

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**

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

**For the Year Ended June 30, 2015**

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Report on the Examination of Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>TABLE OF CONTENTS</b> .....	2
<b>INDEPENDENT AUDITOR’S REPORT</b> .....	3-4
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b> .....	5-13
<b>BASIC FINANCIAL STATEMENTS</b> .....	14
Statement of Net Position .....	15
Statement of Activities .....	16
Balance Sheet – Governmental Funds.....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	18
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position .....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	20
Statement of Revenues and Expenditures – Budgetary Basis – (Non-GAAP) – Budget and Actual – General Fund .....	21
Reconciliation of Revenues and Expenditures from Budgetary Basis to GAAP Basis .....	22
Statement of Net Position – Proprietary Funds .....	23
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	24
Statement of Cash Flows – Proprietary Funds.....	25
Statement of Fiduciary Net Position – Fiduciary Funds.....	26
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	27
<b>Notes to the Basic Financial Statements</b> .....	28-56
<b>REQUIRED SUPPLEMENTARY INFORMATION</b> .....	57
Pension Plan Schedules .....	58-59
Other Post Employment Benefit Plan Schedule .....	60
<b>SUPPLEMENTARY SCHEDULES</b> .....	61
Schedule of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds .....	62-64
Schedule of Real Estate and Personal Property Taxes and Community Preservation Surcharge.....	65
Schedule of Motor Vehicle and Boat Excise Taxes .....	66
Schedule of Tax Liens.....	67

## **Independent Auditor's Report**

To the Honorable Board of Selectmen  
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, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We 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, 2015, 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 February 19, 2016 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 and Associates, LLC*

Scanlon & Associates, LLC  
South Deerfield, Massachusetts

February 19, 2016

## **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, 2015. 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 \$10,421,596 (net position) for the fiscal year reported. This compares to the previous year when liabilities exceeded assets by \$8,954,945 or a decrease of \$1,466,651 (16%) over last fiscal year's total net position.
- As required by Governmental Accounting Standards Board (GASB) Statement No. 68, in fiscal year 2015 the Town recognized their total net pension liability of \$35,072,214 along with a deferred outflow related to pension of \$104,543 and a deferred inflow of resources related to pension of \$716,956 on the statement of net position for the first time.
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$12,176,872, an increase of \$364,963 (3%) in comparison with prior year.
- The General Fund's total fund balance increased \$1,125,539 (18%) to \$7,443,043. The ending fund balance is 13% of revenues and transfers in and 13% of expenditures and transfers out.
- Total long term liabilities of the Town increased by \$382,477 (.4%) to \$91,801,510 during the fiscal year. This change was mainly the result of net increases in Other Post Employment Benefits (OPEB) liability of \$3,945,193 and a net liability decrease in bonds and leases payable of \$3,541,304.
- The Town had General fund free cash certified by the Department of Revenue in the amount of \$2,921,207. The key factors that attributed to the free cash amount for fiscal year 2015 were unexpended/unencumbered appropriations of \$574,200, excess over budget – other financing sources of \$683,000 and prior year free cash not appropriated of \$1,157,600.

### 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 Net Position Highlights

	Governmental Activities		
	2015	2014	Change
<b>Assets:</b>			
Current assets	\$ 16,986,352	\$ 16,412,505	\$ 573,847
Noncurrent assets (excluding capital assets)	2,997,998	3,529,758	(531,760)
Capital assets	40,819,230	40,609,235	209,995
<b>Total assets</b>	<b>60,803,580</b>	<b>60,551,498</b>	<b>252,082</b>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows related to pensions	<b>104,543</b>	-	<b>104,543</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt and leases)	2,013,665	1,927,986	85,679
Current debt including leases	2,931,970	3,164,673	(232,703)
Noncurrent liabilities (excluding debt and leases)	64,640,022	60,893,261	3,746,761
Noncurrent debt including leases	14,403,473	16,885,443	(2,481,970)
<b>Total liabilities</b>	<b>83,989,130</b>	<b>82,871,363</b>	<b>1,117,767</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows related to pensions	<b>716,956</b>	-	<b>716,956</b>
<b>Net Position:</b>			
Net investment in capital assets	27,013,546	24,601,314	2,412,232
Restricted	5,862,418	6,160,950	(298,532)
Unrestricted	(56,673,927)	(53,082,129)	(3,591,798)
<b>Total net position</b>	<b>\$ (23,797,963)</b>	<b>\$ (22,319,865)</b>	<b>\$ (1,478,098)</b>

	Business-Type Activities		
	2015	2014	Change
<b>Assets:</b>			
Current assets	\$ 2,738,485	\$ 2,953,565	\$ (215,080)
Noncurrent assets (excluding capital assets)	139,309	152,941	(13,632)
Capital assets	18,310,953	18,806,084	(495,131)
<b>Total assets</b>	<b>21,188,747</b>	<b>21,912,590</b>	<b>(723,843)</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt)	166,174	96,658	69,516
Current debt	1,549,017	1,557,713	(8,696)
Noncurrent liabilities (excluding debt)	55,709	33,884	21,825
Noncurrent debt	6,041,480	6,859,415	(817,935)
<b>Total liabilities</b>	<b>7,812,380</b>	<b>8,547,670</b>	<b>(735,290)</b>
<b>Net Position:</b>			
Net investment in capital assets	10,720,456	10,388,956	331,500
Restricted	540,754	731,804	(191,050)
Unrestricted	2,115,157	2,244,160	(129,003)
<b>Total net position</b>	<b>\$ 13,376,367</b>	<b>\$ 13,364,920</b>	<b>\$ 11,447</b>

## Financial Highlights

### Statement of Activities Highlights

	Governmental Activities		
	2015	2014	Change
<b>Program Revenues:</b>			
Charges for services	\$ 3,010,397	\$ 2,994,397	\$ 16,000
Operating grants and contributions	16,905,515	18,905,868	(2,000,353)
Capital grants and contributions	1,047,153	584,445	462,708
<b>General Revenues:</b>			
Property taxes	37,536,700	36,577,546	959,154
Motor vehicle excise and other taxes	2,242,776	2,076,783	165,993
Penalties and interest on taxes	185,482	220,015	(34,533)
Nonrestricted grants	1,446,479	1,407,126	39,353
Unrestricted investment income	122,193	150,359	(28,166)
Miscellaneous	65,018	1,170	63,848
<b>Total revenues</b>	<b>62,561,713</b>	<b>62,917,709</b>	<b>(355,996)</b>
<b>Expenses:</b>			
General Government	2,599,237	2,508,242	90,995
Public Safety	4,517,677	4,163,724	353,953
Public Works	5,115,736	5,360,861	(245,125)
Education	32,303,967	32,137,430	166,537
Health and Human Services	685,849	645,794	40,055
Culture and Recreation	1,597,223	1,519,480	77,743
Employee Benefits and Insurance	16,372,271	17,576,771	(1,204,500)
State Assessments	246,145	210,334	35,811
Interest	701,706	645,438	56,268
<b>Total expenses</b>	<b>64,139,811</b>	<b>64,768,074</b>	<b>(628,263)</b>
<b>Net (expenses) revenues</b>	<b>(1,578,098)</b>	<b>(1,850,365)</b>	<b>272,267</b>
<b>Transfers</b>	<b>100,000</b>	<b>-</b>	<b>100,000</b>
<b>Change in net position</b>	<b>(1,478,098)</b>	<b>(1,850,365)</b>	<b>372,267</b>
<b>Net position - beginning of year</b>	<b>(22,319,865)</b>	<b>(20,469,500)</b>	<b>(1,850,365)</b>
<b>Net position - end of year</b>	<b>\$ (23,797,963)</b>	<b>\$ (22,319,865)</b>	<b>\$ (1,478,098)</b>

	<b>Business-Type Activities</b>		
	<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>Program Revenues:</b>			
Charges for services	\$ 3,668,765	\$ 3,421,347	\$ 247,418
Operating grants and contributions	-	16,500	(16,500)
<b>Total revenues</b>	<b>3,668,765</b>	<b>3,437,847</b>	<b>230,918</b>
<b>Expenses:</b>			
Water	2,094,646	2,001,536	93,110
Sewer	1,462,672	1,550,408	(87,736)
<b>Total expenses</b>	<b>3,557,318</b>	<b>3,551,944</b>	<b>5,374</b>
<b>Net (expenses) revenues</b>	<b>111,447</b>	<b>(114,097)</b>	<b>225,544</b>
<b>Transfers</b>	<b>(100,000)</b>	<b>-</b>	<b>(100,000)</b>
<b>Change in net position</b>	<b>11,447</b>	<b>(114,097)</b>	<b>125,544</b>
<b>Net position - beginning of year</b>	<b>13,364,920</b>	<b>13,479,017</b>	<b>(114,097)</b>
<b>Net position - end of year</b>	<b>\$ 13,376,367</b>	<b>\$ 13,364,920</b>	<b>\$ 11,447</b>

### 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 \$10,421,596 at the close of fiscal year 2015.

Net position of \$37,734,002 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 \$6,403,172 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$54,558,770) may be used to meet the government's ongoing obligations to citizens and creditors.

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 obligation and net 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 three categories of net position.

The governmental activities net position decreased by \$1,478,098 (7%) during the current fiscal year, which reflects the general fund's results of operation. The key elements of the decrease in net position for fiscal year 2015 was attributed to the acquisition of \$2,569,460 in new capital assets exceeding the depreciation expense (normally spread out over the useful life of the asset) for the year of \$2,359,465, to the net repayment of debt and lease of \$2,714,673 and a decrease as a result of recognizing this year's OPEB obligation of \$3,945,193.

