939
Capital Assets, net of accumulated Depreciation:			
Nondepreciable	7,538,792	679,678	8,218,470
Depreciable	31,533,473	16,859,564	48,393,037
Total noncurrent assets	<u>39,726,204</u>	<u>17,589,521</u>	<u>57,315,725</u>
Total Assets	<u>59,374,568</u>	<u>21,184,987</u>	<u>80,559,555</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	5,701,560	220,292	5,921,852
Deferred Outflows Related to OPEB	2,608,993	22,815	2,631,808
Total Deferred Outflows of Resources	<u>8,310,553</u>	<u>243,107</u>	<u>8,553,660</u>
LIABILITIES			
CURRENT:			
Warrants and Accounts Payable	27,992	16,775	44,767
Accrued Payroll	244,175	13,041	257,216
Employee Withholdings	451,903	-	451,903
Tax Refund Payable	75,400	-	75,400
Other	38,834	-	38,834
Accrued Interest	164,319	34,473	198,792
Compensated Absences	516,197	27,440	543,637
Bonds and Leases Payable	2,653,295	970,934	3,624,229
Total current liabilities	<u>4,172,115</u>	<u>1,062,663</u>	<u>5,234,778</u>
NONCURRENT:			
Compensated Absences	229,088	13,412	242,500
Net OPEB Liability	42,984,230	375,877	43,360,107
Net Pension Liability	42,907,821	1,657,842	44,565,663
Bonds and Leases Payable	10,528,598	4,710,873	15,239,471
Total noncurrent liabilities	<u>96,649,737</u>	<u>6,758,004</u>	<u>103,407,741</u>
Total Liabilities	<u>100,821,852</u>	<u>7,820,667</u>	<u>108,642,519</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	1,686,088	65,146	1,751,234
Deferred Inflows Related to OPEB	33,074,913	289,225	33,364,138
Total Deferred Inflows of Resources	<u>34,761,001</u>	<u>354,371</u>	<u>35,115,372</u>
NET POSITION			
Net Investment in Capital Assets	27,168,349	11,857,435	39,025,784
Restricted for:			
Capital Projects	3,230,387	989,324	4,219,711
Federal & State Grants	887,875	-	887,875
Community Preservation	1,390,469	-	1,390,469
Permanent Funds	9,378	-	9,378
Other Purposes	3,335,054	-	3,335,054
Unrestricted	(103,919,244)	406,297	(103,512,947)
Total Net Position	<u>\$ (67,897,732)</u>	<u>\$ 13,253,056</u>	<u>\$ (54,644,676)</u>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Program Revenues</u>				<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
General Government	\$ 3,472,125	\$ 418,127	\$ 564,480	\$ -	\$ (2,489,518)	\$ -	\$ (2,489,518)
Public Safety	6,069,707	1,127,946	205,982	-	(4,735,779)	-	(4,735,779)
Public Works	5,290,417	222,998	41,557	721,877	(4,303,985)	-	(4,303,985)
Education	36,600,235	1,207,833	14,390,697	1,214,696	(19,787,009)	-	(19,787,009)
Health and Human Services	1,046,971	169,173	219,632	-	(658,166)	-	(658,166)
Culture and Recreation	1,813,089	522,616	114,824	-	(1,175,649)	-	(1,175,649)
Employee Benefits and Insurance	13,780,649	-	6,872,942	-	(6,907,707)	-	(6,907,707)
State Assessments	402,847	-	-	-	(402,847)	-	(402,847)
Interest	459,330	-	71,955	-	(387,375)	-	(387,375)
Total Governmental Activities	68,935,370	3,668,693	22,482,069	1,936,573	(40,848,035)	-	(40,848,035)
Business-Type Activities:							
Water	2,462,867	2,511,909	13,325	25,500	-	87,867	87,867
Sewer	1,932,216	1,784,301	10,236	14,572	-	(123,107)	(123,107)
Total Primary Government	\$ 73,330,453	\$ 7,964,903	\$ 22,505,630	\$ 1,976,645	(40,848,035)	(35,240)	(40,883,275)
General Revenues:							
Property Taxes					41,080,719	-	41,080,719
Motor vehicle and other taxes					2,703,765	-	2,703,765
Penalties & Interest on taxes					212,938	-	212,938
Grants & Contributions not restricted to specific programs					1,724,033	-	1,724,033
Unrestricted Investment Income					439,554	-	439,554
Miscellaneous					10,400	-	10,400
Total General Revenues					46,171,409	-	46,171,409
Change in Net Position					5,323,374	(35,240)	5,288,134
Net Position:							
Beginning of year (as restated)					(73,221,106)	13,288,296	(59,932,810)
End of year					\$ (67,897,732)	\$ 13,253,056	\$ (54,644,676)

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 3,133,608	\$ 8,178,267	\$ 11,311,875
Investments	3,577,304	426,489	4,003,793
Receivables, net of allowance for uncollectibles:			
Property Taxes	781,714	4,935	786,649
Tax Liens	446,053	1,544	447,597
Excise Taxes	188,647	-	188,647
Departmental	82,081	169,907	251,988
Due from Other Governments	2,442,786	868,968	3,311,754
Total Assets	\$ 10,652,193	\$ 9,650,110	\$ 20,302,303
Liabilities:			
Warrants and Accounts Payable	\$ 27,888	\$ 104	\$ 27,992
Accrued Payroll	202,807	41,368	244,175
Employee withholdings	456,272	-	456,272
Tax Refund Payable	75,400	-	75,400
Other	38,604	230	38,834
Total Liabilities	800,971	41,702	842,673
Deferred Inflows of Resources:			
Unavailable Revenue	2,692,706	485,121	3,177,827
Fund Balance:			
Restricted	461,216	8,043,248	8,504,464
Committed	-	1,080,039	1,080,039
Assigned	616,440	-	616,440
Unassigned	6,080,860	-	6,080,860
Total Fund Balance	7,158,516	9,123,287	16,281,803
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,652,193	\$ 9,650,110	\$ 20,302,303

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property Taxes	\$ 40,810,773	\$ 281,399	\$ 41,092,172
Intergovernmental	13,881,012	5,032,184	18,913,196
Excise and Other Taxes	2,676,286	-	2,676,286
Charges for Services	-	2,649,556	2,649,556
Licenses, Permits, Fees	935,400	-	935,400
Interest on Taxes	211,997	941	212,938
Investment Income	439,554	34,890	474,444
Other	-	387,421	387,421
Intergovernmental - "On-behalf" Payments	6,872,942	-	6,872,942
Total Revenues	65,827,964	8,386,391	74,214,355
Expenditures:			
Current:			
General Government	2,686,723	688,095	3,374,818
Public Safety	4,853,416	1,123,860	5,977,276
Public Works	4,687,630	946,925	5,634,555
Education	30,713,040	6,838,490	37,551,530
Health and Human Services	739,059	231,381	970,440
Culture and Recreation	999,563	585,617	1,585,180
Employee Benefits and Insurance	18,895,815	-	18,895,815
State Assessments	402,847	-	402,847
Debt Service:			
Principal	2,178,589	-	2,178,589
Interest	449,469	-	449,469
Total Expenditures	66,606,151	10,414,368	77,020,519
Excess of Revenues Over (Under) Expenditures	(778,187)	(2,027,977)	(2,806,164)
Other Financing Sources (Uses):			
Operating Transfers In	261,390	992,494	1,253,884
Operating Transfers Out	(992,494)	(261,390)	(1,253,884)
Bond Premium	-	163,453	163,453
Proceeds from Issuance of Bonds	-	4,014,000	4,014,000
Total Other Financing Sources (Uses)	(731,104)	4,908,557	4,177,453
Net Change in Fund Balances	(1,509,291)	2,880,580	1,371,289
Fund Balances, Beginning of Year	8,667,807	6,242,707	14,910,514
Fund Balances, End of Year	\$ 7,158,516	\$ 9,123,287	\$ 16,281,803

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Position
For the Year Ended June 30, 2019

Total Governmental Fund Balances		\$ 16,281,803
Capital Assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.		39,072,265
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		3,182,196
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.		(26,450,448)
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:		
Bonds and Leases Payable	\$ (13,181,893)	
Net Other Post Employment Benefits Liability	(42,984,230)	
Net Pension Liability	(42,907,821)	
Compensated Absences	<u>(745,285)</u>	(99,819,229)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds interest is not reported until due.		<u>(164,319)</u>
Net Position of Governmental Activities		<u><u>\$ (67,897,732)</u></u>

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds \$ 1,371,289

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 are reported as depreciation expense:

Capital Outlay Purchases	\$ 3,329,186	
Depreciation	<u>(2,784,537)</u>	544,649

Revenue in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue. (119,064)

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Repayment of Debt and Lease Principal	2,464,805	
Proceeds from Issuance of Bonds and Notes	<u>(4,014,000)</u>	(1,549,195)

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 governmental funds:

Net Change in Compensated Absences	(29,610)	
Net Change in Net Other Post Employment Benefits Liability	13,786,278	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	(7,185,394)	
Net Change in Net Pension Liability	(4,305,070)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	2,819,352	
Net Change in Accrued Interest on Long-Term Debt	<u>(9,861)</u>	5,075,695

