

TOWN OF EAST LONGMEADOW, MASSACHUSETTS

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

For the Year Ended June 30, 2017

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Independent Auditor's Report

To the Honorable Town Council
Town of East Longmeadow, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of East Longmeadow, Massachusetts, as of and for the year ended June 30, 2017, 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, 2017, 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 March 16, 2018 on our consideration of the Town of East Longmeadow, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of East Longmeadow Massachusetts' internal control over financial reporting and compliance.

Scanlon & Associates, LLC
South Deerfield, Massachusetts

March 16, 2018

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, 2017. 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 \$13,502,195 (net position) for the fiscal year reported. This compares to the previous year when liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$10,309,239 or an increase of \$3,192,956 (31%) over last fiscal year's total net position.
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$15,176,764, an increase of \$931,704 (7%) in comparison with prior year.
- The General Fund's total fund balance increased \$712,332 (8%) to \$9,373,442. The ending fund balance is 15% of revenues and transfers in and 15% of expenditures and transfers out.
- Total long term liabilities of the Town increased by \$5,520,297 (6%) to \$99,044,417 during the fiscal year. This change was mainly the result of net increases in the Other Post Employment Benefits (OPEB) liability of \$2,974,732 and in the net pension liability of \$5,757,113 and net decreases in warrants payable of \$667,250 and in debt and leases of \$3,126,936.
- The Town had General Fund free cash certified by the Department of Revenue in the amount of \$4,570,217. The key factors that attributed to the free cash amount for fiscal year 2017 were unexpended/unencumbered appropriations of \$582,200, excess over budget property tax receipts associated with tax title of \$747,500, excess over budget state and local receipts of \$719,100, excess over budget other financing sources of \$61,100 and prior year prior year free cash not appropriated of \$2,447,035.
- The Town's enterprise fund certified free cash is as follows:
 - Sewer fund \$ 757,751.
 - Water fund \$ 1,056,852.

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		
	2017	2016	Change
Assets:			
Current assets	\$ 18,777,946	\$ 18,549,072	\$ 228,874
Noncurrent assets (excluding capital assets)	1,874,829	2,447,254	(572,425)
Capital assets	39,385,304	40,721,231	(1,335,927)
Total assets	60,038,079	61,717,557	(1,679,478)
Deferred Outflows of Resources:			
Deferred Outflows related to pensions	5,760,651	1,940,783	3,819,868
Liabilities:			
Current liabilities (excluding debt and leases)	2,482,019	2,472,696	9,323
Current debt including leases	2,195,060	2,258,125	(63,065)
Noncurrent liabilities (excluding debt and leases)	75,715,921	67,252,475	8,463,446
Noncurrent debt including leases	10,468,745	12,658,539	(2,189,794)
Total liabilities	90,861,745	84,641,835	6,219,910
Deferred Inflows of Resources:			
Deferred Inflows related to pensions	1,433,884	1,706,290	(272,406)
Net Position:			
Net investment in capital assets	29,168,753	28,802,565	366,188
Restricted	5,440,899	5,666,537	(225,638)
Unrestricted	(61,106,551)	(57,158,887)	(3,947,664)
Total net position	\$ (26,496,899)	\$ (22,689,785)	\$ (3,807,114)

	Business-Type Activities		
	2017	2016	Change
Assets:			
Current assets	\$ 3,630,888	\$ 3,298,705	\$ 332,183
Noncurrent assets (excluding capital assets)	112,331	125,678	(13,347)
Capital assets	17,259,314	17,829,761	(570,447)
Total assets	21,002,533	21,254,144	(251,611)
Deferred Outflows of Resources:			
Deferred Outflows related to pensions	232,785	71,892	160,893
Liabilities:			
Current liabilities (excluding debt)	91,370	292,199	(200,829)
Current debt	854,224	874,077	(19,853)
Noncurrent liabilities (excluding debt)	2,192,899	1,817,605	375,294
Noncurrent debt	5,044,179	5,898,403	(854,224)
Total liabilities	8,182,672	8,882,284	(699,612)
Deferred Inflows of Resources:			
Deferred Inflows related to pensions	57,942	63,206	(5,264)
Net Position:			
Net investment in capital assets	11,360,911	11,057,281	303,630
Restricted	436,187	436,952	(765)
Unrestricted	1,197,606	886,313	311,293
Total net position	\$ 12,994,704	\$ 12,380,546	\$ 614,158