There was an increase of \$11,447 (.1%) in net position reported in connection with the water and sewer business-type activities. Of this, there was an increase of \$19,393 attributed to the sewer department and a decrease of \$7,946 attributed to the water 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 \$12,176,872 an increase of \$364,963 (3%) in comparison with the prior year.

The breakdown of the governmental funds is as follows:

- Restricted fund balance- \$5,127,876 (42%).
- Committed fund balance - \$354,881 (3%).
- Assigned fund balance - \$959,456 (8%).
- Unassigned fund balance - \$5,734,659 (47%).

At the end of the fiscal year, the General Fund reported a total fund balance of \$7,443,043 increasing \$1,125,539 (18%) from the prior year. Of the \$7,443,043, the unassigned amount is \$6,184,659 (83%), the assigned amount is \$959,456 (13%) and the restricted amount is \$298,928 (4%). General fund revenues were \$900,113 (2%) less than the prior fiscal year and expenditures also decreased by \$1,462,618 (3%). Other activities in the General fund were net transfers from other funds of \$131,441.

The main components of the increases in general fund revenues were related to an increase in property taxes of \$856,791 (2%) and a decrease with intergovernmental on-behalf payments of \$1,871,919 (36%) from the prior year due to the implementation of GASB Statement No. 68.

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

- Increase in Education expenditures of \$268,307 (1%).
- Decrease in Employee benefits and insurance expenditures of \$1,775,749 (13%).

**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 *Sewer Fund* is the financing and operations of the Town's sewer system. The sewer fund has accumulated a balance of \$6,505,299 and shows an increase of \$19,393 (.3%) in total operations. This change was mainly attributed to operating revenues exceeding operating costs by \$235,133, interest expense of \$165,740 and transfers to the general fund of \$50,000. Operating revenues increased by \$9,706 (1%) while operating expenses decreased by \$78,471 (6%) from the prior year.

The *Water Fund* is the financing and operations of the Town's water system. The water fund has accumulated a balance of \$6,871,068 and shows a decrease of \$7,946 (.1%) in total operations. This change resulted from operating revenues exceeding operating expenditures of \$131,568, interest expense of \$89,514 and transfers to the general fund of \$50,000. Operating revenues increased by \$237,712 (13%) while operating expenses also increased by \$233,368 (13%) from the prior year.

### General Fund Budgetary Highlights

The final general fund budget for fiscal year 2015 was \$52,838,765. This was an increase of \$581,896 (1%) over the previous year's budget.

There was a decrease between the original budget and the final amended budget. The change is attributed to the Town amending specific budget line items of the original budget at the special town meetings in October 2014 and annual town meeting in May 2015 for various budget operating line items.

General fund expenditures were less than budgeted by \$1,252,930. Of the \$1,252,930 in under budget expenditures, \$678,752 has been carried over to fiscal year 2016.

There are negative variances in licenses, permits and fees of \$53,392 and interest on taxes of \$110,381 as expectations (budget) were higher than the receipts and investment income of \$8,624 a result of the economic times.

There was a negative variance in state assessments of \$16,727 due to a higher assessment in special education of \$2,270 than actual payments and lower assessments in the school choice sending tuitions of \$14,683 and charter school sending tuition of \$4,314 than actual payments.

Overall the variance with the final budget was a positive \$588,570 consisting of a revenue surplus of \$14,392 and an appropriation surplus of \$574,178.

### **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, 2015 amounts to \$40,819,230 and \$18,310,953, 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:

- Information technology and server upgrades for \$394,290.
- Cable TV studio improvements for \$51,003.
- Police vehicles for \$72,152.
- Police Station fire alarm system for \$26,980.
- Road infrastructure improvements for \$1,406,650.
- Various schools' improvements for \$600,877.
- Pine Knoll Park pool improvements for \$17,508.

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

- Water infrastructure improvements for \$160,238.

**Debt Administration.** The Town's outstanding governmental long-term debt, as of June 30, 2015, totaled \$16,859,341, of which \$8,240,600 is for school projects, \$880,000 for the new library, \$211,341 for the GIS projects, \$684,800 for Town buildings' improvements, \$6,600 for departmental equipment and \$6,836,000 for various municipal purpose loans.

The governmental activities currently have an outstanding bond anticipation note for \$450,000 for the Pine Knoll Park pool improvements.

The Town also has a capital lease for a school department vehicle. The lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of their future minimum lease payments as of the inception date. Town currently owes \$27,667 on the lease consisting of \$26,102 in principal and \$1,565 in interest.

The Town's outstanding business-type long-term debt consists of \$3,407,739 in sewer debt and \$3,451,676 in water debt that is fully supported by the rates.

The business-type activities currently have \$731,082 in a bond anticipation note outstanding for the Harkness Pump Station improvements.

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

**Next Year's Annual Town Meeting**

The Town of East Longmeadow operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2015 do not reflect the fiscal year 2016 Town Meeting action with the exception of the free cash amount used to fund the 2016 budget. The Annual Town Meeting on May 18, 2015 authorized a fiscal year 2016 operating and capital budget as follows:

From raise and appropriate		\$	59,788,178
From water revenues	\$	188,500	
From water retained earnings		<u>151,133</u>	339,633
From sewer revenues		100,000	
From sewer retained earnings		<u>186,132</u>	286,132
From Other Available Funds:			
<b>General Fund:</b>			
Unassigned fund balance:			
Free cash			280,704
<b>Non-major Governmental Funds:</b>			
Cable TV access revolving		39,681	
Community preservation funds		382,044	
Solid waste revolving		<u>70,000</u>	491,725
			<u>\$ 61,186,372</u>

***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.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and Cash Equivalents	\$ 9,833,845	\$ 1,939,079	\$ 11,772,924
Investments	3,429,455	-	3,429,455
Receivables, net of allowance for uncollectibles:			
Property Taxes	1,109,589	-	1,109,589
Tax Liens	671,747	-	671,747
Excise and Other Taxes	144,266	-	144,266
User Charges	-	774,718	774,718
Departmental	64,640	-	64,640
Special Assessments	-	24,688	24,688
Due from Other Governments	1,732,810	-	1,732,810
Total current assets	<u>16,986,352</u>	<u>2,738,485</u>	<u>19,724,837</u>
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Special Assessments	-	139,309	139,309
Due from Other Governments	2,997,998	-	2,997,998
Capital Assets, net of accumulated Depreciation:			
Nondepreciable	5,188,965	133,703	5,322,668
Depreciable	35,630,265	18,177,250	53,807,515
Total noncurrent assets	<u>43,817,228</u>	<u>18,450,262</u>	<u>62,267,490</u>
<b>Total Assets</b>	<u>60,803,580</u>	<u>21,188,747</u>	<u>81,992,327</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	104,543	-	104,543
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants and Accounts Payable	312,858	48,550	361,408
Accrued Payroll	414,742	51,951	466,693
Employee Withholdings	562,999	-	562,999
Tax Refund Payable	31,000	-	31,000
Other	59,227	-	59,227
Accrued Interest	245,692	37,293	282,985
Compensated Absences	387,147	28,380	415,527
Bond Anticipation Notes Payable	450,000	731,082	1,181,082
Bonds and Leases Payable	2,481,970	817,935	3,299,905
Total current liabilities	<u>4,945,635</u>	<u>1,715,191</u>	<u>6,660,826</u>
<b>NONCURRENT:</b>			
Compensated Absences	94,397	55,709	150,106
OPEB Obligation Payable	29,473,411	-	29,473,411
Net Pension Liability	35,072,214	-	35,072,214
Bonds and Leases Payable	14,403,473	6,041,480	20,444,953
Total noncurrent liabilities	<u>79,043,495</u>	<u>6,097,189</u>	<u>85,140,684</u>
<b>Total Liabilities</b>	<u>83,989,130</u>	<u>7,812,380</u>	<u>91,801,510</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	716,956	-	716,956
<b>NET POSITION</b>			
Net Investment in Capital Assets	27,013,546	10,720,456	37,734,002
Restricted for:			
Capital Projects	31,301	540,754	572,055
Federal & State Grants	1,340,811	-	1,340,811
Community Preservation	812,652	-	812,652
Permanent Funds	21,821	-	21,821
Other Purposes	3,655,833	-	3,655,833
Unrestricted	(56,673,927)	2,115,157	(54,558,770)
<b>Total Net Position</b>	<u>\$ (23,797,963)</u>	<u>\$ 13,376,367</u>	<u>\$ (10,421,596)</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, 2015**