Change in Net Position of Governmental Activities \$ 5,323,374

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS -
(NON-GAAP) - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>			<u>Actual Budgetary Basis</u>	<u>Amounts Carried Forward to Next Year</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Amounts Carried</u>		<u>Final Budget</u>			
	<u>Forward from Prior Year</u>	<u>Original Budget</u>				
Revenues:						
Property Taxes	\$ -	\$ 40,827,443	\$ 40,827,443	\$ 40,923,973	\$ -	\$ 96,530
Intergovernmental	-	13,808,555	13,808,555	13,881,012	-	72,457
Excise and Other Taxes	-	2,784,169	2,784,169	2,676,286	-	(107,883)
Licenses, Permits, Fees	-	1,121,210	1,121,210	935,400	-	(185,810)
Interest on Taxes	-	225,000	225,000	211,997	-	(13,003)
Investment Income	-	60,000	60,000	199,834	-	139,834
Total Revenues	-	58,826,377	58,826,377	58,828,502	-	2,125
Expenditures:						
Current:						
General Government	105,757	2,848,142	2,991,667	2,686,723	77,624	227,320
Public Safety	84,543	5,013,426	5,097,230	4,853,416	35,919	207,895
Public Works	232,991	4,968,267	5,072,449	4,687,630	234,516	150,303
Education	678,315	30,314,438	31,042,030	30,713,040	259,714	69,276
Health and Human Services	11,458	719,760	767,320	739,059	4,091	24,170
Culture and Recreation	1,182	991,457	1,012,407	999,563	477	12,367
Employee Benefits and Insurance	2,501	10,121,938	12,129,751	12,022,873	4,099	102,779
State Assessments	-	424,158	424,158	402,847	-	21,311
Debt Service:						
Principal	-	2,178,589	2,178,589	2,178,589	-	-
Interest	-	436,388	449,469	449,469	-	-
Total Expenditures	1,116,747	58,016,563	61,165,070	59,733,209	616,440	815,421
Excess of Revenues Over (Under) Expenditures	(1,116,747)	809,814	(2,338,693)	(904,707)	(616,440)	817,546
Other Financing Sources (Uses):						
Operating Transfers In	-	109,680	109,680	261,390	-	151,710
Operating Transfers Out	-	(919,494)	(1,149,207)	(1,149,207)	-	-
Total Other Financing Sources (Uses)	-	(809,814)	(1,039,527)	(887,817)	-	151,710
Net Change in Budgetary Fund Balance	(1,116,747)	-	(3,378,220)	\$ (1,792,524)	\$ (616,440)	\$ 969,256
Other Budgetary Items:						
Free Cash and Other Reserves	-	-	2,261,473			
Prior Year Encumbrances	1,116,747	-	1,116,747			
Total Other Budgetary Items	1,116,747	-	3,378,220			
NET BUDGET	\$ -	\$ -	\$ -			

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Reconciliation of Revenues and Expenditures
from Budgetary Basis to GAAP Basis
For the Year Ended June 30, 2019

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 58,828,502	\$ 59,733,209
<i>Adjustments:</i>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	239,720	-
Net Decrease in Revenue from recording Refund Taxes Payable	(75,400)	-
Recognition of intergovernmental Revenue - "on behalf payments"	6,872,942	-
Recognition of Expenditures - "on behalf payments"	-	6,872,942
Net Decrease in Revenue from Recording 60-Day Receipts	(37,800)	-
Reported on a GAAP Basis	\$ 65,827,964	\$ 66,606,151

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Total
	Fund	Fund	
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 1,393,103	\$ 1,431,839	\$ 2,824,942
Receivables, net of allowance for uncollectibles			
User Charges	436,451	327,246	763,697
Special Assessments	-	6,827	6,827
Total current assets	<u>1,829,554</u>	<u>1,765,912</u>	<u>3,595,466</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special Assessments	-	50,279	50,279
Capital Assets, net of accumulated depreciation:			
Nondepreciable	679,678	-	679,678
Depreciable	9,666,952	7,192,612	16,859,564
Total noncurrent assets	<u>10,346,630</u>	<u>7,242,891</u>	<u>17,589,521</u>
Total Assets	<u>12,176,184</u>	<u>9,008,803</u>	<u>21,184,987</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	110,146	110,146	220,292
Deferred Outflows Related to OPEB	8,646	14,169	22,815
Total Deferred Outflows of Resources	<u>118,792</u>	<u>124,315</u>	<u>243,107</u>
LIABILITIES			
CURRENT:			
Warrants and Accounts Payable	11,147	5,628	16,775
Accrued Payroll	7,201	5,840	13,041
Accrued Interest	19,904	14,569	34,473
Compensated Absences	14,012	13,428	27,440
Bonds Payable	520,974	449,960	970,934
Total current liabilities	<u>573,238</u>	<u>489,425</u>	<u>1,062,663</u>
NONCURRENT:			
Compensated Absences	7,716	5,696	13,412
Net OPEB Liability	142,441	233,436	375,877
Net Pension Liability	828,921	828,921	1,657,842
Bonds Payable	3,022,249	1,688,624	4,710,873
Total noncurrent liabilities	<u>4,001,327</u>	<u>2,756,677</u>	<u>6,758,004</u>
Total Liabilities	<u>4,574,565</u>	<u>3,246,102</u>	<u>7,820,667</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	32,573	32,573	65,146
Deferred Inflows Related to OPEB	109,604	179,621	289,225
Total Deferred Inflows of Resources	<u>142,177</u>	<u>212,194</u>	<u>354,371</u>
NET POSITION			
Net Investment in Capital Assets	6,803,407	5,054,028	11,857,435
Restricted for Capital	271,005	718,319	989,324
Unrestricted	503,822	(97,525)	406,297
Total Net Position	<u>\$ 7,578,234</u>	<u>\$ 5,674,822</u>	<u>\$ 13,253,056</u>

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 2,511,909	\$ 1,784,301	\$ 4,296,210
Total Operating Revenues	<u>2,511,909</u>	<u>1,784,301</u>	<u>4,296,210</u>
Operating Expenses:			
Salaries & Wages	388,273	355,428	743,701
Operating Expenses	1,572,326	1,211,492	2,783,818
Depreciation	368,638	283,050	651,688
Total Operating Expenses	<u>2,329,237</u>	<u>1,849,970</u>	<u>4,179,207</u>
Operating Income (Loss)	<u>182,672</u>	<u>(65,669)</u>	<u>117,003</u>
Non-Operating Revenues (Expenses):			
Investment Income	13,325	10,236	23,561
Other	25,500	14,572	40,072
Interest Expense	(133,630)	(82,246)	(215,876)
Total Non-Operating Revenues (Expenses)	<u>(94,805)</u>	<u>(57,438)</u>	<u>(152,243)</u>
Income (Loss) Before Operating Transfers	<u>87,867</u>	<u>(123,107)</u>	<u>(35,240)</u>
Operating Transfers:			
Transfers In/(Out)	-	-	-
Total Operating Transfers	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>87,867</u>	<u>(123,107)</u>	<u>(35,240)</u>
Net Position at Beginning of Year (as restated)	<u>7,490,367</u>	<u>5,797,929</u>	<u>13,288,296</u>
Net Position at End of Year	<u>\$ 7,578,234</u>	<u>\$ 5,674,822</u>	<u>\$ 13,253,056</u>

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities		
	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 2,551,157	\$ 1,814,994	\$ 4,366,151
Payments to Vendors	(1,542,072)	(1,218,154)	(2,760,226)
Payments to Employees	(391,274)	(345,642)	(736,916)
Net Cash Provided by (Used for) Operating Activities	617,811	251,198	869,009
Cash Flows from Noncapital Financing Activities:			
Transfers from (to) Other Funds	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	-	-	-
Cash Flows from Capital and Related Financing Activities:			
Other	25,500	14,572	40,072
Proceeds from Bonds and Notes	1,110,500	370,500	1,481,000
Acquisition and Construction of Capital Assets	(444,942)	(111,643)	(556,585)
Principal Payments on Bonds and Notes	(439,610)	(403,762)	(843,372)
Interest Expense	(124,619)	(81,133)	(205,752)
Net Cash Provided by (Used for) Capital and Related Financing Activities	126,829	(211,466)	(84,637)
Cash Flows from Investing Activities:			
Investment Income	13,325	10,236	23,561
Net Cash Provided by (Used for) Investing Activities	13,325	10,236	23,561
Net Increase (Decrease) in Cash and Cash Equivalents	757,965	49,968	807,933
Cash and Cash Equivalents at Beginning of Year	635,138	1,381,871	2,017,009
Cash and Cash Equivalents at End of Year	\$ 1,393,103	\$ 1,431,839	\$ 2,824,942

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:

Operating Income (Loss)	\$ 182,672	\$ (65,669)	\$ 117,003
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	368,638	283,050	651,688
Deferred (Outflows)/Inflows of Resources Related to Pensions	(54,466)	(54,466)	(108,932)
Deferred (Outflows)/Inflows of Resources Related to OPEB	(207,175)	(90,695)	(297,870)
Change in Assets and Liabilities:			
Increase (Decrease) in Warrants Payable	3,503	(1,383)	2,120
Increase (Decrease) in Accrued Payroll	827	1,086	1,913
Increase (Decrease) in Compensated Absences	(3,828)	8,700	4,872
Increase (Decrease) in Net OPEB Liability	205,224	56,714	261,938
Increase (Decrease) in Net Pension Liability	83,168	83,168	166,336
Decrease (Increase) in User Charges Receivable	39,248	30,693	69,941
Total Adjustments	435,139	316,867	752,006
Net Cash Provided by (Used for) Operating Activities	\$ 617,811	\$ 251,198	\$ 869,009

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019**

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,506,528	\$ 71,670	\$ 543,303
Investments	6,487,219	42,782	-
Total Assets	7,993,747	114,452	543,303
LIABILITIES			
Due to Others	-	-	36,803
Due to Student Groups	-	-	116,842
Escrows and Deposits	-	-	389,658
Total Liabilities	-	-	543,303
NET POSITION			
Held in Trust for Other Purposes	\$ 7,993,747	\$ 114,452	\$ -

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds
Additions:		
Employer Contributions	\$ 4,216,543	\$ -
Private Donations	-	20,370
Investment Income	261,703	4,410
Total Additions	4,478,246	24,780
Deductions:		
Educational Scholarships	-	11,750
General Expenses	-	877
Employee Benefits and Insurance	2,116,543	-
Total Deductions	2,116,543	12,627
Change in Net Position	2,361,703	12,153
Net Position at Beginning of Year	5,632,044	102,299
Net Position at End of Year	\$ 7,993,747	\$ 114,452

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of East Longmeadow, Massachusetts (the Town) 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 accounting policies are described herein.