Financial Highlights

Statement of Activities Highlights

	Governmental Activities		
	2017	2016	Change
Program Revenues:			
Charges for services	\$ 2,992,460	\$ 3,006,077	\$ (13,617)
Operating grants and contributions	20,528,389	18,631,435	1,896,954
Capital grants and contributions	586,127	588,443	(2,316)
General Revenues:			
Property taxes	39,094,890	38,643,867	451,023
Motor vehicle excise and other taxes	2,594,720	2,505,004	89,716
Penalties and interest on taxes	383,936	280,486	103,450
Nonrestricted grants	1,464,532	1,460,609	3,923
Unrestricted investment income	112,712	228,675	(115,963)
Miscellaneous	11,378	20,318	(8,940)
Total revenues	67,769,144	65,364,914	2,404,230
Expenses:			
General Government	3,176,553	2,759,689	416,864
Public Safety	4,615,795	4,434,936	180,859
Public Works	5,454,698	5,051,001	403,697
Education	34,071,979	32,577,837	1,494,142
Health and Human Services	854,195	745,761	108,434
Culture and Recreation	1,779,985	1,690,876	89,109
Employee Benefits and Insurance	20,802,271	17,673,912	3,128,359
State Assessments	345,279	338,872	6,407
Interest	504,503	620,720	(116,217)
Total expenses	71,605,258	65,893,604	5,711,654
Net (expenses) revenues	(3,836,114)	(528,690)	(3,307,424)
Transfers	29,000	1,636,868	(1,607,868)
Change in net position	(3,807,114)	1,108,178	(4,915,292)
Net position - beginning of year	(22,689,785)	(23,797,963)	1,108,178
Net position - end of year	\$ (26,496,899)	\$ (22,689,785)	\$ (3,807,114)

	Business-Type Activities		
	2017	2016	Change
Program Revenues:			
Charges for services	\$ 4,659,163	\$ 4,195,389	\$ 463,774
Operating grants and contributions	9,957	66,196	(56,239)
Total revenues	4,669,120	4,261,585	407,535
Expenses:			
Water	2,377,926	1,929,172	448,754
Sewer	1,648,036	1,691,366	(43,330)
Total expenses	4,025,962	3,620,538	405,424
Net (expenses) revenues	643,158	641,047	2,111
Transfers	(29,000)	(1,636,868)	1,607,868
Change in net position	614,158	(995,821)	1,609,979
Net position - beginning of year	12,380,546	13,376,367	(995,821)
Net position - end of year	\$ 12,994,704	\$ 12,380,546	\$ 614,158

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 \$13,502,195 at the close of fiscal year 2017.

Net position of \$40,529,664 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, \$5,877,086 represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$59,908,945).

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 \$3,807,114 (17%) during the current fiscal year. The key elements of the decrease in net position for fiscal year 2017 is attributed to increases resulting from the issuance of debt and lease of \$2,252,859 and recognizing the change in deferred outflow/(inflow) of resources related to pensions of \$4,092,274 and decreases from the depreciation expense (normally spread out over the useful life of the asset) for the year of \$2,702,560 exceeding the acquisition of \$1,366,633 in new capital assets and in recognizing the changes in this year's OPEB obligation of \$2,886,584 and in the net pension liability of \$5,419,645.

There was an increase of \$614,158 (5%) in net position reported in connection with the water and sewer business-type activities. Of this, there was an increase of \$475,441 attributed to the water department and of \$138,717 attributed to the sewer department.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$15,176,764, an increase of \$931,704 (7%) in comparison with the prior year.

The breakdown of the governmental funds is as follows:

- Restricted fund balance – \$5,418,867 (36%).
- Committed fund balance – \$594,427 (4%).
- Assigned fund balance – \$697,624 (4%).
- Unassigned fund balance – \$8,465,846 (56%).