	<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>
<b>Governmental Activities:</b>							
General Government	\$ 2,599,237	\$ 232,489	\$ 336,069	\$ -	\$ (2,030,679)	\$ -	\$ (2,030,679)
Public Safety	4,517,677	616,127	145,067	-	(3,756,483)	-	(3,756,483)
Public Works	5,115,736	207,088	104	1,047,153	(3,861,391)	-	(3,861,391)
Education	32,303,967	1,294,216	12,758,254	-	(18,251,497)	-	(18,251,497)
Health and Human Services	685,849	100,148	110,473	-	(475,228)	-	(475,228)
Culture and Recreation	1,597,223	560,329	45,589	-	(991,305)	-	(991,305)
Employee Benefits and Insurance	16,372,271	-	3,353,588	-	(13,018,683)	-	(13,018,683)
State Assessments	246,145	-	-	-	(246,145)	-	(246,145)
Interest	701,706	-	156,371	-	(545,335)	-	(545,335)
<b>Total Governmental Activities</b>	<b>64,139,811</b>	<b>3,010,397</b>	<b>16,905,515</b>	<b>1,047,153</b>	<b>(43,176,746)</b>	<b>-</b>	<b>(43,176,746)</b>
<b>Business-Type Activities:</b>							
Water	2,094,646	2,136,700	-	-	-	42,054	42,054
Sewer	1,462,672	1,532,065	-	-	-	69,393	69,393
<b>Total Primary Government</b>	<b>\$ 67,697,129</b>	<b>\$ 6,679,162</b>	<b>\$ 16,905,515</b>	<b>\$ 1,047,153</b>	<b>(43,176,746)</b>	<b>111,447</b>	<b>(43,065,299)</b>
<b>General Revenues:</b>							
Property Taxes					37,536,700	-	37,536,700
Motor vehicle and other taxes					2,242,776	-	2,242,776
Penalties & Interest on taxes					185,482	-	185,482
Grants & Contributions not restricted to specific programs					1,446,479	-	1,446,479
Unrestricted Investment Income					122,193	-	122,193
Miscellaneous					65,018	-	65,018
<b>Transfers, net</b>					100,000	(100,000)	-
<b>Total General Revenues</b>					<b>41,698,648</b>	<b>(100,000)</b>	<b>41,598,648</b>
<b>Change in Net Position</b>					<b>(1,478,098)</b>	<b>11,447</b>	<b>(1,466,651)</b>
<b>Net Position:</b>							
Beginning of year (as restated)					(22,319,865)	13,364,920	(8,954,945)
End of year					<b>\$ (23,797,963)</b>	<b>\$ 13,376,367</b>	<b>\$ (10,421,596)</b>

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

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 5,234,444	\$ 4,599,401	\$ 9,833,845
Investments	3,132,099	297,356	3,429,455
Receivables, net of allowance for uncollectibles:			
Property Taxes	1,102,283	7,306	1,109,589
Tax Liens	669,287	2,460	671,747
Excise Taxes	144,266	-	144,266
Departmental	10,059	54,581	64,640
Due from Other Governments	3,640,023	1,090,785	4,730,808
<b>Total Assets</b>	<b>\$ 13,932,461</b>	<b>\$ 6,051,889</b>	<b>\$ 19,984,350</b>
<b>Liabilities:</b>			
Warrants and Accounts Payable	\$ 246,797	\$ 66,061	\$ 312,858
Accrued Payroll	347,554	67,188	414,742
Employee withholdings	562,999	-	562,999
Tax Refund Payable	31,000	-	31,000
Other	58,958	269	59,227
Bond Anticipation Notes Payable	-	450,000	450,000
<b>Total Liabilities</b>	<b>1,247,308</b>	<b>583,518</b>	<b>1,830,826</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable Revenue	5,242,110	734,542	5,976,652
<b>Fund Balance:</b>			
Restricted	298,928	4,828,948	5,127,876
Committed	-	354,881	354,881
Assigned	959,456	-	959,456
Unassigned	6,184,659	(450,000)	5,734,659
<b>Total Fund Balance</b>	<b>7,443,043</b>	<b>4,733,829</b>	<b>12,176,872</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 13,932,461</b>	<b>\$ 6,051,889</b>	<b>\$ 19,984,350</b>

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, 2015**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Property Taxes	\$ 37,137,491	\$ 239,532	\$ 37,377,023
Intergovernmental	12,235,521	4,119,057	16,354,578
Excise and Other Taxes	2,231,501	-	2,231,501
Charges for Services	-	2,468,466	2,468,466
Licenses, Permits, Fees	668,608	-	668,608
Interest on Taxes	184,619	863	185,482
Investment Income	122,193	9,675	131,868
Other	-	257,466	257,466
Intergovernmental - "On-behalf" Payments	3,308,942	-	3,308,942
<b>Total Revenues</b>	<b>55,888,875</b>	<b>7,095,059</b>	<b>62,983,934</b>
<b>Expenditures:</b>			
Current:			
General Government	2,187,453	784,968	2,972,421
Public Safety	3,716,473	650,280	4,366,753
Public Works	4,904,429	1,274,387	6,178,816
Education	27,246,994	4,342,565	31,589,559
Health and Human Services	433,087	172,986	606,073
Culture and Recreation	808,657	599,008	1,407,665
Employee Benefits and Insurance	11,914,637	-	11,914,637
State Assessments	246,145	-	246,145
Debt Service:			
Principal	2,701,626	-	2,701,626
Interest	735,276	-	735,276
<b>Total Expenditures</b>	<b>54,894,777</b>	<b>7,824,194</b>	<b>62,718,971</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>994,098</b>	<b>(729,135)</b>	<b>264,963</b>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	970,570	839,129	1,809,699
Operating Transfers Out	(839,129)	(870,570)	(1,709,699)
<b>Total Other Financing Sources (Uses)</b>	<b>131,441</b>	<b>(31,441)</b>	<b>100,000</b>
<b>Net Change in Fund Balances</b>	<b>1,125,539</b>	<b>(760,576)</b>	<b>364,963</b>
<b>Fund Balances, Beginning of Year</b>	<b>6,317,504</b>	<b>5,494,405</b>	<b>11,811,909</b>
<b>Fund Balances, End of Year</b>	<b>\$ 7,443,043</b>	<b>\$ 4,733,829</b>	<b>\$ 12,176,872</b>

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, 2015**

<b>Total Governmental Fund Balances</b>		\$ 12,176,872
Capital Assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.		40,819,230
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		5,976,652
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions		(612,413)
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:		
Bonds and Leases Payable	\$ (16,885,443)	
Other Post Employment Benefits Payable	(29,473,411)	
Net Pension Liability	(35,072,214)	
Compensated Absences	<u>(481,544)</u>	(81,912,612)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds interest is not reported until due.		<u>(245,692)</u>
<b>Net Position of Governmental Activities</b>		<b><u><u>\$ (23,797,963)</u></u></b>

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, 2015**

**Net Change in Fund Balances - Total Governmental Funds** \$ 364,963

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	\$ 2,569,460	
Depreciation	<u>(2,359,465)</u>	209,995

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. (422,221)

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	2,714,673
---------------------------------------	-----------

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	78,556	
Net Change in Other Post Employment Benefits	(3,945,193)	
Net Change in Net Pension Liability	99,972	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(612,413)	
Net Change in Accrued Interest on Long-Term Debt	<u>33,570</u>	<u>(4,345,508)</u>

**Change in Net Position of Governmental Activities** \$ (1,478,098)

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, 2015**

	Budgeted Amounts				Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)
	Amounts Carried		Actual			
	Forward from Prior Year	Original Budget	Final Budget	Budgetary Basis		
<b>Revenues:</b>						
Property Taxes	\$ -	\$ 37,058,010	\$ 37,061,510	\$ 37,072,491	\$ -	\$ 10,981
Intergovernmental	-	12,148,214	12,148,214	12,235,521	-	87,307
Excise and Other Taxes	-	2,143,000	2,143,000	2,231,501	-	88,501
Licenses, Permits, Fees	-	722,000	722,000	668,608	-	(53,392)
Interest on Taxes	-	295,000	295,000	184,619	-	(110,381)
Investment Income	-	70,000	70,000	61,376	-	(8,624)
<b>Total Revenues</b>	-	52,436,224	52,439,724	52,454,116	-	14,392
<b>Expenditures:</b>						
Current:						
General Government	65,135	2,448,619	2,293,877	2,187,453	75,630	30,794
Public Safety	18,308	3,719,061	3,752,443	3,716,473	7,851	28,119
Public Works	139,460	4,704,407	5,042,416	4,904,429	136,461	1,526
Education	450,785	27,422,165	27,827,224	27,246,994	445,010	135,220
Health and Human Services	530	469,665	462,619	433,087	116	29,416
Culture and Recreation	1,863	862,869	863,685	808,657	622	54,406
Employee Benefits and Insurance	7,840	8,834,685	8,862,555	8,605,695	6,850	250,010
State Assessments		229,418	229,418	246,145	-	(16,727)
Debt Service:						
Principal		2,750,398	2,752,423	2,701,626	-	50,797
Interest	9,568	742,537	752,105	735,276	6,212	10,617
<b>Total Expenditures</b>	693,489	52,183,824	52,838,765	51,585,835	678,752	574,178
<b>Excess of Revenues Over (Under) Expenditures</b>	(693,489)	252,400	(399,041)	868,281	(678,752)	588,570
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	-	691,587	693,612	970,655	-	277,043
Operating Transfers Out	-	(1,345,094)	(1,345,094)	(939,129)	-	405,965
<b>Total Other Financing Sources (Uses)</b>	-	(653,507)	(651,482)	31,526	-	683,008
<b>Net Change in Budgetary Fund Balance</b>	(693,489)	(401,107)	(1,050,523)	\$ 899,807	\$ (678,752)	\$ 1,271,578
<b>Other Budgetary Items:</b>						
Free Cash and Other Reserves	-	401,107	406,107			
Prior Year Encumbrances	693,489	-	644,416			
<b>Total Other Budgetary Items</b>	693,489	401,107	1,050,523			
<b>NET BUDGET</b>	\$ -	\$ -	\$ -			

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, 2015**

	<b>Revenues</b>	<b>Expenditures</b>
<b>Reported on a Budgetary Basis</b>	\$ 52,454,116	\$ 51,585,835
<i>Adjustments:</i>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	60,817	-
Recognition of intergovernmental Revenue - "on behalf payments"	3,308,942	-
Recognition of Expenditures - "on behalf payments"	-	3,308,942
Net Increase in Revenue from Recording 60-Day Receipts	65,000	-
<b>Reported on a GAAP Basis</b>	<b>\$ 55,888,875</b>	<b>\$ 54,894,777</b>