A. Reporting Entity

The Town was incorporated in 1894 under the laws of the Commonwealth of Massachusetts. The Town is governed by a seven-member Town Council elected by the voters of the Town. The Town Council shall exercise all legislative powers of the Town. The executive branch, headed by the Town Manager, shall administer all town fiscal, business and municipal affairs.

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town 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 Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. In fiscal year 2019, it was determined that no entities met the required GASB-39 and GASB-61 criteria for component units.

The Town is responsible for electing the governing board and/or committee members of the East Longmeadow Housing Authority. This related organization is excluded from the financial reporting entity because the Town's accountability does not extend beyond the Town electing the board members. Audited financial statements are available from the respective organization. A description of the related organization is as follows:

East Longmeadow Housing Authority - A public housing agency that provides housing assistance to eligible and qualified low and moderate income families, the elderly and the handicapped. The housing authority is an autonomous and self-sufficient agency under the State Executive Office of Communities and Development. The Town has no significant influence over management, budget or policies of the authority.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (e.g., statement of net position and the statement of activities) 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.

The statement of activities demonstrates the degree to which the direct expenses of a given 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 (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter 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. Non-major funds are aggregated and displayed in a single column.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustment necessary to reconcile ending net position and the change in net position.

Major Fund Criteria

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

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

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

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

Proprietary 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, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's enterprise funds and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues of the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments, internally dedicated resources are reported.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Under the modified accrual basis concept, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to be used to pay current liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a 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.

Property taxes, excises and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 Town reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major proprietary funds:

The *water fund* is used to account for the water activities.

The *sewer fund* is used to account for the sewer activities.

The non-major governmental fund consists of other special revenue, capital projects and permanent funds that are aggregated and presented in the *non-major 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 the proceeds of specific revenue sources (other than permanent or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise and Trust Funds).

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
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Year Ended June 30, 2019

Additionally, the government reports the following fund types:

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 government programs. The Town reports the following fiduciary funds:

The *Other Post Employment Benefit (OPEB) Trust Fund* is used to account for the assets held by the Town in trust for the payment of future retiree health insurance benefits. The assets of the OPEB Trust Fund cannot be used to support the Town's operations.

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a purely custodial capacity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash and Cash Equivalents

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. 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. The Town maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption, "cash and cash equivalents".

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

Investment income from proprietary funds is maintained in those funds.

E. Investments

The Town maintains investments according to Massachusetts General Laws and adopted policies. Investments are reported according to the fair value hierarchy established by generally accepted accounting principles. Investments are defined as securities or other assets that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy is based upon valuation inputs, which are assumptions that market participants would use when pricing an asset or a liability, including assumptions about risk.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 inputs are directly observable for an asset or a liability (including quoted prices for similar assets or liabilities), as well as inputs that are indirectly observable for the asset or liability.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
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Level 3 inputs are unobservable for the asset or liability.

Certain investments, such as money market investments and 2a7-like external investment pools, are reported at amortized cost. 2a7-like pools are external investment pools that operate in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended and should be measured at the net asset value per share provided by the pool.

Additional investment disclosures are presented in these Notes.

F. Receivables

The recognition of revenues related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

Property Taxes and Tax Liens

Property taxes are based on assessments as of January 1, 2018 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The Town has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the Town sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever is later. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The Town mailed preliminary tax bills for the fiscal year 2019 on June 27, 2018 and September 24, 2018 that were due on August 1, 2018 and November 1, 2018 and actual bills on December 31, 2018 and March 29, 2019 that were due on February 1, 2019 and May 1, 2019, respectively.

The Commonwealth of Massachusetts electorate in November, 1980, passed legislation known as Proposition 2 1/2, in order to limit the amount of revenue to be raised by taxation. The purpose of the legislation was to control the levy of taxes that are assessed to property owners of a Town.

The legal levy limit under Proposition 2 1/2 for fiscal year 2019 is as follows:

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2019	\$ 42,778,627
Add: Debt Exclusion	692,306
Maximum Allowable Levy	<u>\$ 43,470,933</u>

The total amount to be raised by taxation was \$40,996,992.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

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

Excise Taxes

Excise taxes consist of motor vehicle excise and vessel excise. Motor vehicle and vessel excise taxes are assessed annually for each vehicle and vessel registered in the Town, and are recorded as receivables in the fiscal year of the levy.

The Commonwealth is responsible for reporting the number of vehicles registered and the fair value of those vehicles. The Board of Assessors of the Town is responsible for determining the value of each vessel.

The tax calculation is the fair market value of the vehicle or vessel multiplied by the \$25 per \$1,000 of value and \$10 per \$1,000 of valuation, respectively.

The allowance for uncollectible accounts is based on historical trends and specific account analysis.

User Charges

User charges and fees consist of water and sewer that are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed each year and are included as a lien on the property owner's tax bill. Water charges, sewer charges and liens are recorded as receivables in the fiscal year of the levy.

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

Departmental

Departmental receivables consist primarily of highway fees, payments in lieu of taxes, police off duty, and income and expense penalties added to taxes.

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

Special Assessments

Special assessments consist of the water and sewer betterments.

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

Due from Other Governments

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized 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.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

G. Capital Assets

Capital assets, which include land, construction in progress, buildings and renovations, machinery, equipment and other, and infrastructure assets (e.g. roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value.

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

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

Capital Asset Type	Years
Buildings and renovations	10-40
Machinery, equipment and other	3-15
Infrastructure	20-50

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.

H. Interfund Transfers

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

In the government-wide financial statements, operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers net".

In the fund financial statements, operating transfers between and within funds are not eliminated from the individual fund statements and are reported as operating transfers in and operating transfers out.

I. Deferred Outflows/Inflows of Resources

Government-wide financial statements

The government-wide financial statements *Statement of Net Position* includes a separate section, listed below total assets, for *deferred outflows of resources*. This represents the usage of net position applicable for future period(s) and will not be recognized as expenditures until the future period to which it applies. Currently, the only items in this category are *deferred outflows related to pensions and deferred outflows related to OPEB*.

In addition to liabilities, the *Statement of Net 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 and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only items in this category are *deferred inflows related to pensions and deferred inflows related to OPEB*.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

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 an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, which arises only under a modified accrual basis of accounting that qualifies in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for the Town's property taxes, excise taxes, departmental receipts and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

J. Net Position and Fund Balances

In the Governmental-Wide financial statements, the difference between the Town's total assets, deferred outflows of resources, total liabilities and deferred inflows of resources represents net position. Net position displays three components – net investment in capital assets, restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net position available for future operations.

Net position classified as net investment in capital assets, consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Net position has been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

"Federal and state grants" represents amounts restricted by the federal and state government for various programs.

"Community Preservation" represents amounts restricted for the purposes under the community preservation act adopted by the Town.

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

"Other purposes" represents restrictions placed on assets from outside parties.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of those resources.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority, which is the Town meeting action and can be modified or rescinded only through these actions. Committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit.

Assigned fund balance. This classification reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. Department heads and Town board/committees have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When the restricted and other fund balance resources are available for use, it is the Town's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts respectively.

K. Long-term Debt

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position.

The face amount of governmental funds long-term debt is reported as other financing sources.

L. Compensated Absences

The Town grants to employees sick and vacation leave in varying amounts based upon length of service in accordance with State laws, collective bargaining agreements, union contracts and executive policies. Upon retirement, termination, or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay.

M. Pension Benefits

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 the Hampden County Retirement System (the System) and the Massachusetts Teachers Retirement System (MTRS) are provided. Additions to and deductions from the fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable according with the benefit terms. Investments are reported at their fair value.

N. Post Retirement Benefits

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's share of insurance premiums for retirees and spouses for Medicare and PPO and HMO in the general fund in the fiscal year paid.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

O. Use of Estimates

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 revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

P. Total Column

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.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

An annual budget is adopted for the Town's General Fund. Although legislative approval is required for the acceptance of grants, capital projects, and borrowing authorizations, annual budgets are not prepared for any other fund; therefore, comparison of budget to actual is only presented for the General Fund.

The Town must establish its property tax rate each year so that the property tax rate levy will comply with the limits established by Proposition 2 1/2, as amended, and also equal the sum of (a) the aggregate of all annual appropriations for expenditures, plus (b) provision for prior year deficits, if any, less (c) the aggregate of all non-property tax revenues estimated to be received, including available funds.

The Town follows these procedures in establishing the General Fund budgetary data as reflected in the financial statements:

- The Town Manager shall set policy and procedures for the preparation of the Town's budget.
- The Town Manager shall prepare and submit the budget to the Town Council.
- The Town Council shall have one or more public hearings on the proposed budget.
- Copies shall be made available for public review prior to the public hearing.
- The Town Council shall adopt the budget with or without amendments by June 1.