At the end of the fiscal year, the General Fund reported a total fund balance of \$9,373,442 increasing \$712,332 (8%) from the prior year. Of the \$9,373,442, the unassigned amount is \$8,465,846 (90%), the assigned amount is \$697,624 (8%) and the restricted amount is \$209,972 (2%). General fund revenues were \$3,160,628 (5%) more than the prior fiscal year and expenditures also increased by \$3,727,483 (7%). Other activities in the General fund were net transfers to other funds of \$840,129.

The main components of the increases in general fund revenues were related to an increase in property taxes of \$907,282 (2%), excise and other taxes of \$331,945 (14%) and intergovernmental on-behalf payments of \$1,790,733 (37%).

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

- Increase in Education expenditures of \$1,106,115 (4%).
- Increase in Employee benefits and insurance expenditures of \$2,277,791 (16%).
- Decrease in Debt Service expenditures (principal and interest) of \$301,724 (10%).

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

Major Proprietary Funds

The *Water Fund* is the financing and operations of the Town's water system. The water fund has accumulated a balance of \$7,160,984 and shows an increase of \$475,441 (7%) in total operations. This change resulted from operating revenues exceeding operating expenditures of \$636,935, investment income of \$4,674, interest expense of \$153,168 and transfers to the governmental funds of \$13,000. Operating revenues increased by \$360,435 (14%) while operating expenses also increased by \$439,383 (25%) from the prior year.

The *Sewer Fund* is the financing and operations of the Town's sewer system. The sewer fund has accumulated a balance of \$5,833,720 and shows an increase of \$138,717 (2%) in total operations. This change was mainly attributed to operating revenues exceeding operating costs by \$249,483, investment income of \$5,283, interest expense of \$100,049 and transfers to the governmental funds of \$16,000. Operating revenues increased by \$103,339 (1%) while operating expenses decreased by \$28,958 (2%) from the prior year.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2017 was \$55,564,783. This was an increase of \$1,238,261 (2%) over the previous year's budget.

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

General fund expenditures were less than budgeted by \$1,819,930. Of the \$1,819,930 in under budget expenditures, \$1,237,741 has been carried over to fiscal year 2018.

There was a negative variance in state assessments of \$39,863 due to a higher assessment in special education of \$11,930 and lower assessments in the registry of motor vehicles non-renewal surcharges of \$280, in the school choice sending tuitions of \$21,668 and in charter school sending tuitions of \$29,845 than the actual payments.

Overall the variance with the final budget was a positive \$2,048,811 consisting of a revenue surplus of \$1,466,622 and an appropriation surplus of \$582,189.

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, 2017 amounts to \$39,385,304 and \$17,259,314, respectively.

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

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

- Town Hall improvements for \$211,931.
- Police vehicle purchase for \$39,800.
- Highway vehicle and equipment purchases for \$161,263.
- Road infrastructure improvements for \$672,998.
- School vehicle and equipment purchases for \$213,838.
- Various schools' improvements for \$66,803.

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

- Water infrastructure improvements for \$75,951.

Debt Administration. The Town's outstanding governmental long-term debt, as of June 30, 2017, totaled \$12,607,986, of which \$5,830,000 is for school projects, \$660,000 for the new library, \$410,000 for pool renovations, \$172,986 for the GIS projects, \$455,000 for Town buildings' improvements and \$5,080,000 for various municipal purpose loans.

The Town also entered into a financing agreement (lease) with Northeast Efficiency Supply for the Meadowbrook School lighting upgrade consisting of \$55,519 in principal to be repaid monthly over the remaining four years (approximately \$12,638 annually) with the electric billing.

The Town's outstanding business-type long-term debt totals \$5,898,403 consisting of \$3,322,861 in water debt and \$2,575,542 in sewer debt that is fully supported by the rates.