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2015**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
	<b>Fund</b>	<b>Fund</b>	
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and Cash Equivalents	\$ 530,097	\$ 1,408,982	\$ 1,939,079
Receivables, net of allowance for uncollectibles			
User Charges	436,018	338,700	774,718
Special Assessments	3,067	21,621	24,688
Total current assets	<u>969,182</u>	<u>1,769,303</u>	<u>2,738,485</u>
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Special Assessments	4,320	134,989	139,309
Capital Assets, net of accumulated depreciation:			
Nondepreciable	133,703	-	133,703
Depreciable	10,060,602	8,116,648	18,177,250
Total noncurrent assets	<u>10,198,625</u>	<u>8,251,637</u>	<u>18,450,262</u>
<b>Total Assets</b>	<u>11,167,807</u>	<u>10,020,940</u>	<u>21,188,747</u>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants and Accounts Payable	22,870	25,680	48,550
Accrued Payroll	12,732	39,219	51,951
Accrued Interest	15,845	21,448	37,293
Compensated Absences	15,302	13,078	28,380
Bond Anticipation Notes Payable	731,082	-	731,082
Bonds Payable	399,368	418,567	817,935
Total current liabilities	<u>1,197,199</u>	<u>517,992</u>	<u>1,715,191</u>
<b>NONCURRENT:</b>			
Compensated Absences	47,232	8,477	55,709
Bonds Payable	3,052,308	2,989,172	6,041,480
Total noncurrent liabilities	<u>3,099,540</u>	<u>2,997,649</u>	<u>6,097,189</u>
<b>Total Liabilities</b>	<u>4,296,739</u>	<u>3,515,641</u>	<u>7,812,380</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	6,011,547	4,708,909	10,720,456
Restricted for Capital	162,408	378,346	540,754
Unrestricted	697,113	1,418,044	2,115,157
<b>Total Net Position</b>	<u>\$ 6,871,068</u>	<u>\$ 6,505,299</u>	<u>\$ 13,376,367</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, 2015**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>			
Charges for Services	\$ 2,136,700	\$ 1,532,065	\$ 3,668,765
<b>Total Operating Revenues</b>	<b>2,136,700</b>	<b>1,532,065</b>	<b>3,668,765</b>
<b>Operating Expenses:</b>			
Salaries & Wages	414,273	322,483	736,756
Operating Expenses	1,226,223	683,716	1,909,939
Depreciation	364,636	290,733	655,369
<b>Total Operating Expenses</b>	<b>2,005,132</b>	<b>1,296,932</b>	<b>3,302,064</b>
<b>Operating Income (Loss)</b>	<b>131,568</b>	<b>235,133</b>	<b>366,701</b>
<b>Non-Operating Revenues (Expenses):</b>			
Interest Expense	(89,514)	(165,740)	(255,254)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(89,514)</b>	<b>(165,740)</b>	<b>(255,254)</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>42,054</b>	<b>69,393</b>	<b>111,447</b>
<b>Operating Transfers:</b>			
Transfers In/(Out)	(50,000)	(50,000)	(100,000)
<b>Total Operating Transfers</b>	<b>(50,000)</b>	<b>(50,000)</b>	<b>(100,000)</b>
<b>Change in Net Position</b>	<b>(7,946)</b>	<b>19,393</b>	<b>11,447</b>
<b>Net Position at Beginning of Year</b>	<b>6,879,014</b>	<b>6,485,906</b>	<b>13,364,920</b>
<b>Net Position at End of Year</b>	<b>\$ 6,871,068</b>	<b>\$ 6,505,299</b>	<b>\$ 13,376,367</b>

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, 2015**

	<b>Business-Type Activities Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>Cash Flows From Operating Activities:</b>			
Receipts from Customers and Users	\$ 2,022,811	\$ 1,522,772	\$ 3,545,583
Payments to Vendors	(1,212,887)	(670,738)	(1,883,625)
Payments to Employees	(385,805)	(283,788)	(669,593)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>424,119</b>	<b>568,246</b>	<b>992,365</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and Construction of Capital Assets	(160,238)	-	(160,238)
Principal Payments on Bonds and Notes	(406,647)	(419,984)	(826,631)
Interest Expense	(91,351)	(166,039)	(257,390)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(658,236)</b>	<b>(586,023)</b>	<b>(1,244,259)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(284,117)</b>	<b>(67,777)</b>	<b>(351,894)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>814,214</b>	<b>1,476,759</b>	<b>2,290,973</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 530,097</b>	<b>\$ 1,408,982</b>	<b>\$ 1,939,079</b>

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

<b>Operating Income (Loss)</b>	\$ 131,568	\$ 235,133	\$ 366,701
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>			
Depreciation	364,636	290,733	655,369
Change in Assets and Liabilities:			
Increase (Decrease) in Warrants Payable	13,336	12,978	26,314
Increase (Decrease) in Accrued Payroll	3,840	31,593	35,433
Increase (Decrease) in Compensated Absences	24,628	7,102	31,730
Decrease (Increase) in User Charges Receivable	(113,889)	(9,293)	(123,182)
<b>Total Adjustments</b>	<b>292,551</b>	<b>333,113</b>	<b>625,664</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 424,119</b>	<b>\$ 568,246</b>	<b>\$ 992,365</b>

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, 2015**

	<b>Other Postemployment Benefits Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	\$ 30,300	\$ 506,255
Investments	51,307	44,316	-
<b>Total Assets</b>	<b>51,307</b>	<b>74,616</b>	<b>506,255</b>
<b>LIABILITIES</b>			
Warrants Payable	-	-	24,358
Due to Others	-	-	29,802
Due to Student Groups	-	-	66,107
Escrows and Deposits	-	-	385,988
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>506,255</b>
<b>NET POSITION</b>			
Held in Trust for Other Purposes	\$ 51,307	\$ 74,616	\$ -

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, 2015**

	<b>Other Postemployment Benefits Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>Additions:</b>		
Employer Contributions	\$ 50,000	\$ -
Private Donations	-	15,761
Investment Income	1,307	1,563
<b>Total Additions</b>	<b>51,307</b>	<b>17,324</b>
<b>Deductions:</b>		
Educational Scholarships	-	4,478
General Expenses	-	3,358
<b>Total Deductions</b>	<b>-</b>	<b>7,836</b>
<b>Change in Net Position</b>	<b>51,307</b>	<b>9,488</b>
<b>Net Position at Beginning of Year</b>	<b>-</b>	<b>65,128</b>
<b>Net Position at End of Year</b>	<b>\$ 51,307</b>	<b>\$ 74,616</b>

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, 2015**

**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 an elected three member Board of Selectmen.

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 2015, 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*.

**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.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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.

**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.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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.

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 Postemployment 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

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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**

State and local statutes place certain limitations on the nature of deposits and investments to the Town. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U. S. Government or agencies that have a maturity of less than one year from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

All investments are carried at fair value.

**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, 2014 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.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

The Town mailed preliminary tax bills for the fiscal year 2015 on June 25, 2014 that were due on August 1, 2014 and November 3, 2014 and actual bills on December 31, 2014 that were due on February 2, 2015 and May 1, 2015, 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 2015 is as follows:

Legal Levy Limit Under Proposition 2 1/2 for fiscal year 2015	\$ 36,882,128
Less: Debt Exclusion	947,781
	<u>\$ 37,829,909</u>

The total amount to be raised by taxation was \$37,393,152.

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, 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.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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.

**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:

<b>Capital Asset Type</b>	<b>Years</b>
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

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

for future period(s) and will not be recognized as expenditures until the future period to which it applies. Currently, the only item in this category is *deferred outflows related to pensions*.

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 item in this category is *deferred inflows related to pensions*.

**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 and deferred outflows of resources to the 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.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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.

*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 and in accordance with various individual union contracts. Individuals are provided for various provisions depending on the union contract. 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 position 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, 2015**

**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.

**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:

- Estimates are submitted by departments.
- The budget is legally enacted by vote at the annual Town meeting.
- Supplemental appropriations may be made from available funds after the setting of the tax rate with Town meeting approval.
- Throughout the year appropriations may be transferred between departments with Town meeting approval.

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 2015, the Town incurred a final budget deficit of \$1,050,523 for the General Fund.

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

Unassigned fund balance:		
Free cash votes	\$	361,629
Reserved for debt		44,478
Prior year's encumbrances		644,416
		644,416
	\$	1,050,523

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

**B. Deficit Fund Balances**

The following funds had deficits at June 30, 2015 as measured by the fund balances of the individual projects.

- The Pine Knoll park pool renovation capital project fund has a deficit of \$450,000. The Town has a debt authorization for \$450,000. The deficit will be eliminated upon the issuance of permanent debt.

**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 government has a deposit policy for custodial credit risk. Deposits at June 30, 2015 were \$13,459,255. Of these, \$128,128 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.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

As of June 30, 2015, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		1 to 5	6 to 10	More than 10
<b>Debt Securities:</b>				
U. S. government agencies	\$ 613,773	\$ -	\$ 613,773	\$ -
Corporate bonds	244,787	63,078	181,709	-
Municipal bonds	861,112	-	733,608	127,504
	<u>1,719,672</u>	<u>\$ 63,078</u>	<u>\$ 1,529,090</u>	<u>\$ 127,504</u>
<b>Other Investments:</b>				
Certificates of deposits	937,758			
Equity mutual funds	11,279			
Equity securities - domestic	656,405			
Equity securities - international	11,346			
MMDT	188,618			
	<u>\$ 3,525,078</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 \$3,525,078 in investments, \$2,785,154 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.