Massachusetts law requires cities and towns to provide a balanced budget. Section 23 of Chapter 59 of the Massachusetts General Laws states, in part,

"The assessors shall annually assess taxes to an amount not less than the aggregate of all amounts appropriated, granted or lawfully expended by their respective towns (cities) since the preceding annual assessment and not provided for therein . . . "

For fiscal year 2019, the Town incurred a final budget deficit of \$3,378,220 for the General Fund.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

The Town voted from the following sources to fund the deficit budget during the fiscal year:

Unassigned fund balance:		
Free cash votes	\$	2,261,473
Prior year's encumbrances		1,116,747
	\$	3,378,220

3. DETAILED NOTES

A. Deposits and Investments

Custodial Credit Risks – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town has a deposit policy for custodial credit risk. Deposits at June 30, 2019 were \$17,925,810. Of these, \$811,512 are exposed to custodial credit risk as uninsured and uncollateralized.

Investment Policies

Investments of funds, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposit of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

The MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. According to the State Treasurer, the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U. S. Government obligations and highly-rated corporate securities with maturities of one year or less. The MMDT is an external investment pool that meets the criteria established under GASB Statement No. 79 to report its investments at amortized cost. MMDT's fair value is measured at amortized cost.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

As of June 30, 2019, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		1 to 5	6 to 10
Debt Securities:			
U. S. government agencies	\$ 497,904	\$ 100,460	\$ 397,444
Corporate bonds	654,454	328,500	325,954
Municipal bonds	702,499	236,486	466,013
Money market mutual fund	972,366	972,366	-
	<u>2,827,223</u>	<u>\$ 1,637,812</u>	<u>\$ 1,189,411</u>
Other Investments:			
Equity mutual funds	6,487,219		
Equity securities - domestic	1,162,465		
MMDT	56,887		
	<u>\$ 10,533,794</u>		

Custodial Credit Risks - Investments

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$10,533,794 in investments, \$3,989,688 are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Town's name. The Town has no policy on custodial credit risk.

Interest Rate Risk

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

Credit Risk

The Town's exposure to credit risk as of June 30, 2019 is follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
<i>U. S. Government Agencies:</i>	
Aaa	\$ 497,904
<i>Corporate Bonds:</i>	
Aaa	45,133
A1	221,808
A2	45,343
A3	160,195
AA3	55,452
Baa1	62,686
Baa2	63,837
<i>Municipal Bonds:</i>	
Aaa	47,010
AA1	245,975
AA2	409,514
<i>Money Market Mutual Funds:</i>	
Not rated	972,366
	\$ 2,827,223

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in one issuer. The Town does not have more than 5 percent of the Town's investments in one issuer.

Fair Value of Investments

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

The Town has the following recurring fair value measurements as of June 30, 2019:

Investment Type	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U. S. government agencies	\$ 497,904	\$ 497,904	\$ -	\$ -
Equity mutual funds	6,487,219	6,487,219	-	-
Equity securities - domestic	1,162,465	1,162,465	-	-
Money market mutual fund	972,366	972,366	-	-
Corporate bonds	654,454	-	654,454	-
Municipal bonds	702,499	-	702,499	-
	<u>10,476,907</u>	<u>\$ 9,119,954</u>	<u>\$ 1,356,953</u>	<u>\$ -</u>
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	<u>56,887</u>			
Total Investments	<u>\$ 10,533,794</u>			

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets for those securities.

Investments classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

B. Receivables

At June 30, 2019, receivables for the individual major governmental funds, non-major governmental funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 812,880	\$ (26,231)	\$ 786,649
Tax liens	447,597	-	447,597
Excise taxes	231,494	(42,847)	188,647
Departmental	319,839	(67,851)	251,988
Due from other governments	3,311,754	-	3,311,754
	<u>\$ 5,123,564</u>	<u>\$ (136,929)</u>	<u>\$ 4,986,635</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

At June 30, 2019, receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Water Fund:			
User charges	\$ 435,054	\$ (4,603)	\$ 430,451
Tax liens	6,000	-	6,000
Sewer Fund:			
User charges	323,964	(1,000)	322,964
Tax liens	4,282	-	4,282
Special assessments	57,106	-	57,106
	<u>\$ 826,406</u>	<u>\$ (5,603)</u>	<u>\$ 820,803</u>

The composition of amounts due from other governments as of June 30, 2019 for the governmental funds are as follows:

General Fund:

Commonwealth of Massachusetts:

Department of Revenue:

Chapter 70

\$ 937,819

Charter School Tuition

3,325

Unrestricted General Government

124,725

Veterans, Blind & Surviving Spouse

1,717

Department of Veterans Services:

Veterans benefits

97,223

Massachusetts School Building Authority:

School Building Assistance - Capital Portion

1,277,977 \$ 2,442,786

Nonmajor Governmental Funds:

U. S. Department of Agriculture:

School lunch

\$ 14,519

U. S. Department of Education:

School title grants

51,871

Commonwealth of Massachusetts:

Department of Elementary & Secondary Education:

School lunch

580

Special education reimbursement fund

236,121

Executive Office of Public Safety and Homeland Security

Public Safety Grants

15,318

Massachusetts Department of Transportation:

Highway Department - Chapter 90 funded projects

377,722

Massachusetts School Building Authority:

School Building Assistance - Capital Portion

172,837 868,968

\$ 3,311,754

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

C. Deferred Inflows of Resources – Unavailable Revenue

Governmental funds report deferred inflows 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 fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

General Fund:			
Property taxes	\$	619,814	
Tax liens		446,053	
Excise taxes		188,647	
Departmental		82,081	
Due from other governments		1,356,111	\$ 2,692,706
<hr/>			
Nonmajor governmental funds:			
Property taxes		4,935	
Tax liens		1,544	
Departmental		136,423	
Due from other governments		342,219	485,121
		<hr/>	<hr/>
		\$	<u><u>3,177,827</u></u>

D. Capital Assets

Capital asset activity for the governmental and business-type activities for the year ended June 30, 2019, are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 5,182,465	\$ -	\$ -	\$ 5,182,465
Construction in progress	90,562	2,265,765	-	2,356,327
Total capital assets not being depreciated	<hr/> 5,273,027	2,265,765	-	<hr/> 7,538,792
Capital assets being depreciated:				
Buildings and Renovations	59,745,749	184,283	-	59,930,032
Machinery, equipment and other	8,293,595	220,480	(628,794)	7,885,281
Infrastructure	7,764,467	658,658	-	8,423,125
Total capital assets being depreciated	<hr/> 75,803,811	1,063,421	(628,794)	<hr/> 76,238,438
Less accumulated depreciation for:				
Buildings and Renovations	33,985,900	2,036,481	-	36,022,381
Machinery, equipment and other	6,463,597	350,376	(628,794)	6,185,179
Infrastructure	2,099,725	397,680	-	2,497,405
Total accumulated depreciation	<hr/> 42,549,222	2,784,537	(628,794)	<hr/> 44,704,965
Total capital assets being depreciated, net	<hr/> 33,254,589	(1,721,116)	-	<hr/> 31,533,473
Total governmental activities capital assets, net	<hr/> <u>\$ 38,527,616</u>	<hr/> <u>\$ 544,649</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ 39,072,265</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 865,836	\$ 268,984	\$ (455,142)	\$ 679,678
Total capital assets not being depreciated	865,836	268,984	(455,142)	679,678
Capital assets being depreciated:				
Buildings and renovations	29,597	-	-	29,597
Machinery, equipment and other	505,149	244,416	-	749,565
Infrastructure	41,031,577	498,327	-	41,529,904
Total capital assets being depreciated	41,566,323	742,743	-	42,309,066
Less accumulated depreciation for:				
Buildings and renovations	29,597	-	-	29,597
Machinery, equipment and other	375,221	60,525	-	435,746
Infrastructure	24,392,996	591,163	-	24,984,159
Total accumulated depreciation	24,797,814	651,688	-	25,449,502
Total capital assets being depreciated, net	16,768,509	91,055	-	16,859,564
Total business-type activities capital assets, net	\$ 17,634,345	\$ 360,039	\$ (455,142)	\$ 17,539,242

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

Public safety	414,457
Public works	483,631
Education	1,332,248
Health and human services	82,089
Culture and recreation	237,425
Total depreciation expense - governmental activities	<u>\$ 2,784,537</u>

Business-Type Activities:

Sewer fund	\$ 283,050
Water fund	368,638
Total depreciation expense - business-type activities	<u>\$ 651,688</u>

E. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2019, are summarized below:

Transfers Out:	Transfers In:		
	General fund	Nonmajor Governmental fund	Total
General fund	\$ -	\$ 992,494	\$ 992,494
Nonmajor governmental funds	261,390	-	261,390
Total transfers out	<u>\$ 261,390</u>	<u>\$ 992,494</u>	<u>\$ 1,253,884</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

F. Leases

The Town has entered into a financing agreement with Northeast Efficiency Supply for the Meadowbrook School lighting upgrade to be repaid monthly with the electric billing. The Town also has capital leases in the governmental type fund for the financing of the fire department vehicles. 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 assets acquired through the financing agreement are as follows:

	Governmental Activities
Asset:	
Machinery, Equipment and Other	\$ 1,346,740
Less: Accumulated Depreciation	(211,099)
Total	<u>\$ 1,135,641</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, are as follows:

Year Ending June 30,	Governmental Activities
2020	\$ 319,373
2021	232,691
2022	214,787
2023	<u>214,787</u>
Total minimum lease payments	981,638
Less: amount representing interest	<u>(60,720)</u>
Present value of minimum lease payments	<u>\$ 920,918</u>

G. Long Term Debt

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

General obligation bonds currently outstanding of the governmental type fund are as follows:

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2019
Inside Debt:					
Municipal purpose loan of 2003: Library	2.0-5.0%	6/1/2003	6/1/2023	\$ 2,200,000	\$ 440,000
Municipal purpose loan of 2005: Remodeling projects	3.85%	4/1/2005	4/1/2022	1,336,200	285,000
Municipal purpose loan of 2005: Mountain View Roof Replacement	4.0-6.0%	12/1/2005	12/1/2025	582,683	203,000
Municipal purpose loan of 2007: School projects	3.96%	1/15/2007	1/15/2027	3,729,000	1,480,000
Municipal purpose loan of 2009	2.91%	1/15/2009	1/15/2024	4,852,000	930,000
Municipal purpose loan of 2010	2.09%	9/15/2010	9/15/2025	2,730,000	880,000
Municipal purpose loan of 2011	2.0-5.0%	10/13/2011	8/1/2029	4,405,000	1,725,000
Municipal Purpose Loan of 2016: Pine Knoll Pool Renovations	1.46%	6/29/2016	6/15/2028	450,000	330,000
Municipal Purpose Loan of 2019: School projects	2.63-2.81%	9/27/2018	9/15/2033	2,677,840	2,677,840
Massachusetts Clean Water Trust: GIS project	N/A	10/26/2006	8/1/2024	194,098	79,577
GIS project	2.00%	10/26/2006	7/15/2024	138,448	54,398
Total Inside Debt					<u>9,084,815</u>
Outside Debt:					
Municipal purpose loan of 2011 Birchland Park Middle School Construction	2.0-5.0%	10/13/2011	8/1/2020	8,739,050	1,840,000
Municipal Purpose Loan of 2018: Meadow Brook Elementary School	2.81%	9/27/2018	9/15/2033	1,336,160	1,336,160
Total Outside Debt					<u>3,176,160</u>
Total governmental type debt					<u>\$ 12,260,975</u>

Future Debt Service

The annual principal and interest payments to retire all general obligation long-term debt outstanding as of June 30, 2019, are as follows:

Year	Principal	Interest	Total
2020	\$ 2,359,351	\$ 431,044	\$ 2,790,395
2021	2,260,526	332,934	2,593,460
2022	1,330,703	258,841	1,589,544
2023	1,080,884	210,391	1,291,275
2024	967,661	171,208	1,138,869
2025-2029	2,866,850	441,158	3,308,008
2030-2034	1,395,000	102,009	1,497,009
	<u>\$ 12,260,975</u>	<u>\$ 1,947,585</u>	<u>\$ 14,208,560</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

General obligation bonds currently outstanding of the business-type fund are as follows:

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2019
Inside Debt:					
Sewer Fund:					
Municipal purpose loan of 2003:					
Sewer projects	2.0-5.0%	6/1/2003	6/1/2023	\$ 4,775,000	\$ 960,000
Municipal purpose loan of 2005:					
Discharge Meters	3.85%	4/1/2005	4/1/2021	156,000	15,000
Mill Road Sanitary Sewer Construction	4.0-6.0%	12/1/2005	12/1/2025	250,000	77,000
Municipal purpose loan of 2010:					
Pump Station Upgrades	2.09%	9/15/2010	9/15/2025	1,104,000	505,000
Municipal purpose loan of 2011:					
Sewer projects	2.0-5.0%	10/13/2011	8/1/2021	612,780	158,000
Municipal Purpose Loan of 2018:					
Sewer vehicle and equipment	2.49%	9/27/2018	9/15/2028	270,500	270,500
Sewer inflow and infiltration	2.49%	9/27/2018	9/15/2028	100,000	100,000
Massachusetts Clean Water Trust:					
GIS Project	N/A	10/26/2006	8/1/2024	76,907	31,530
GIS Project	2.00%	10/26/2006	7/15/2024	54,857	21,554
Water Fund:					
Massachusetts Clean Water Trust:					
GIS Project	N/A	10/26/2006	8/1/2024	95,218	39,038
GIS Project	2.00%	10/26/2006	7/15/2024	67,918	26,685
Total Inside Debt					<u>2,204,307</u>
Outside Debt:					
Water Fund:					
Municipal purpose loan of 2003:					
Water tank painting	2.0-5.0%	6/1/2003	6/1/2023	100,000	20,000
Water main projects	2.0-5.0%	6/1/2003	6/1/2023	4,140,000	820,000
Municipal purpose loan of 2005:					
Water tower	4.0-6.0%	12/1/2005	12/1/2025	2,500,000	875,000
Municipal purpose loan of 2011:					
Water main projects	2.0-5.0%	10/13/2011	8/1/2021	398,170	102,000
Municipal Purpose Loan of 2016:					
Harkness Pump Station improvements	1.46%	6/29/2016	6/15/2028	731,000	550,000
Municipal Purpose Loan of 2018:					
Water main projects	2.75-2.81%	9/27/2018	9/15/2028	1,110,500	1,110,500
Total Outside Debt					<u>3,477,500</u>
Total business-type debt					<u>\$ 5,681,807</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

Future Debt Service

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2019, are as follows:

Year	Principal	Interest	Total
2020	\$ 970,934	\$ 200,450	\$ 1,171,384
2021	955,089	164,217	1,119,306
2022	935,246	128,235	1,063,481
2023	850,407	93,717	944,124
2024	401,982	60,845	462,827
2025-2029	1,223,149	129,847	1,352,996
2030-2034	345,000	26,612	371,612
	<u>\$ 5,681,807</u>	<u>\$ 803,923</u>	<u>\$ 6,485,730</u>

A summary of the changes in governmental activities and business-type long-term liabilities during the year is as follows:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due within One Year
Governmental activities:					
Bonds Payable:					
General obligation bonds Massachusetts Clean	\$ 10,272,000	\$ 4,014,000	\$ 2,159,000	\$ 12,127,000	\$ 2,338,000
Water Trust bonds	153,564	-	19,589	133,975	21,351
Capital lease	1,207,134	-	286,216	920,918	293,944
Compensated absences	715,675	71,965	42,355	745,285	516,197
Net OPEB liability	56,770,508	-	13,786,278	42,984,230	-
Net Pension liability	38,602,750	4,305,071	-	42,907,821	-
Governmental activity Long-term liabilities	<u>\$ 107,721,631</u>	<u>\$ 8,391,036</u>	<u>\$ 16,293,438</u>	<u>\$ 99,819,229</u>	<u>\$ 3,169,492</u>
Business type activities:					
Bonds Payable:					
General obligation bonds Massachusetts Clean	\$ 4,908,000	\$ 1,481,000	\$ 826,000	\$ 5,563,000	\$ 952,000
Water Trust bonds	136,179	-	17,372	118,807	18,934
Compensated absences	35,980	8,700	3,828	40,852	27,440
Net OPEB liability	113,939	261,938	-	375,877	-
Net Pension liability	1,491,506	166,336	-	1,657,842	-
Business-type activity Long-term liabilities	<u>\$ 6,685,604</u>	<u>\$ 1,917,974</u>	<u>\$ 847,200</u>	<u>\$ 7,756,378</u>	<u>\$ 998,374</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

Massachusetts Clean Water Trust (MCWT)

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$674,988 and interest costs of \$281,699 for two loans which the Town has borrowed from MCWT. The gross amount outstanding at June 30, 2019 for principal and interest combined for the loan is \$277,376. The net repayments, including interest, are scheduled to be \$258,748. Since the Town is legally obligated for the total amount of the debt, such amounts for the gross principal have been recorded on the financial statements. The fiscal year 2019 interest subsidies totaled \$4,151.

Legal Debt Limit

Under Section 10 of Chapter 44 of the Massachusetts General Laws a Town may authorize indebtedness up to a limit of five percent of its equalized valuation of the Town. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The Town's inside debt at June 30, 2019 totaled \$11,289,123.

In addition, the Town is authorized to incur debt outside of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit." The following is a computation of the legal debt limit as of June 30, 2019:

Equalized Valuation-Real Estate and Personal Property (2018)		<u>\$ 1,986,089,000</u>
Debt Limit: 5 % of Equalized value		<u>99,304,450</u>
Total Debt Outstanding	\$ 17,942,783	
Less: Debt Outside Debt Limit	<u>(6,653,660)</u>	<u>11,289,123</u>
Inside Debt Excess Borrowing Capacity at June 30, 2019		<u>\$ 88,015,327</u>

Loans Authorized and Unissued - Memorandum Only

Under the general laws of the Commonwealth of Massachusetts a Town must authorize debt at a Town meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or Town meeting votes to rescind the authorized debt.

Loan authorizations that have not been issued as of June 30, 2019 and are not reflected in the Town's financial statements are as follows:

Authorized	Purpose	Amount
5/19/2008	Health department - landfill Somers & Allen Street	\$ 138,000
5/21/2012	Harkness Pump Station improvements (Water)	500
5/23/2017	Water Main Replacement - Maple Street	58,250
2/27/2018	Meadow Brook Elementary School construction net of Massachusetts School Authority receipts	510,836
4/23/2019	Meadow Brook Elementary School construction net of Massachusetts School Authority receipts	3,188,859
5/28/2019	2020 Capital Projects	<u>3,386,358</u>
		<u>\$ 7,282,803</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

H. Fund Balances

The following is a summary of the Town's Governmental fund balances at the year ended June 30, 2019:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:			
Federal, state and local grants	\$ -	\$ 545,655	\$ 545,655
School revolving funds	-	631,217	631,217
Town revolving funds	-	1,130,974	1,130,974
Community preservation funds	-	1,383,990	1,383,990
Donations and gifts	-	165,671	165,671
Payment of Debt	461,216	653,856	1,115,072
Capital projects	-	3,230,387	3,230,387
Permanent funds	-	9,378	9,378
Other	-	292,120	292,120
	<u>461,216</u>	<u>8,043,248</u>	<u>8,504,464</u>
Committed:			
Capital projects	-	659,235	659,235
Ambulance reserve	-	234,183	234,183
Compensated absence reserve	-	186,621	186,621
	<u>-</u>	<u>1,080,039</u>	<u>1,080,039</u>
Assigned:			
Reserve for encumbrances	<u>616,440</u>	-	<u>616,440</u>
Unassigned:			
General Fund	<u>6,080,860</u>	-	<u>6,080,860</u>
Total Governmental fund balances	<u><u>\$ 7,158,516</u></u>	<u><u>\$ 9,123,287</u></u>	<u><u>\$ 16,281,803</u></u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

I. Special Trust Funds

Stabilization Fund

Massachusetts General Laws, Chapter 40, Section 5B, allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body. Any interest shall be added to and become a part of the fund.