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

Next Year's Annual Town Meeting

The financial statements of the Town of East Longmeadow as of June 30, 2017 do not reflect the fiscal year 2018 budget approved by the Town Council on May 23, 2017. The Town Council has authorized a fiscal year 2018 operating and capital budget as follows:

From raise and appropriate		\$	56,042,591
From sewer revenues	\$	1,786,821	
From sewer retained earnings		176,134	1,962,955
From water revenues		2,484,912	
From water retained earnings		309,887	2,794,799
From Cable Access TV revenues			233,700
From Other Available Funds:			
Non-major Governmental Funds:			
Community preservation funds			367,980
		\$	<u>61,402,025</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, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 13,077,943	\$ 2,864,348	\$ 15,942,291
Investments	3,614,612	-	3,614,612
Receivables, net of allowance for uncollectibles:			
Property Taxes	848,225	-	848,225
Tax Liens	256,327	-	256,327
Excise and Other Taxes	172,901	-	172,901
User Charges	-	753,193	753,193
Departmental	106,686	-	106,686
Special Assessments	-	13,347	13,347
Due from Other Governments	701,252	-	701,252
Total current assets	<u>18,777,946</u>	<u>3,630,888</u>	<u>22,408,834</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special Assessments	-	112,331	112,331
Due from Other Governments	1,874,829	-	1,874,829
Capital Assets, net of accumulated Depreciation:			
Nondepreciable	5,371,409	141,526	5,512,935
Depreciable	34,013,895	17,117,788	51,131,683
Total noncurrent assets	<u>41,260,133</u>	<u>17,371,645</u>	<u>58,631,778</u>
Total Assets	<u>60,038,079</u>	<u>21,002,533</u>	<u>81,040,612</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	5,760,651	232,785	5,993,436
LIABILITIES			
CURRENT:			
Warrants and Accounts Payable	656,530	29,756	686,286
Accrued Payroll	191,375	13,216	204,591
Employee Withholdings	878,904	-	878,904
Other	56,783	-	56,783
Accrued Interest	188,336	29,160	217,496
Compensated Absences	510,091	19,238	529,329
Bonds and Leases Payable	2,195,060	854,224	3,049,284
Total current liabilities	<u>4,677,079</u>	<u>945,594</u>	<u>5,622,673</u>
NONCURRENT:			
Compensated Absences	290,642	15,110	305,752
OPEB Obligation Payable	34,815,338	536,761	35,352,099
Net Pension Liability	40,609,941	1,641,028	42,250,969
Bonds and Leases Payable	10,468,745	5,044,179	15,512,924
Total noncurrent liabilities	<u>86,184,666</u>	<u>7,237,078</u>	<u>93,421,744</u>
Total Liabilities	<u>90,861,745</u>	<u>8,182,672</u>	<u>99,044,417</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	1,433,884	57,942	1,491,826
NET POSITION			
Net Investment in Capital Assets	29,168,753	11,360,911	40,529,664
Restricted for:			
Capital Projects	2,833	436,187	439,020
Federal & State Grants	957,356	-	957,356
Community Preservation	1,012,457	-	1,012,457
Permanent Funds	8,478	-	8,478
Other Purposes	3,459,775	-	3,459,775
Unrestricted	(61,106,551)	1,197,606	(59,908,945)
Total Net Position	<u>\$ (26,496,899)</u>	<u>\$ 12,994,704</u>	<u>\$ (13,502,195)</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, 2017**