**Credit Risk**

The Town's exposure to credit risk as of June 30, 2015 is follows:

Related Debt Instruments	Fair Value
<b>Moody's Quality Ratings</b>	
<b>U. S. Government Agencies:</b>	
Aaa	\$ 613,773
<b>Corporate Bonds:</b>	
A1	63,078
A2	64,193
AA3	117,516
<b>Municipal Bonds:</b>	
AA1	247,871
AA2	565,920
Not rated	47,321
	<u>\$ 1,719,672</u>

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

**Concentration of Credit Risk**

The Town places no limit on the amount the Town may invest in one issuer. More than 5 percent of the Town's investments are Federal Home Loan Bank and Federal Home Loan Mortgage Association amounting to 11.39% and 6.03%, respectively, of the Town's total investments.

**B. Receivables**

At June 30, 2015, 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:

	<b>Gross Amount</b>	<b>Allowance for Uncollectibles</b>	<b>Net Amount</b>
<b>Major and nonmajor governmental funds:</b>			
Property taxes	\$ 1,122,052	\$ (12,463)	\$ 1,109,589
Tax liens	671,747	-	671,747
Excise taxes	177,766	(33,500)	144,266
Departmental	65,416	(776)	64,640
Due from other governments	4,730,808	-	4,730,808
	<u>\$ 6,767,789</u>	<u>\$ (46,739)</u>	<u>\$ 6,721,050</u>

At June 30, 2015, receivables for the business-type activities consist of the following:

	<b>Gross Amount</b>	<b>for Uncollectibles</b>	<b>Net Amount</b>
<b>Water Fund:</b>			
User charges	\$ 436,194	\$ (4,604)	\$ 431,590
Tax liens	4,428	-	4,428
Special assessments	7,387	-	7,387
<b>Sewer Fund:</b>			
User charges	314,419	(1,000)	313,419
Tax liens	25,281	-	25,281
Special assessments	156,610	-	156,610
	<u>\$ 944,319</u>	<u>\$ (5,604)</u>	<u>\$ 938,715</u>

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

The composition of amounts due from other governments as of June 30, 2015 for the governmental funds are as follows:

**General Fund:**

***Commonwealth of Massachusetts:***

Department of Revenue:			
Veterans, Blind & Surviving Spouse	\$	54,627	
Department of Veterans Services:			
Veterans benefits		55,637	
Massachusetts School Building Authority:			
School Building Assistance - Capital Portion		<u>3,529,759</u>	\$ 3,640,023

**Nonmajor Governmental Funds:**

***U. S. Department of Education:***

School title grants	3,259		
---------------------	-------	--	--

***Commonwealth of Massachusetts:***

Department of Elementary & Secondary Education:			
Special education reimbursement fund		234,042	
Massachusetts Department of Transportation:			
Highway Department - Chapter 90 funded projects		766,221	
Winter Rapid Roads Recovery Program		<u>87,263</u>	<u>1,090,785</u>
			<u><u>\$ 4,730,808</u></u>

**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	\$	845,283	
Tax liens		669,287	
Excise taxes		144,266	
Departmental		9,432	
Due from other governments		<u>3,573,842</u>	\$ 5,242,110

**Nonmajor governmental funds:**

Property taxes	7,306		
Tax liens	2,460		
Due from other governments	<u>724,776</u>	<u>734,542</u>	
		<u><u>\$ 5,976,652</u></u>	

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

**D. Capital Assets**

Capital asset activity for the governmental and business-type activities for the year ended June 30, 2015, are as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 5,182,465	\$ -	\$ -	\$ 5,182,465
Construction in progress	2,961,982	1,003,418	(3,958,900)	6,500
Total capital assets not being depreciated	8,144,447	1,003,418	(3,958,900)	5,188,965
Capital assets being depreciated:				
Buildings and Renovations	54,540,531	4,046,140	-	58,586,671
Machinery, equipment and other	7,611,047	72,152	(118,775)	7,564,424
Infrastructure	3,776,749	1,406,650	-	5,183,399
Total capital assets being depreciated	65,928,327	5,524,942	(118,775)	71,334,494
Less accumulated depreciation for:				
Buildings and Renovations	26,057,951	1,817,877	-	27,875,828
Machinery, equipment and other	6,513,921	324,594	(118,775)	6,719,740
Infrastructure	891,667	216,994	-	1,108,661
Total accumulated depreciation	33,463,539	2,359,465	(118,775)	35,704,229
Total capital assets being depreciated, net	32,464,788	3,165,477	-	35,630,265
Total governmental activities capital assets, net	\$ 40,609,235	\$ 4,168,895	\$ (3,958,900)	\$ 40,819,230
<b>Business-type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Construction in progress	\$ 1,104,155	\$ 160,238	\$ (1,130,690)	\$ 133,703
Total capital assets not being depreciated	1,104,155	160,238	(1,130,690)	133,703
Capital assets being depreciated:				
Buildings and renovations	29,597	-	-	29,597
Machinery, equipment and other	381,064	-	-	381,064
Infrastructure	39,478,796	1,130,690	-	40,609,486
Total capital assets being depreciated	39,889,457	1,130,690	-	41,020,147
Less accumulated depreciation for:				
Buildings and renovations	29,597	-	-	29,597
Machinery, equipment and other	174,913	53,260	-	228,173
Infrastructure	21,983,018	602,109	-	22,585,127
Total accumulated depreciation	22,187,528	655,369	-	22,842,897
Total capital assets being depreciated, net	17,701,929	475,321	-	18,177,250
Total business-type activities capital assets, net	\$ 18,806,084	\$ 635,559	\$ (1,130,690)	\$ 18,310,953

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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

**Governmental Activities:**

General government	\$	86,570
Public safety		250,708
Public works		328,861
Education		1,413,972
Health and human services		77,426
Culture and recreation		201,928
Total depreciation expense - governmental activities	<u>\$</u>	<u>2,359,465</u>

**Business-Type Activities:**

Sewer fund	\$	290,733
Water fund		364,636
Total depreciation expense - business-type activities	<u>\$</u>	<u>655,369</u>

**E. Interfund Receivables, Payables and Transfers**

Interfund transfers for the fiscal year ended June 30, 2015, are summarized below:

Transfers Out:	<u>Transfers In:</u>		
	General fund	Nonmajor Governmental fund	Total
General fund	\$ -	\$ 839,129	\$ 839,129
Nonmajor governmental funds	870,570	-	870,570
Business-type fund	100,000	-	100,000
Total transfers out	<u>\$ 970,570</u>	<u>\$ 839,129</u>	<u>\$ 1,809,699</u>

**F. Leases**

The Town has entered into lease agreements as lessee for financing a school department vehicle. 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 capital leases are as follows:

<b>Asset:</b>	<u><b>Governmental Activities</b></u>
Machinery, Equipment and Other	\$ 41,458
Less: Accumulated Depreciation	(12,437)
Total	<u>\$ 29,021</u>

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, are as follows:

Year Ending June 30,	Governmental Activities
2016	\$ 15,091
2017	12,576
Total minimum lease payments	27,667
Less: amount representing interest	(1,565)
Present value of minimum lease payments	\$ 26,102

**G. Short-Term Financing**

Under the general laws of the Commonwealth and with the appropriate local authorization the Town is authorized to borrow funds on a temporary basis to (1) fund current operations prior to the collection of revenues, by issuing revenue anticipation notes, (2) fund grants prior to reimbursements, by issuing grant anticipation notes, and (3) fund capital projects costs incurred prior to selling permanent debt by issuing bond anticipation notes.

Details related to the short-term debt activity of the governmental type fund are as follows:

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2014	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2015
<b>Governmental Activities</b>						
<i><b>Bond Anticipation Notes:</b></i>						
Pine Knoll pool renovation	1.00%	6/30/2015	\$ 450,000	\$ -	\$ 450,000	\$ -
Pine Knoll pool renovation	0.75%	6/30/2016	-	450,000	-	450,000
Total Governmental Activities			\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000

Details related to the short-term debt activity of the business type fund are as follows:

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2014	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2015
<b>Business-Type Activities:</b>						
<i><b>Water Fund:</b></i>						
<i><b>Bond Anticipation Notes:</b></i>						
Harkness Pump Station	1.00%	6/30/2015	\$ 731,082	\$ -	\$ 731,082	\$ -
Harkness Pump Station	0.75%	6/30/2016	-	731,082	-	731,082
Total Business-Type Activities			\$ 731,082	\$ 731,082	\$ 731,082	\$ 731,082

**H. 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, 2015**

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, 2015
<b>Inside Debt:</b>					
Municipal purpose loan of 2003:					
Library	2.0-5.0%	6/1/2003	6/1/2023	\$ 2,200,000	\$ 880,000
Municipal purpose loan of 2005:					
Remodeling projects	3.85%	4/1/2005	4/1/2022	1,336,200	595,000
Municipal purpose loan of 2005:					
Departmental equipment	4.0-6.0%	12/1/2005	12/1/2025	66,650	6,600
Town Building improvements	4.0-6.0%	12/1/2005	12/1/2025	98,369	9,800
School projects	4.0-6.0%	12/1/2005	12/1/2025	972,981	354,600
Municipal purpose loan of 2007:					
School projects	3.96%	1/15/2007	1/15/2027	3,729,000	2,220,000
Senior Center improvements	3.96%	1/15/2007	1/15/2027	410,000	80,000
Municipal purpose loan of 2009	2.91%	1/15/2009	1/15/2024	4,852,000	2,130,000
Municipal purpose loan of 2010	2.09%	9/15/2010	9/15/2025	2,730,000	1,586,000
Municipal purpose loan of 2011	2.0-5.0%	10/13/2011	8/1/2029	4,405,000	3,120,000
<b>Massachusetts Clean Water Trust:</b>					
GIS project	N/A	10/26/2006	8/1/2024	194,098	124,140
GIS project	2.00%	10/26/2006	7/15/2024	138,448	87,201
Total Inside Debt					<u>11,193,341</u>
<b>Outside Debt:</b>					
Municipal purpose loan of 2011					
Birchland Park Middle School Construction	2.0-5.0%	10/13/2011	8/1/2020	8,739,050	5,666,000
Total Outside Debt					<u>5,666,000</u>
Total governmental type debt					<u><u>\$ 16,859,341</u></u>