At June 30, 2019, the balance in the stabilization fund is \$2,884,710 and is reported in the General Fund as unassigned fund balance.

4. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town has obtained a variety of commercial liability insurance policies that passes the risk of loss listed above to independent third parties.

Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Contingent Liabilities

Litigation

Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 2019, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2019.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under the terms of the grant. The amount, if any, of expenditures which may be disallowed cannot be determined at this time, although, based on prior experience, Town management believes such disallowances, if any, will not be material.

C. Subsequent Events

The Covid-19 outbreak in the United States and across the globe has resulted in economic uncertainties. The disruption is expected to be temporary, but there is considerable uncertainty around the duration and scope. The extent of the impact of Covid-19 on our operational and financial performance will depend on certain developments, including the duration and spread of outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which Covid-19 may impact our financial condition or results of operations is uncertain.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

D. Pension Plan

Plan Description

The Town is a member of the Hampden County Regional Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by the Hampden County Retirement Board (the Board). Massachusetts General Laws (MGL), Chapter 32, assigns authority to establish the System and amend benefit provisions of the plan; which is regulated by the Public Employees Retirement Administration Commission (PERAC). The System is a defined benefit pension plan that covers substantially all employees of its member employers except for current and retired teachers. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System at 67 Hunt Street, Suite 106, Agawam, Massachusetts 01001.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan, to which the Town does not contribute. 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 the contributions and future benefit requirements of the MTRS.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is responsible by statute to make all actuarially determined contributions and future benefit requirements on behalf of the Town to the MTRS. Therefore, the Town 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 the MTRS. Since the Town does not contribute directly to MTRS, there is no pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based upon each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2018. The Town's portion of the collective pension expense contributed by the Commonwealth of \$6,872,942 on-behalf payments for the fiscal year ending June 30, 2019 is reported as intergovernmental revenues and employee benefits and insurance expenditures in the General Fund as of the measurement date.

Benefits Provided

Both the System and MTRS provide retirement, disability, and death benefits to plan members and beneficiaries. Members become vested after 10 years of creditable service and are eligible for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Retirement benefits are determined as a percentage of the member's final three-year (five-year for members hired on or after April 2, 2012) final average compensation times the member's years of creditable service prior to retirement. The percentage is based on the age of the member at retirement and his or her Group classification. The authority for amending these provisions rests with the Massachusetts Legislature.

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 increases 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 Board and are borne by the System.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

Contributions

MGL Chapter 32 governs the contributions of plan members and the Town. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date of gross regular compensation with an additional 2% contribution after exceeding \$30,000 in annual covered compensation.

The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The Town's proportionate share of the required contribution to the System for the year ended December 31, 2018 was \$3,254,102, representing 25.43% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

The pension portion of any retirement benefit is paid from the Pension Fund of the System. The governmental unit employing the member must annually appropriate and contribute the amount of current-year pension assessment. In the past years, retirement systems were paying only the actual retirement benefits that were due each year. Systems had no statutory authorization to put aside money for the future benefits or employees who are currently employed. Large unfunded liabilities resulted from operating under this pay-as-you-go basis. In 1983, additional legislation was passed requiring the transfer of investment earnings (in excess of the amount credited to member accounts) into the Pension Reserve Fund. Additionally, Chapter 32 of the M.G.L. requires Massachusetts retirement systems to adopt funding schedules designed to reduce the unfunded actuarial liability of the system to zero by no later than June 30, 2040. The System's current funding schedule is designed to reduce the unfunded actuarial liability to zero by 2035.

Pension Liability

As of June 30, 2019, the Town reported a liability of \$44,565,663 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 Town's proportion of the net pension liability was based on a projection of the Town'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 Town's proportional percentage was 11.19%, which was a slight decrease from the last measurement.

Pension Expense

For the year ended June 30, 2019, the Town recognized a pension expense of \$4,796,553; reported deferred outflows of resources related to pensions of \$5,921,852 from the differences between expected and actual experience, the net difference between projected and actual investment earnings on pension plan investments, and changes in assumptions and deferred inflows of resources related to pensions of \$1,751,234, from the differences between expected and actual experience and the changes in proportion and differences between employer contributions and proportionate share of contributions.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

The Town's net deferred outflows/(inflows) of resources related to pensions will be recognized in the future pension expense as follows;

<u>For years ended June 30,</u>		
2020	\$	1,226,733
2021		1,070,544
2022		1,021,571
2023		859,505
2024		(7,735)
	<u>\$</u>	<u>4,170,618</u>

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 December 31, 2018:

Valuation date	January 1, 2018
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level dollar for the 2002 and 2003 ERI and funding holiday liabilities and Increasing 4.0% per year for the remaining unfunded liability. Increase in total appropriation is limited to 8.0%.
Asset valuation method	The difference between the expected return and the actual investment return on a market value basis is recognized over a 5-year period. Asset value is adjusted, if necessary, to be within 10% of the market value.
Inflation rate	3.25%
Investment rate of return	7.50%
Projected salary increase	Varies by length of service with ultimate rates 4.00% for Group 1 employees with 11 or more years of service, 4.25% for Group 2 employees with 9 or more years of service and 4.50% for Group 4 employees with 8 or more years of service.
Cost of living adjustments	3.00% of the first \$18,000 of retirement income.
Mortality rates	Pre-retirement: the RP-2014 Blue Collar Employee Mortality Table set forward one year for females and projected generationally with a Scale MP-2017. Healthy retiree: the RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year for females and projected generationally with a Scale MP-2017. For disabled retirees, the RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year for females and projected generationally with a Scale MP-2017.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

Long-term Expected Rate of Return

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 weighing 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 class included in the pension plan's target asset allocation as of January 1, 2018, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	21.00%	6.16%
International Developed Markets Equity	13.00%	6.69%
International Emerging Market Equity	5.00%	9.47%
Core Fixed Income	15.00%	1.89%
High Yield Fixed Income	8.00%	4.00%
Real Estate (Core)	10.00%	4.58%
Commodities	4.00%	4.77%
Hedge Funds	11.00%	3.68%
Private Equity	13.00%	10.00%
Total	<u>100.00%</u>	

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was (2.52%). 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.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made based 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 or 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.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.50%. As well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate (amounts expressed in thousands):

	1% Decrease	Current	1% Increase
	6.50%	Discount Rate	8.50%
	6.50%	7.50%	8.50%
Town's net pension liability	\$ 54,088,756	\$ 44,565,663	\$ 36,529,048

E. Other Post Employment Benefits Payable

GASB Statement No. 74 and GASB Statement No. 75

The cost of post employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The Town recognizes the cost of post employment benefits in the year when the employee services are received, reports the accumulated liability from prior years and provides information useful in assessing potential demands on the Town's future cash flows.

Plan Description

In addition to providing pension benefits as described on the following footnote, the Town provided post-employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. As of the actuarial valuation date there are approximately 1,002 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

Investments

The OPEB Trust fund does not have a formal investment policy. The OPEB plan's 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 OPEB plan. As of June 30, 2019, investments, concentration and rate of return information consisted of pooled funds in the Town's Commonwealth Financial investments described earlier under Deposits and Investments (refer to note 3A).

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town policy and member contracts. For the period ending June 30, 2019 Measurement Date, total Town premiums plus implicit costs for the retiree medical program are \$2,116,543. The Town has also made a contribution to an OPEB Trust of \$2,100,000 for a total contribution during the measurement period of \$4,216,543 to be reported on the financial statement for the fiscal year. The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. As of June 30, 2019, the trust balance is \$7,993,747.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

Measurement Date

GASB Statement No. 74 and GASB Statement No. 75 require 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, 2018.

Plan Membership:

Current active members	578
Current retirees, beneficiaries and dependents	424
Total	1,002

Net OPEB Liability

The components of the net OPEB liability are as follows:

	6/30/2019
Total OPEB liability	\$ 51,353,854
Less: Plan fiduciary net position	(7,993,747)
Town's Net OPEB liability	\$ 43,360,107
Plan fiduciary net position as a percentage of the total OPEB liability	15.57%

Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement for the reporting date of June 30, 2019:

Valuation date	July 1, 2018
Actuarial cost method	Individual Entry Age Normal
Single Equivalent Discount rate	5.75%, net of OPEN plan investment expense, including inflation
Inflation	2.50% as of June 30, 2019 and for future periods
Salary increases	3.00% annually as of June 30, 2019 and for future periods
Healthcare cost trend rates	4.50% annually in 2019

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

Mortality rates	
Pre-retirement mortality (General)	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females.
Post-retirement mortality (General)	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.
Disabled retirees (General)	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward one year.
Pre-retirement mortality (Teachers)	RP-2014 Mortality Table for White Collar Employees projected generational with Scale MP-2016 for males and females.
Post-retirement mortality (Teachers)	RP-2014 Mortality Table for White Collar Healthy Annuitants projected generational with Scale MP-2016 for males and females.
Disabled retirees (Teachers)	RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.

The actuarial assumptions used the July 1, 2018 actuarial valuation and market value of assets as of the measurement date of June 30, 2019 were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Rate Index as of June 30, 2019 is 2.79%.