	<u>Program Revenues</u>				<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
General Government	\$ 3,176,553	\$ 279,518	\$ 405,521	\$ -	\$ (2,491,514)	\$ -	\$ (2,491,514)
Public Safety	4,615,795	645,372	129,796	-	(3,840,627)	-	(3,840,627)
Public Works	5,454,698	194,429	15,121	586,127	(4,659,021)	-	(4,659,021)
Education	34,071,979	1,107,780	12,978,965	-	(19,985,234)	-	(19,985,234)
Health and Human Services	854,195	156,340	134,437	-	(563,418)	-	(563,418)
Culture and Recreation	1,779,985	609,021	63,061	-	(1,107,903)	-	(1,107,903)
Employee Benefits and Insurance	20,802,271	-	6,683,425	-	(14,118,846)	-	(14,118,846)
State Assessments	345,279	-	-	-	(345,279)	-	(345,279)
Interest	504,503	-	118,063	-	(386,440)	-	(386,440)
Total Governmental Activities	71,605,258	2,992,460	20,528,389	586,127	(47,498,282)	-	(47,498,282)
Business-Type Activities:							
Water	2,377,926	2,861,693	4,674	-	-	488,441	488,441
Sewer	1,648,036	1,797,470	5,283	-	-	154,717	154,717
Total Primary Government	\$ 75,631,220	\$ 7,651,623	\$ 20,538,346	\$ 586,127	(47,498,282)	643,158	(46,855,124)
General Revenues:							
Property Taxes					39,094,890	-	39,094,890
Motor vehicle and other taxes					2,594,720	-	2,594,720
Penalties & Interest on taxes					383,936	-	383,936
Grants & Contributions not restricted to specific programs					1,464,532	-	1,464,532
Unrestricted Investment Income					112,712	-	112,712
Miscellaneous					11,378	-	11,378
Transfers, net					29,000	(29,000)	-
Total General Revenues					43,691,168	(29,000)	43,662,168
Change in Net Position					(3,807,114)	614,158	(3,192,956)
Net Position:							
Beginning of year					(22,689,785)	12,380,546	(10,309,239)
End of year					\$ (26,496,899)	\$ 12,994,704	\$ (13,502,195)

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 7,510,410	\$ 5,567,533	\$ 13,077,943
Investments	3,381,448	233,164	3,614,612
Receivables, net of allowance for uncollectibles:			
Property Taxes	843,045	5,180	848,225
Tax Liens	255,608	719	256,327
Excise Taxes	172,901	-	172,901
Departmental	51,418	55,268	106,686
Due from Other Governments	2,536,614	39,467	2,576,081
Total Assets	\$ 14,751,444	\$ 5,901,331	\$ 20,652,775
Liabilities:			
Warrants and Accounts Payable	\$ 622,555	\$ 33,975	\$ 656,530
Accrued Payroll	149,671	41,704	191,375
Employee withholdings	836,771	-	836,771
Other	56,485	298	56,783
Total Liabilities	1,665,482	75,977	1,741,459
Deferred Inflows of Resources:			
Unavailable Revenue	3,712,520	22,032	3,734,552
Fund Balance:			
Restricted	209,972	5,208,895	5,418,867
Committed	-	594,427	594,427
Assigned	697,624	-	697,624
Unassigned	8,465,846	-	8,465,846
Total Fund Balance	9,373,442	5,803,322	15,176,764
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 14,751,444	\$ 5,901,331	\$ 20,652,775

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, 2017**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property Taxes	\$ 39,332,277	\$ 257,167	\$ 39,589,444
Intergovernmental	12,549,587	3,537,053	16,086,640
Excise and Other Taxes	2,702,572	-	2,702,572
Charges for Services	-	2,267,591	2,267,591
Licenses, Permits, Fees	757,914	-	757,914
Interest on Taxes	382,369	1,567	383,936
Investment Income	112,712	5,188	117,900
Other	-	416,069	416,069
Intergovernmental - "On-behalf" Payments	6,683,425	-	6,683,425
Total Revenues	62,520,856	6,484,635	69,005,491
Expenditures:			
Current:			
General Government	2,224,607	909,097	3,133,704
Public Safety	3,850,282	441,975	4,292,257
Public Works	4,893,161	936,809	5,829,970
Education	28,789,834	4,027,376	32,817,210
Health and Human Services	593,743	177,809	771,552
Culture and Recreation	892,068	641,326	1,533,394
Employee Benefits and Insurance	16,588,316	-	16,588,316
State Assessments	345,279	-	345,279
Debt Service:			
Principal	2,233,258	-	2,233,258
Interest	557,847	-	557,847
Total Expenditures	60,968,395	7,134,392	68,102,787
Excess of Revenues Over (Under) Expenditures	1,552,461	(649,757)	902,704
Other Financing Sources (Uses):			
Operating Transfers In	393,635	1,262,764	1,656,399
Operating Transfers Out	(1,233,764)	(393,635)	(1,627,399)
Total Other Financing Sources (Uses)	(840,129)	869,129	29,000
Net Change in Fund Balances	712,332	219,372	931,704
Fund Balances, Beginning of Year	8,661,110	5,583,950	14,245,060
Fund Balances, End of Year	\$ 9,373,442	\$ 5,803,322	\$ 15,176,764