**Future Debt Service**

The annual principal and interest payments to retire all general obligation long-term debt outstanding as of June 30, 2015, are as follows:

Year	Principal	Interest	Total
2016	\$ 2,468,097	\$ 611,525	\$ 3,079,622
2017	2,193,258	535,608	2,728,866
2018	2,142,422	457,901	2,600,323
2019	2,138,589	376,487	2,515,076
2020	2,035,351	289,978	2,325,329
2021-2025	4,862,624	560,601	5,423,225
2026-2030	1,019,000	69,374	1,088,374
	<u>\$ 16,859,341</u>	<u>\$ 2,901,474</u>	<u>\$ 19,760,815</u>

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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, 2015
<b>Inside Debt:</b>					
<b>Sewer Fund:</b>					
Municipal purpose loan of 2003:					
Sewer projects	2.0-5.0%	6/1/2003	6/1/2023	\$ 4,775,000	\$ 1,920,000
Municipal purpose loan of 2005:					
Discharge Meters	3.85%	4/1/2005	4/1/2021	156,000	55,000
Pease, Prospect and Old Farm Roads	3.85%	4/1/2005	4/1/2017	120,000	20,000
Mill Road Sanitary Sewer Construction	4.0-6.0%	12/1/2005	12/1/2025	250,000	124,000
Municipal purpose loan of 2010:					
Pump Station Upgrades	2.09%	9/15/2010	9/15/2025	1,104,000	804,000
Municipal purpose loan of 2011:					
Sewer projects	2.0-5.0%	10/13/2011	8/1/2021	612,780	401,000
<b>Massachusetts Clean</b>					
<b>Water Trust:</b>					
GIS Project	N/A	10/26/2006	8/1/2024	76,907	49,188
GIS Project	2.00%	10/26/2006	7/15/2024	54,857	34,551
<b>Water Fund:</b>					
<b>Massachusetts Clean</b>					
<b>Water Trust:</b>					
GIS Project	N/A	10/26/2006	8/1/2024	95,218	60,899
GIS Project	2.00%	10/26/2006	7/15/2024	67,918	42,777
Total Inside Debt					<u>3,511,415</u>
<b>Outside Debt:</b>					
<b>Water Fund:</b>					
Municipal purpose loan of 2003:					
Water tank painting	2.0-5.0%	6/1/2003	6/1/2023	100,000	40,000
Water main projects	2.0-5.0%	6/1/2003	6/1/2023	4,140,000	1,640,000
Municipal purpose loan of 2005:					
Water main projects	3.85%	4/1/2005	4/1/2018	130,000	30,000
Water tower	4.0-6.0%	12/1/2005	12/1/2025	2,500,000	1,375,000
Municipal purpose loan of 2011:					
Water main projects	2.0-5.0%	10/13/2011	8/1/2021	398,170	263,000
Total Outside Debt					<u>3,348,000</u>
Total business-type debt					<u>\$ 6,859,415</u>

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

**Future Debt Service**

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2015, are as follows:

Year	Principal	Interest	Total
2016	\$ 817,935	\$ 251,754	\$ 1,069,689
2017	813,078	223,382	1,036,460
2018	794,223	194,099	988,322
2019	783,371	164,494	947,865
2020	784,934	134,960	919,894
2021-2025	2,659,874	258,572	2,918,446
2026	206,000	3,990	209,990
	<b>\$ 6,859,415</b>	<b>\$ 1,231,251</b>	<b>\$ 8,090,666</b>

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

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due within One Year
<b>Governmental activities:</b>					
<b>Bond Payable:</b>					
General obligation bonds Massachusetts Clean Water Trust bonds	\$ 19,332,000	\$ -	\$ 2,684,000	\$ 16,648,000	\$ 2,449,000
<b>Capital lease</b>	228,967	-	17,626	211,341	19,097
<b>Compensated absences</b>	39,149	-	13,047	26,102	13,873
<b>OPEB Obligation payable</b>	560,100	24,619	103,175	481,544	387,147
<b>Net Pension liability</b>	25,528,218	3,945,193	-	29,473,411	-
Governmental activity	35,172,186	-	99,972	35,072,214	-
Long-term liabilities	<b>\$ 80,860,620</b>	<b>\$ 3,969,812</b>	<b>\$ 2,917,820</b>	<b>\$ 81,912,612</b>	<b>\$ 2,869,117</b>
<b>Business type activities:</b>					
<b>Bond Payable:</b>					
General obligation bonds Massachusetts Clean Water Trust bonds	\$ 7,483,000	\$ -	\$ 811,000	\$ 6,672,000	\$ 801,000
<b>Compensated absences</b>	203,046	-	15,631	187,415	16,935
Business-type activity	52,359	31,730	-	84,089	28,380
Long-term liabilities	<b>\$ 7,738,405</b>	<b>\$ 31,730</b>	<b>\$ 826,631</b>	<b>\$ 6,943,504</b>	<b>\$ 846,315</b>

**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, 2015 for principal and interest combined for the loan is \$469,577. The net repayments, including interest, are scheduled to be \$433,270. 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 2015 interest subsidies totaled \$5,279.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

**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, 2015 totaled \$14,704,756.

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, 2015:

Equalized Valuation-Real Estate and Personal Property (2014)		\$	1,829,457,200
			91,472,860
Debt Limit: 5 % of Equalized value			91,472,860
Total Debt Outstanding	\$	23,718,756	
Less: Debt Outside Debt Limit		(9,014,000)	14,704,756
Inside Debt Excess Borrowing Capacity at June 30, 2015		\$	76,768,104

**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, 2015 and are not reflected in the Town's financial statements are as follows:

Date Town Meeting Authorized	Purpose	Amount
5/2/2005	Mountain View - new classroom exhaust	\$ 302
5/1/2006	School remodeling	92
5/1/2006	Departmental equipment	426
5/1/2006	School remodeling - elementary classrooms	25
5/10/2007	Meadowbrook school - replace motor and coils	221
5/19/2008	Health department - landfill Somers & Allen Street	138,000
5/17/2010	Police cruisers	1,005
5/16/2011	Public safety radio update	154
5/21/2012	Harkness Pump Station improvements (Water)	500
10/21/2013	Lease or purchase a Building	1,200,000
		\$ 1,340,725

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

**I. Fund Balances**

The following is a summary of the Town's Governmental fund balances at the year ended June 30, 2015:

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Restricted:</b>			
Federal, state and local grants	\$ -	\$ 616,034	\$ 616,034
Community preservation funds	-	802,886	802,886
Revolving funds	-	2,039,795	2,039,795
Donations and gifts	-	5,974	5,974
Payment of Debt	298,928	992,967	1,291,895
Capital projects	-	31,301	31,301
Permanent funds	-	21,821	21,821
Other	-	318,170	318,170
	<u>298,928</u>	<u>4,828,948</u>	<u>5,127,876</u>
<b>Committed:</b>			
Capital projects	-	354,881	354,881
<b>Assigned:</b>			
General government	75,630	-	75,630
Public safety	7,851	-	7,851
Public works	136,461	-	136,461
Education	445,010	-	445,010
Health and human services	116	-	116
Culture and recreation	622	-	622
Employee benefits and insurance	6,850	-	6,850
Debt service: interest	6,212	-	6,212
Subsequent year's budget	280,704	-	280,704
	<u>959,456</u>	<u>-</u>	<u>959,456</u>
<b>Unassigned:</b>			
General Fund	6,184,659	-	6,184,659
Capital project deficit:			
Pine Knoll pool renovation	-	(450,000)	(450,000)
	<u>6,184,659</u>	<u>(450,000)</u>	<u>5,734,659</u>
<b>Total Governmental fund balances</b>	<u>\$ 7,443,043</u>	<u>\$ 4,733,829</u>	<u>\$ 12,176,872</u>

**J. Special Trust Funds**

**Stabilization Fund**

Under Section 5B of Chapter 40 of the Massachusetts General Laws, the Town may for the purpose of creating a stabilization fund appropriate in any year an amount not exceeding ten percent of the amount raised in the preceding year by taxation of real estate and tangible personal property or such larger amount as may be approved by the Emergency Finance Board. The aggregate amount in the fund at any time shall not exceed ten percent of the equalized valuation of the Town and any interest shall be added to and become a part of the fund. The stabilization fund may be appropriated in a Town at a Town meeting for any lawful purpose.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

At June 30, 2015, the balance in the stabilization fund is \$1,960,084 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, 2015, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2015.

**Federal Financial Assistance**

The Town receives significant financial assistance from numerous federal and state agencies in the form of grants and entitlements. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit procedures prescribed under the Single Audit Act Amendments of 1996. Any disallowed expenditures resulting from such audits become a liability of the Town.

The outcome of lawsuits and any findings with respect to disallowed expenditures is not expected to materially affect the financial condition of the Town.

**C. 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.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

**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, 2014. The Town's portion of the collective pension expense contributed by the Commonwealth of \$3,308,942 on-behalf payments for the fiscal year ending June 30, 2015 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.

**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, 2014 was \$2,611,961, representing 21.36% 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

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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, 2015, a reported liability of \$35,072,214 is the Town's proportionate share of the net pension liability as measured as of December 31, 2014. The net pension liability was determined using the total pension liability and the actuarial assumptions as of the January 1, 2014 and updated to the measurement date of December 31, 2014. This net pension liability is based on the Town's proportional percentage of 12.220% at December 31, 2014. As such, the total pension liability was also updated and adjusted forward to the measurement date.