Long-term Expected Rate of Return

The long-term expected rate of return on OPEB 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 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 weighing 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 class included in the target asset allocation as of June 30, 2019, is as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Large Capital	22.75%	4.80%
Domestic Equity - Small/Mid Capital	14.00%	5.29%
International Equity - Developed Market	4.50%	5.45%
International Equity - Emerging Market	6.50%	6.42%
Domestic Fixed Income	20.50%	2.05%
International Fixed Income	3.75%	3.00%
Alternatives	7.00%	6.50%
Real Estate	2.25%	6.25%
Cash & Cash Equivalents	18.75%	0.00%
Total	100.00%	
I. Real Rate of Return		3.62%
II. Add: Inflation Assumption		2.50%
III. Total Nominal Return (I. + II.)		6.12%
IV. Less: Investment Expense		0.25%
V. Net investment Return (III.-IV.)		5.87%

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 4.78%.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2018	\$ 62,516,491	\$ 5,632,044	\$ 56,884,447
Service cost	1,447,357	-	1,447,357
Interest	3,429,119	-	3,429,119
Changes in benefit terms	-	-	-
Changes in assumptions	(11,770,344)	-	(11,770,344)
Difference between actual and expected experience	(2,152,226)	-	(2,152,226)
Net investment income	-	261,703	(261,703)
Employer contributions to Trust	-	4,216,543	(4,216,543)
Total benefit payments including implicit cost	(2,116,543)	(2,116,543)	-
Other charges	-	-	-
Net change in total OPEB liability	(11,162,637)	2,361,703	(13,524,340)
Balances at June 30, 2019	\$ 51,353,854	\$ 7,993,747	\$ 43,360,107

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance Massachusetts General Law Chapter 32. Based on those assumptions, the OPEB plan 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the Town's net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75%) or 1-percentage-point higher (6.75%) than the current rate:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
	Town's net OPEB liability	\$ 50,507,429	\$ 43,360,107

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

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

The following presents the Town's net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current healthcare cost trend rates:

	1% Decrease (3.50%)	Healthcare Cost Trend Rates (4.50%)	1% Increase (5.50%)
Town's net OPEB liability	\$ 36,861,894	\$ 43,360,107	\$ 51,447,350

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to or 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, which are reported at cost.

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

For the year ended June 30, 2019, the GASB Statement No. 75 reporting period and fiscal year ending date, the Town recognized an OPEB expense of \$6,636,446 and reported deferred outflows of resources related to OPEB of \$2,631,808 from the difference between actual and expected experience and the net difference between projected and actual investment earnings on OPEB plan investments and deferred inflows of resources related to OPEB of \$33,364,138 from the difference between actual and expected experience, changes in assumptions and the net difference between projected and actual investment earnings on OPEB plan investments.

The Town's net deferred outflows/(inflows) of resources related to OPEB will be recognized in the OPEB expense as follows:

For years ended June 30,	
2020	\$ (6,905,020)
2021	(6,905,020)
2022	(6,905,014)
2023	(6,904,977)
2024	(3,112,299)
	\$ (30,732,330)

F. Implementation of New GASB Pronouncements

The GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, for implementation in fiscal year 2019.

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, for implementation in fiscal year 2019.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2019

G. Future GASB Pronouncements

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

The GASB issued Statement No. 84, *Fiduciary Activities*, for implementation in fiscal year 2020.

The GASB issued Statement No. 87, *Leases*, for implementation in fiscal year 2021.

The GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, for implementation in fiscal year 2020.

The GASB issued Statement No. 91, *Conduit Debt Obligations*, for implementation in fiscal year 2022.

5. RESTATEMENT

The net position as of June 30, 2018 has been restated. The beginning net position decreased \$546,753 in governmental activities and increased \$546,753 in the business-type activities (\$377,549 in the water fund and \$169,204 in the sewer fund) to reflect a reallocation in the other post employment (OPEB) liability. Accordingly, the previously reported net position of (\$59,932,810) has been revised to (\$73,221,106) for governmental activities and \$13,288,296 for business-type activities.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Hampden County Regional Retirement System
For the Year Ended June 30, 2019

The Schedule of Proportionate Share of the Net Pension Liability represents multiyear trend information relating to the Town's proportion of the net pension liability and related ratios.

Schedule of the Town's Proportionate Share of the Net pension Liability:

Date	Town's proportion of the net pension liability (asset)	Town's proportionate share of the net pension liability (asset)	Town's covered employee payroll	Net pension liability percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
12/31/2018	11.19%	\$ 44,565,663	\$ 12,797,420	348.24%	47.33%
12/31/2017	11.21%	\$ 40,094,256	\$ 12,295,124	326.10%	50.82%
12/31/2016	11.60%	\$ 42,250,969	\$ 12,537,837	336.99%	46.82%
12/31/2015	11.68%	\$ 36,493,856	\$ 12,159,006	300.14%	49.22%
12/31/2014	12.22%	\$ 35,072,214	\$ 12,229,866	286.78%	51.38%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Hampden County Regional Retirement System
For the Year Ended June 30, 2019

The Schedule of the Employer Contributions presents multiyear trend information on the Town's required and actual payments to the pension plan and related ratios.

Schedule of the Town's Contributions:

Date	Actuarially determined contribution	Less: Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Town's covered employee payroll	Contributions percentage of covered employee payroll
12/31/2018	\$ 3,254,102	\$ (3,254,102)	\$ -	\$ 12,797,420	25.43%
12/31/2017	\$ 2,980,025	\$ (2,980,025)	\$ -	\$ 12,295,124	24.24%
12/31/2016	\$ 2,855,176	\$ (2,855,176)	\$ -	\$ 12,537,837	22.77%
12/31/2015	\$ 2,662,850	\$ (2,662,850)	\$ -	\$ 12,159,006	21.90%
12/31/2014	\$ 2,611,961	\$ (2,611,961)	\$ -	\$ 12,229,866	21.36%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2019

Schedule of Changes in the Net OPEB Liability:

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability			
Service cost	\$ 1,447,357	\$ 3,945,669	\$ 3,187,149
Interest on net OPEB liability	3,429,119	2,893,255	2,616,590
Changes in Benefit terms	-	-	-
Changes in Assumptions	(11,770,344)	(32,132,505)	-
Difference between actual and expected experience	(2,152,226)	3,724,747	-
Benefit payments, including refunds of member contributions	<u>(2,116,543)</u>	<u>(1,350,566)</u>	<u>(1,555,622)</u>
Net change in total OPEB liability	(11,162,637)	(22,919,400)	4,248,117
Total OPEB liability-beginning	<u>62,516,491</u>	<u>85,435,891</u>	<u>81,187,774</u>
Total OPEB liability-ending (a)	<u>\$ 51,353,854</u>	<u>\$ 62,516,491</u>	<u>\$ 85,435,891</u>
Plan fiduciary net position			
Difference between actual and expected experience	\$ -	\$ 218	\$ -
Net investment income	261,703	122,745	121,949
Employer contributions to Trust	4,216,543	4,525,566	1,075,000
Benefit payments, including refunds of member contributions	(2,116,543)	(1,350,566)	-
Administrative expense	-	-	-
Net change in plan fiduciary net position	<u>2,361,703</u>	<u>3,297,963</u>	<u>1,196,949</u>
Total fiduciary net position-beginning	<u>5,632,044</u>	<u>2,334,081</u>	<u>1,137,132</u>
Total fiduciary net position-ending (b)	<u>\$ 7,993,747</u>	<u>\$ 5,632,044</u>	<u>\$ 2,334,081</u>
Town's net OPEB liability (a-b)	<u>\$ 43,360,107</u>	<u>\$ 56,884,447</u>	<u>\$ 83,101,810</u>

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2019

Schedule of Net OPEB Liability:

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability	\$ 51,353,854	\$ 62,516,491	\$ 85,435,891
Less: Plan fiduciary net position	<u>(7,993,747)</u>	<u>(5,632,044)</u>	<u>(2,334,081)</u>
Town's Net OPEB liability	<u>\$ 43,360,107</u>	<u>\$ 56,884,447</u>	<u>\$ 83,101,810</u>
Plan fiduciary net position as a percentage of the total OPEB liability	15.57%	9.01%	2.73%
Town's share of covered employee payroll	\$ 32,878,397	N/A	N/A
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	131.88%	N/A	N/A

Schedule of Contributions:

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Actuarially determined contribution	\$ 4,346,897	\$ 3,495,762	\$ 1,555,622
Less: Contributions in relation to the actuarially determined contribution	<u>(4,216,543)</u>	<u>(4,525,566)</u>	<u>(1,555,622)</u>
Contribution deficiency (excess)	<u>\$ 130,354</u>	<u>\$ (1,029,804)</u>	<u>\$ -</u>
Town's share of covered employee payroll	\$ 32,878,397	N/A	N/A
Contributions percentage of covered-employee payroll	12.82%	N/A	N/A
Annual money-weighted rate of return net of investment expense	4.78%	4.10%	7.91%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2019

Schedule of Funding Progress:

Other Post Employment Benefits						
Actuarial Measurement Date	Actuarial Fiduciary Net Position (A)	Actuarial Total OPEB Liability (B)	Actuarial Net OPEB Liability (B-A)	Actuarial Funded Ratio (A/B)	Actuarial Covered Payroll (C)	Actuarial Percentage of Covered Payroll ((B-A)/C)
6/30/2019	\$ 7,993,747	\$ 51,353,854	\$ 43,360,107	15.57%	\$ 32,878,397	131.9%
6/30/2018	\$ 5,632,044	\$ 62,516,491	\$ 56,884,447	9.01%	N/A	N/A
6/30/2017	\$ 2,334,081	\$ 85,435,891	\$ 83,101,810	2.73%	N/A	N/A