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, 2017

Total Governmental Fund Balances		\$	15,176,764
Capital Assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.			39,385,304
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.			3,692,419
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			4,326,767
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:			
Bonds and Leases Payable	\$	(12,663,805)	
Other Post Employment Benefits Payable		(34,815,338)	
Net Pension Liability		(40,609,941)	
Compensated Absences		<u>(800,733)</u>	(88,889,817)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds interest is not reported until due.			<u>(188,336)</u>
Net Position of Governmental Activities		\$	<u><u>(26,496,899)</u></u>

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds \$ 931,704

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	\$ 1,366,633	
Depreciation	<u>(2,702,560)</u>	(1,335,927)

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. (1,236,347)

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		2,252,859
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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	(258,792)	
Net Change in Other Post Employment Benefits	(2,886,584)	
Net Change in Net Pension Liability	(5,419,645)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	4,092,274	
Net Change in Accrued Interest on Long-Term Debt	<u>53,344</u>	<u>(4,419,403)</u>

Change in Net Position of Governmental Activities \$ (3,807,114)

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, 2017**

	Budgeted Amounts				Actual	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)	
	Amounts Carried Forward from Prior Year		Original Budget					Budgetary Basis
	Forward from Prior Year	Original Budget	Final Budget	Final Budget				Budgetary Basis
Revenues:								
Property Taxes	\$ -	\$ 38,558,437	\$ 38,599,351	\$ 39,346,877	\$ -	\$ 747,526		
Intergovernmental	-	12,450,048	12,450,048	12,549,587	-	99,539		
Excise and Other Taxes	-	2,413,700	2,413,700	2,702,572	-	288,872		
Licenses, Permits, Fees	-	546,485	546,485	757,914	-	211,429		
Interest on Taxes	-	267,000	267,000	382,369	-	115,369		
Investment Income	-	55,000	55,000	58,887	-	3,887		
Total Revenues	-	54,290,670	54,331,584	55,798,206	-	1,466,622		
Expenditures:								
Current:								
General Government	28,536	2,678,168	2,425,805	2,221,703	24,633	179,469		
Public Safety	12,036	3,766,287	3,944,922	3,847,113	34,059	63,750		
Public Works	228,365	4,831,708	5,096,723	4,836,952	195,474	64,297		
Education	719,474	28,561,276	29,330,750	28,318,747	957,634	54,369		
Health and Human Services	10,395	557,656	634,858	589,238	18,972	26,648		
Culture and Recreation	12,953	856,166	904,171	889,825	1,870	12,476		
Employee Benefits and Insurance	6,399	8,979,889	9,994,666	9,904,891	5,099	84,676		
State Assessments	-	305,416	305,416	345,279	-	(39,863)		
Debt Service:								
Principal	20,199	2,298,000	2,318,258	2,233,258	-	85,000		
Interest	1,575	599,371	609,214	557,847	-	51,367		
Total Expenditures	1,039,932	53,433,937	55,564,783	53,744,853	1,237,741	582,189		
Excess of Revenues Over (Under) Expenditures	(1,039,932)	856,733	(1,233,199)	2,053,353	(1,237,741)	2,048,811		
Other Financing Sources (Uses):								
Operating Transfers In	-	331,507	331,507	393,635	-	62,128		
Operating Transfers Out	-	(1,232,718)	(1,332,718)	(1,333,764)	-	(1,046)		
Total Other Financing Sources (Uses)	-	(901,211)	(1,001,211)	(940,129)	-	61,082		
Net Change in Budgetary Fund Balance	(1,039,932)	(44,478)	(2,234,410)	\$ 1,113,224	\$ (1,237,741)	\$ 2,109,893		
Other Budgetary Items:								
Free Cash and Other Reserves	-	44,478	1,194,478					
Prior Year Encumbrances	1,039,932	-	1,039,932					
Total Other Budgetary Items	1,039,932	44,478	2,234,410					
NET BUDGET	\$ -	\$ -	\$ -					