**Pension Expense**

For the year ended June 30, 2015, the Town recognized a pension expense of \$3,124,402; reported deferred outflows of resources related to pensions of \$104,543 and deferred inflows of resources related to pensions of \$716,956, from the net difference between projected and actual investment earnings on pension plan investments. Since the System performs an actuarial valuation bi-annually, there are no reported differences between the expected and actual experience or a change of assumptions as of December 31, 2014. Additionally, the changes in proportion and differences between employer contributions and the proportionate share of contributions are not presented in the initial year of reporting in accordance with GASB Statement No. 67 and Statement No. 68.

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

<b>For years ended June 30,</b>		
<b>2016</b>	\$	(153,103)
<b>2017</b>		(153,103)
<b>2018</b>		(153,103)
<b>2019</b>		(153,104)
	<b>\$</b>	<b>(612,413)</b>

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

**Actuarial Assumptions**

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

Valuation date	January 1, 2014
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%.
Remaining amortization period	As of July 1, 2014, 5 years remaining on the 2002 ERI, 6 years remaining on the 2003 ERI and funding holiday, and 22 years for the remaining unfunded liability.
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	4.00%
Investment rate of return	7.875%
Projected salary increase	Varies by length of service with ultimate rates 4.25% for Group 1 and 4.50% for Group 2 and 4.75% for Group 4.
Cost of living adjustments	3.00% of the first \$18,000 of retirement income.
Mortality rates	Pre-retirement: the RP-2000 Employee Mortality Table projected generally with a Scale AA from 2010. Healthy retiree: the RP-2000 Healthy Annuitant Mortality Table projected generally with a Scale AA from 2010. For disabled retirees, the Healthy Annuitant Mortality Table is set forward 3 years for males only projected generally with Scale AA from 2010.

**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.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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, 2014, are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Cap Equities	14.50%	7.75%
Small/mid Cap Equities	3.50%	8.00%
International Equities (Unhedged)	16.00%	8.25%
Emerging International Equities	6.00%	9.50%
High-yield Bonds	1.50%	6.00%
Bank Loans	1.50%	6.25%
EMD (External)	1.00%	7.00%
EMD (Local Currency)	2.00%	7.25%
TIPS	3.00%	4.50%
Long Treasuries	10.00%	4.25%
Private Equity	10.00%	9.75%
Private Debt	4.00%	8.25%
Real Estate (Core)	10.00%	6.50%
Hedge Funds	9.00%	7.00%
Timber/Natural Resources	4.00%	6.88%
Portfolio Completion Strategies	4.00%	N/A
Total	100.00%	

**Rate of Return**

For the year ended December 31, 2014, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 7.70%. 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 7.875%. 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.

**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 7.875%.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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 (6.875%) or 1-percentage-point higher (8.875%) than the current rate (amounts expressed in thousands):

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>6.875%</b>	<b>Discount Rate</b>	<b>8.875%</b>
	<b>6.875%</b>	<b>7.875%</b>	<b>8.875%</b>
Town's net pension liability	\$ 42,978,052	\$ 35,072,214	\$ 28,335,822

**D. Other Post Employment Benefits Payable**

**GASB Statement No. 45**

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 adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2008, and thus 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 702 active and retired employees, beneficiaries and dependents that meet the eligibility requirements. The plan does not issue a separate financial report.

**Funding Policy**

The contribution requirements of plan members and the Town are established pursuant to applicable collective bargaining and employment contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2015 fiscal year, the Town provided required contributions of \$1,226,751 towards the annual OPEB cost, comprised of benefit payments made on behalf of retirees (net of reinsurance), administrative expenses and reinsurance payments, and net of retiree contributions.

**Annual OPEB Cost and Net OPEB Obligation**

The Town's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

The following table shows the components of the Town's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation to the plan:

Annual required contribution (ARC)	\$	5,447,678
Interest on net OPEB obligation		1,021,129
Adjustment to annual required contribution		<u>(1,296,863)</u>
Annual OPEB cost (expense)		5,171,944
Contributions made during the fiscal year		<u>(1,226,751)</u>
Increase in net OPEB obligation		3,945,193
Net OPEB Obligation - beginning of year		<u>25,528,218</u>
Net OPEB Obligation - end of year	\$	<u><u>29,473,411</u></u>

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2015 fiscal year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 5,171,944	23.7%	\$ 29,473,411
6/30/2014	\$ 4,937,120	21.3%	\$ 25,528,218
6/30/2013	\$ 4,888,818	20.9%	\$ 21,641,833

**Funded Status and Funding Process**

As of July 1, 2013, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$50,129,040, and the actuarial value of assets was 0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$50,129,040. As indicated in the actuarial valuation the covered payroll (annual payroll of active employees covered by the plan) was \$23,530,428 and the ratio of the UAAL to the covered payroll was 213.0%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the Annual Required Contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the Actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

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

The Town OPEB actuarial valuation as of July 1, 2013, used the projected unit credit cost method. The OPEB liability is currently unfunded. The actuarial assumptions include an investment rate of return of

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

4.0%, a payroll increase rate of 2.50% per annum and medical cost trend rate at 8.25% decreasing to an ultimate level of 5.00% per year.

The unfunded actuarial accrued liability is being amortized over 30 years on a projected unit credit actuarial cost basis. The remaining amortization period at June 30, 2015 is 22 years.

**Trust Fund**

The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. As of June 30, 2015 the trust balance is \$51,307.

**E. Implementation Of New GASB Pronouncements**

The GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* for implementation in fiscal year 2015. The Town's basic financial statements recognize a net pension asset/(liability) and pension revenue/(expense) for the Town's portion of the Hampden County Regional Retirement System actuarial accrued liability.

**F. 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. 72, *Fair Value Measurement and Application*, for implementation in 2016.

The GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, for implementation in 2016.

**5. RESTATEMENT**

As required by GASB Statement No. 67 and Statement No. 68, the net position as of June 30, 2014 has been restated. The beginning governmental net position decreased \$35,172,186 to (\$22,319,865) to reflect the pension liability.

**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, 2015**

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:**

	<u>12/31/2014</u>
Town's proportion of the net pension liability (asset)	12.22%
Town's proportionate share of the net pension liability (asset)	\$ 35,072,214
Town's covered employee payroll **	\$ 12,229,866
Net pension liability percentage of covered-employee payroll	286.78%
Plan fiduciary net position as a percentage of the total pension liability	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 of which the information is available.

\*\* Indicates covered employee payroll as reported in the retirement system January 1, 2014 funding valuation report.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Required Supplementary Information**  
**Pension Plan Schedules**  
**Hampden County Regional Retirement System**  
**For the Year Ended June 30, 2015**

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:**

	<b>12/31/2014</b>
Actuarially determined contribution @	\$ 2,611,961
Less: Contributions in relation to the actuarially determined contribution	(2,611,961)
Contribution deficiency (excess)	\$ -
Town's covered employee payroll **	\$ 12,229,866
Contributions percentage of covered-employee payroll	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 of which the information is available.

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

\*\* Indicates covered employee payroll as reported in the retirement system January 1, 2014 funding valuation report.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**Required Supplementary Information**  
**Schedule of Funding Progress and Employer Contributions**  
**Other Post Employment Benefit Plan Schedule**  
**Year Ended June 30, 2015**

**SCHEDULE OF FUNDING PROGRESS**

<b>Other Post Employment Benefits</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL) Entry Aid (B)</b>	<b>Unfunded AAL (UAAL) (B-A)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a Percentage of Covered Payroll ((B-A)/C)</b>
7/1/2013	\$ -	\$ 50,129,040	\$ 50,129,040	0%	\$ 23,530,428	213.0%
7/1/2011	\$ -	\$ 44,362,650	\$ 44,362,650	0%	N/A	N/A
12/31/2009	\$ -	\$ 93,937,482	\$ 93,937,482	0%	N/A	N/A

**SCHEDULE OF CONTRIBUTION FUNDING**

<b>Other Post Employment Benefits</b>			
<b>Fiscal Year Ended June 30</b>	<b>Annual OPEB Cost</b>	<b>Actual Contributions Made</b>	<b>Percentage Contributed</b>
2015	\$ 5,171,944	\$ 1,226,751	23.7%
2014	\$ 4,937,120	\$ 1,050,735	21.3%
2013	\$ 4,888,818	\$ 1,020,939	20.9%

The information presented in the above Required Supplementary Schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the Notes to Basic Financial Statements.