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

SUPPLEMENTARY SCHEDULES

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Fund Balances				Other Financing	Fund Balances
	July 1, 2018	Revenues	Expenditures		Sources (Uses)	June 30, 2019
Special Revenue:						
Federal and State Grants:						
School Grants	\$ 46,193	\$ 1,529,574	\$ 1,552,275	\$ -	\$ -	\$ 23,492
Arts Lottery Council Grants	4,452	6,236	5,925	-	-	4,763
Board of Health Grants	22,245	805	2,952	-	-	20,098
Community Compact Grants	13,750	20,000	-	-	-	33,750
Council on Aging Grants	42,965	255,905	210,948	-	-	87,922
Highway Grants	1,458	471,539	472,997	-	-	-
Library Grants	46,753	32,106	26,997	-	-	51,862
Other Grants and Programs	(21,750)	173,572	125,311	-	-	26,511
Public Safety Grants	118,707	201,400	268,970	-	-	51,137
Schools:						
School Lunch Program	462,457	852,322	916,527	-	-	398,252
School Lunch Commodities	-	79,477	79,477	-	-	-
School Transportation	96,388	186,281	250,769	-	-	31,900
School Gifts and Donations	26,929	63,743	55,226	-	-	35,446
School Revolving Accounts	219,415	494,361	548,157	-	-	165,619
State Special Education Reimbursement Fund	507,766	883,676	1,145,321	-	-	246,121
Other:						
Affordable Housing Funds	23,782	59	-	-	-	23,841
Ambulance Fund	-	274,122	39,939	-	-	234,183
Cable Access Revolving	386,813	178,035	191,385	-	-	373,463
Community Preservation Fund	1,188,086	332,494	26,910	(109,680)	-	1,383,990
Council on Aging Revolving	63,370	9,924	11,314	-	-	61,980
Gifts and Donations	136,507	92,959	63,795	-	-	165,671
Health Department Revolving	645	317	-	-	-	962
Insurance Reimbursements	-	47,688	46,108	-	-	1,580
Library Revolving Funds	18,583	15,470	3,938	-	-	30,115
Off-Duty Details	2,765	403,227	405,290	-	-	702
Special Revenue Page 69	\$ 3,408,279	\$ 6,605,292	\$ 6,450,531	\$ (109,680)	\$ -	\$ 3,453,360

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Fund Balances July 1, 2018	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2019
Continued from Page 69	\$ 3,408,279	\$ 6,605,292	\$ 6,450,531	\$ (109,680)	\$ 3,453,360
Special Revenue (continued):					
Other (continued):					
Recreation Revolving	354,772	506,771	481,265	-	380,278
Reserve for Payment of Debt - MSBA	735,588	-	-	(81,732)	653,856
Traffic Signal Funds	31,254	-	-	-	31,254
Transportation Infrastructure	1,197	2,321	-	-	3,518
Trash Revolving	165,211	104,035	49,683	-	219,563
Wetlands Protection Act	57,095	5,938	-	-	63,033
Ambulance Fund	61	6	63	-	4
Compensated Absence Reserve	100,000	11,621	-	75,000	186,621
Conservation Funds	48,053	5,034	398	-	52,689
Friends of Heritage Park	391	5,455	2,057	-	3,789
Historical Commission	11,471	1,234	-	-	12,705
Pension Reserve Fund	144,001	15,086	-	-	159,087
Police Gymnasium Fund	76	8	-	-	84
Shaker Road Relief Fund	3,863	-	-	-	3,863
Town Beautification Fund	435	46	-	-	481
Unemployment Compensation Fund	93	9	-	-	102
Total Special Revenue Funds	\$ 5,061,840	\$ 7,262,856	\$ 6,983,997	\$ (116,412)	\$ 5,224,287

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Fund Balances July 1, 2018	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2019
Capital Projects:					
Building construction projects	\$ 47,441	\$ -	\$ 15,371	\$ -	\$ 32,070
Department of Public Works projects	329,781	-	404,457	113,377	38,701
Fire Department vehicles and equipment	234,538	-	326,734	306,735	214,539
General Government projects	-	-	2,056	166,000	163,944
Information Technology projects	72,905	-	236,531	163,626	-
Police vehicles and equipment	137,965	-	82,847	16,189	71,307
Premium on bonds	-	-	70,509	71,403	894
Recreation projects	2,833	-	-	(2,833)	-
School improvement projects	329,446	1,122,646	2,290,739	4,206,814	3,368,167
Town Hall improvements	17,469	-	1,127	(16,342)	-
Capital Projects	\$ 1,172,378	\$ 1,122,646	\$ 3,430,371	\$ 5,024,969	\$ 3,889,622
Permanent Funds:					
Cemetery Funds	3,682	386	-	-	4,068
Library Funds	4,807	503	-	-	5,310
Total Permanent Funds	8,489	889	-	-	9,378
Total - Non-Major Governmental Funds	\$ 6,242,707	\$ 8,386,391	\$ 10,414,368	\$ 4,908,557	\$ 9,123,287

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY AND ROLLBACK TAXES
JULY 1, 2018 TO JUNE 30, 2019

	Uncollected Taxes July 1, 2018	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2019	Uncollected Taxes Per Detail June 30, 2019
Real Estate Taxes:						
Levy of 2019	\$ -	\$ 39,568,405	\$ 177,210	\$ 38,811,209	\$ 579,986	\$ 579,986
Levy of 2018	624,673	-	98,555	415,735	110,383	110,383
Levy of 2017	221,737	-	15,040	183,933	22,764	22,764
Levy of 2016	53,280	-	22,956	21,097	9,227	9,227
Levy of 2015	4,349	-	-	4,349	-	-
Prior Years	5,962	-	-	-	5,962	5,962
	<u>910,001</u>	<u>39,568,405</u>	<u>313,761</u>	<u>39,436,323</u>	<u>728,322</u>	<u>728,322</u>
Personal Property Taxes:						
Levy of 2019	-	1,449,828	7	1,396,832	52,989	52,989
Levy of 2018	10,572	-	(19)	6,659	3,932	3,932
Levy of 2017	6,349	-	(23)	4,047	2,325	2,325
Levy of 2016	2,714	-	(4)	426	2,292	2,292
Levy of 2015	5,270	-	(4)	458	4,816	4,816
Prior Years	13,860	488	488	591	13,269	13,269
	<u>38,765</u>	<u>1,450,316</u>	<u>445</u>	<u>1,409,013</u>	<u>79,623</u>	<u>79,623</u>
Rollback Taxes	-	7,262	-	7,262	-	-
Total Real Estate, Personal Property and Rollback Taxes	<u>\$ 948,766</u>	<u>\$ 41,025,983</u>	<u>\$ 314,206</u>	<u>\$ 40,852,598</u>	<u>\$ 807,945</u>	<u>\$ 807,945</u>

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF COMMUNITY PRESERVATION SURCHARGE
JULY 1, 2018 TO JUNE 30, 2019**

	Uncollected Taxes July 1, 2018	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2019	Uncollected Taxes Per Detail June 30, 2019
Non-Major Governmental Funds:						
Community Preservation Surcharge:						
Levy of 2019	\$ -	\$ 273,320	\$ 1,475	\$ 267,739	\$ 4,106	\$ 4,106
Levy of 2018	4,266	-	504	3,088	674	670
Levy of 2017	1,242	-	108	1,027	107	122
Levy of 2016	226	-	18	152	56	46
Levy of 2015	4	-	-	20	(16)	-
Prior Years	8	-	-	-	8	8
Total Community Preservation Surcharge	\$ 5,746	\$ 273,320	\$ 2,105	\$ 272,026	\$ 4,935	\$ 4,952

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE AND BOAT EXCISE TAXES
JULY 1, 2018 TO JUNE 30, 2019**

	Uncollected Taxes July 1, 2018	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2019	Uncollected Taxes Per Detail June 30, 2019
Motor Vehicle Excise Taxes:						
Levy of 2019	\$ -	\$ 2,202,350	\$ 29,877	\$ 2,028,100	\$ 144,373	\$ 144,373
Levy of 2018	121,644	243,692	21,200	310,333	33,803	33,803
Levy of 2017	30,189	101	1,373	14,451	14,466	14,466
Levy of 2016	14,024	-	4,096	464	9,464	9,464
Levy of 2015	8,382	-	(3)	984	7,401	7,401
Prior Years	22,095	3,040	3,038	685	21,412	21,425
	<u>196,334</u>	<u>2,449,183</u>	<u>59,581</u>	<u>2,355,017</u>	<u>230,919</u>	<u>230,932</u>
Boat Excise Taxes:						
Levy of 2019	-	2,333	-	2,318	15	15
Levy of 2018	25	-	-	-	25	25
Levy of 2017	120	-	-	-	120	120
Levy of 2016	50	-	-	-	50	50
Levy of 2015	40	-	-	-	40	40
Prior Years	325	40	40	-	325	325
	<u>560</u>	<u>2,373</u>	<u>40</u>	<u>2,318</u>	<u>575</u>	<u>575</u>
Total Motor Vehicle and Boat Excise Taxes	<u>\$ 196,894</u>	<u>\$ 2,451,556</u>	<u>\$ 59,621</u>	<u>\$ 2,357,335</u>	<u>\$ 231,494</u>	<u>\$ 231,507</u>

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF TAX LIENS
JULY 1, 2018 TO JUNE 30, 2019**

	Uncollected Accounts July 1, 2018	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2019	Uncollected Accounts Per Detail June 30, 2019
Tax Liens	\$ 350,987	\$ 168,542	\$ (4)	\$ 73,480	\$ 446,053	\$ 446,053
Non-Major Governmental Funds:						
Community Preservation Surcharge:						
Tax Liens	\$ 1,087	\$ 604	\$ -	\$ 147	\$ 1,544	\$ 1,544