**Actuarial Methods:**

Valuation date	July 1, 2013
Actuarial cost method	Projected unit credit actuarial cost method
Amortization method	30-year amortization payments

**Actuarial Assumptions:**

Investment rate of return	4.0%
Medical/drug cost trend rate	8.25% decreasing to the ultimate level of 5% per year
Annual salary increase	2.5%

**Plan Membership:**

Current active members	411
Current retirees, beneficiaries and dependents	291
Total	<u>702</u>

## **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, 2015**

	Fund Balances July 1, 2014	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2015
<b>Special Revenue:</b>					
<b>Federal and State Grants:</b>					
School Grants	\$ 37,369	\$ 1,450,764	\$ 1,438,968	\$ 5,871	\$ 55,036
Arts Lottery Council Grants	8,868	4,546	6,794	-	6,620
Board of Health Grants	30,985	7,128	1,200	(12,430)	24,483
Council on Aging Grants	10,000	56,208	63,932	(13)	2,263
Highway Grants	-	1,107,437	1,107,437	-	-
Library Grants	57,789	31,235	34,167	(58)	54,799
Other Grants and Programs	29,648	2,977	431	(32,194)	-
Public Safety Grants	(14,497)	144,209	158,603	4,553	(24,338)
<b>Schools:</b>					
School Lunch Program	311,068	826,565	788,684	-	348,949
School Lunch Commodities	-	52,824	52,824	-	-
School Busing	74,805	190,063	184,713	-	80,155
School Gifts and Donations	23,149	27,984	35,589	-	15,544
School Revolving Accounts	600,979	547,367	456,710	(100,000)	591,636
State Special Education Reimbursement Fund	381,802	880,371	765,000	-	497,173
<b>Other:</b>					
Cable Access Revolving	263,222	212,832	130,512	54,910	400,452
Center Hill Park Revolving	1,263	-	-	-	1,263
Community Preservation Fund	718,564	314,007	183,125	(46,560)	802,886
Council on Aging Revolving	40,298	92,883	105,822	13	27,372
Dog Fund Revolving	36,518	23,723	10,241	(50,000)	-
Flu Shots Revolving	4,901	-	519	(4,382)	-
Gaming Commission Grants	-	35,000	-	-	35,000
Gifts and Donations	38,515	306	31,192	(1,655)	5,974
Insurance Reimbursements	64,207	5,958	7,165	(63,000)	-
Library Revolving Funds	6,152	17,729	18,218	-	5,663
Reserve for Payment of Debt - MSBA	1,074,699	-	-	(81,732)	992,967
Parking Tickets Revolving	18,204	235	18,439	-	-
Police Off Duty Details	3,852	378,627	378,880	-	3,599
Recreation Revolving	318,617	542,636	486,411	-	374,842
<b>Special Revenue Page 62</b>	<b>\$ 4,140,977</b>	<b>\$ 6,953,614</b>	<b>\$ 6,465,576</b>	<b>\$ (326,677)</b>	<b>\$ 4,302,338</b>

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Fund Balances July 1, 2014	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2015
<b>Continued from Page 62</b>	\$ 4,140,977	\$ 6,953,614	\$ 6,465,576	\$ (326,677)	\$ 4,302,338
<b>Special Revenue (continued):</b>					
<b>Other (continued):</b>					
Trash Revolving	148,027	120,029	19,757	(105,000)	143,299
Wetlands Protection Act	49,018	1,600	-	-	50,618
Ambulance Fund	53	2	-	-	55
Conservation Funds	41,894	1,361	-	-	43,255
Council on Aging Funds	49,006	3,660	1,512	-	51,154
Friends of Heritage Park	340	12	-	-	352
Historical Commission	9,081	820	249	-	9,652
Pension Reserve Fund	125,546	4,077	-	-	129,623
Police Gymnasium Fund	66	2	-	-	68
Recreation Fund	13,895	452	-	-	14,347
Shaker Road Relief Fund	3,863	-	-	-	3,863
Town Beautification Fund	380	12	-	-	392
Traffic Signal Fund	25,930	798	-	-	26,728
Unemployment Compensation Fund	81	2	-	-	83
<b>Total Special Revenue Funds</b>	<b>4,608,157</b>	<b>7,086,441</b>	<b>6,487,094</b>	<b>(431,677)</b>	<b>4,775,827</b>
<b>Capital Projects:</b>					
Department of Public Works Equipment	4,247	-	21,435	27,758	10,570
Cable TV Facility Improvement	105,915	-	51,004	(54,911)	-
Fire Department Projects	6,366	-	-	(6,366)	-
GIS Project	(555)	-	-	555	-
Information Technology Connectivity	136,936	-	394,291	257,355	-
Police Projects	9,001	-	97,152	88,151	-
Pine Knoll Pool Renovation	(405,897)	-	17,508	(26,595)	(450,000)
Recreation Projects	2,833	-	-	-	2,833
School Improvement Projects	842,254	-	620,078	39,289	261,465
Sidewalk Costruction	162,072	-	125,759	75,000	111,313
<b>Capital Projects</b>	<b>\$ 863,172</b>	<b>\$ -</b>	<b>\$ 1,327,227</b>	<b>\$ 400,236</b>	<b>\$ (63,819)</b>

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Fund Balances July 1, 2014	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2015
<b>Permanent Funds:</b>					
Cemetery Funds	\$ 3,210	\$ 105	\$ -	\$ -	\$ 3,315
Library Funds	19,866	8,513	9,873	-	18,506
<b>Total Permanent Funds</b>	<u>23,076</u>	<u>8,618</u>	<u>9,873</u>	<u>-</u>	<u>21,821</u>
 <b>Total - Non-Major Governmental Funds</b>	 <u>\$ 5,494,405</u>	 <u>\$ 7,095,059</u>	 <u>\$ 7,824,194</u>	 <u>\$ (31,441)</u>	 <u>\$ 4,733,829</u>

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS  
SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES  
AND COMMUNITY PRESERVATION SURCHARGE  
JULY 1, 2014 TO JUNE 30, 2015**

	Uncollected Taxes July 1, 2014	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2015	Uncollected Taxes Per Detail June 30, 2015
<b>Real Estate Taxes:</b>						
Levy of 2015	\$ -	\$ 36,293,032	\$ 150,704	\$ 35,406,481	\$ 735,847	\$ 735,847
Levy of 2014	692,637	-	99,014	331,929	261,694	260,908
Levy of 2013	160,914	-	12,684	65,739	82,491	80,666
Levy of 2012	80,553	-	16,336	61,517	2,700	5,311
Levy of 2011	4,848	-	-	2,250	2,598	2,598
Prior Years	5,962	-	-	-	5,962	5,962
	<u>944,914</u>	<u>36,293,032</u>	<u>278,738</u>	<u>35,867,916</u>	<u>1,091,292</u>	<u>1,091,292</u>
<b>Personal Property Taxes:</b>						
Levy of 2015	-	1,131,820	356	1,122,787	8,677	8,289
Levy of 2014	6,937	-	-	1,815	5,122	5,122
Levy of 2013	1,368	-	1	(567)	1,934	1,934
Levy of 2012	968	-	-	(22)	990	990
Levy of 2011	433	-	-	(12)	445	445
Prior Years	19,459	-	13,152	21	6,286	6,286
	<u>29,165</u>	<u>1,131,820</u>	<u>13,509</u>	<u>1,124,022</u>	<u>23,454</u>	<u>23,066</u>
<b>Total Real Estate and Personal Property Taxes</b>	<u>\$ 974,079</u>	<u>\$ 37,424,852</u>	<u>\$ 292,247</u>	<u>\$ 36,991,938</u>	<u>\$ 1,114,746</u>	<u>\$ 1,114,358</u>
<b>Non-Major Governmental Funds: Community Preservation Surcharge:</b>						
Levy of 2015	\$ -	\$ 241,668	\$ 1,626	\$ 234,845	\$ 5,197	\$ 5,197
Levy of 2014	5,374	-	529	3,007	1,838	1,832
Levy of 2013	561	-	67	245	249	238
Levy of 2012	401	-	106	284	11	28
Levy of 2011	13	-	-	13	-	-
Prior Years	11	-	-	-	11	8
	<u>\$ 6,360</u>	<u>\$ 241,668</u>	<u>\$ 2,328</u>	<u>\$ 238,394</u>	<u>\$ 7,306</u>	<u>\$ 7,303</u>

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS  
SCHEDULE OF MOTOR VEHICLE AND BOAT EXCISE TAXES  
JULY 1, 2014 TO JUNE 30, 2015**

	Uncollected Taxes July 1, 2014	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2015	Uncollected Taxes Per Detail June 30, 2015
<b>Motor Vehicle Excise Taxes:</b>						
Levy of 2015	\$ -	\$ 1,954,492	\$ 34,414	\$ 1,805,583	\$ 114,495	\$ 114,495
Levy of 2014	101,497	201,366	18,899	263,110	20,854	20,854
Levy of 2013	21,163	292	1,677	11,701	8,077	8,077
Levy of 2012	7,077	-	60	2,327	4,690	4,690
Levy of 2011	5,265	-	(6)	1,379	3,892	3,892
Prior Years	27,391	-	412	2,738	24,241	24,241
	<u>162,393</u>	<u>2,156,150</u>	<u>55,456</u>	<u>2,086,838</u>	<u>176,249</u>	<u>176,249</u>
<b>Boat Excise Taxes:</b>						
Levy of 2015	-	2,500	55	2,370	75	75
Levy of 2014	126	-	-	53	73	73
Levy of 2013	(12)	-	-	53	(65)	(65)
Levy of 2012	40	-	-	-	40	40
Levy of 2011	31	-	-	-	31	31
Prior Years	1,413	-	-	50	1,363	1,363
	<u>1,598</u>	<u>2,500</u>	<u>55</u>	<u>2,526</u>	<u>1,517</u>	<u>1,517</u>
<b>Total Motor Vehicle and Boat Excise Taxes</b>	<u>\$ 163,991</u>	<u>\$ 2,158,650</u>	<u>\$ 55,511</u>	<u>\$ 2,089,364</u>	<u>\$ 177,766</u>	<u>\$ 177,766</u>

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS  
SCHEDULE OF TAX LIENS  
JULY 1, 2014 TO JUNE 30, 2015**

	Uncollected Accounts July 1, 2014	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2015	Uncollected Accounts Per Detail June 30, 2015
<b>Tax Liens</b>	\$ 591,151	\$ 159,223	\$ -	\$ 81,087	\$ 669,287	\$ 669,287
<b>Non-Major Governmental Funds:</b>						
<b>Community Preservation Surcharge:</b>						
<b>Tax Liens</b>	\$ 2,069	\$ 663	\$ -	\$ 272	\$ 2,460	\$ 2,460