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Reconciliation of Revenues and Expenditures
from Budgetary Basis to GAAP Basis
For the Year Ended June 30, 2017

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 55,798,206	\$ 53,744,853
<i>Adjustments:</i>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	53,825	-
Net Decrease in Revenue from recording Refund Taxes Payable	(61,800)	-
Recognition of intergovernmental Revenue - "on behalf payments"	6,683,425	-
Recognition of Expenditures - "on behalf payments"	-	6,683,425
Net Change in Accrued Expenditures	-	540,117
Net Increase in Revenue from Recording 60-Day Receipts	47,200	-
Reported on a GAAP Basis	\$ 62,520,856	\$ 60,968,395

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Total
	Fund	Fund	
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 1,427,328	\$ 1,437,020	\$ 2,864,348
Receivables, net of allowance for uncollectibles			
User Charges	448,764	304,429	753,193
Special Assessments	1,440	11,907	13,347
Total current assets	<u>1,877,532</u>	<u>1,753,356</u>	<u>3,630,888</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special Assessments	1,440	110,891	112,331
Capital Assets, net of accumulated depreciation:			
Nondepreciable	141,526	-	141,526
Depreciable	9,574,228	7,543,560	17,117,788
Total noncurrent assets	<u>9,717,194</u>	<u>7,654,451</u>	<u>17,371,645</u>
Total Assets	<u>11,594,726</u>	<u>9,407,807</u>	<u>21,002,533</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	126,102	106,683	232,785
LIABILITIES			
CURRENT:			
Warrants and Accounts Payable	6,189	23,567	29,756
Accrued Payroll	7,426	5,790	13,216
Accrued Interest	12,868	16,292	29,160
Compensated Absences	12,777	6,461	19,238
Bonds Payable	450,528	403,696	854,224
Total current liabilities	<u>489,788</u>	<u>455,806</u>	<u>945,594</u>
NONCURRENT:			
Compensated Absences	8,934	6,176	15,110
OPEB Obligation Payable	268,441	268,320	536,761
Net Pension Liability	888,960	752,068	1,641,028
Bonds Payable	2,872,333	2,171,846	5,044,179
Total noncurrent liabilities	<u>4,038,668</u>	<u>3,198,410</u>	<u>7,237,078</u>
Total Liabilities	<u>4,528,456</u>	<u>3,654,216</u>	<u>8,182,672</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	31,388	26,554	57,942
NET POSITION			
Net Investment in Capital Assets	6,392,893	4,968,018	11,360,911
Restricted for Capital	46,973	389,214	436,187
Unrestricted	721,118	476,488	1,197,606
Total Net Position	<u>\$ 7,160,984</u>	<u>\$ 5,833,720</u>	<u>\$ 12,994,704</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, 2017**

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 2,861,693	\$ 1,797,470	\$ 4,659,163
Total Operating Revenues	2,861,693	1,797,470	4,659,163
Operating Expenses:			
Salaries & Wages	305,795	275,044	580,839
Operating Expenses	1,554,919	990,589	2,545,508
Depreciation	364,044	282,354	646,398
Total Operating Expenses	2,224,758	1,547,987	3,772,745
Operating Income (Loss)	636,935	249,483	886,418
Non-Operating Revenues (Expenses):			
Investment Income	4,674	5,283	9,957
Interest Expense	(153,168)	(100,049)	(253,217)
Total Non-Operating Revenues (Expenses)	(148,494)	(94,766)	(243,260)
Income (Loss) Before Operating Transfers	488,441	154,717	643,158
Operating Transfers:			
Transfers In/(Out)	(13,000)	(16,000)	(29,000)
Total Operating Transfers	(13,000)	(16,000)	(29,000)
Change in Net Position	475,441	138,717	614,158
Net Position at Beginning of Year	6,685,543	5,695,003	12,380,546
Net Position at End of Year	\$ 7,160,984	\$ 5,833,720	\$ 12,994,704

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, 2017**

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 2,828,380	\$ 1,834,224	\$ 4,662,604
Payments to Vendors	(1,507,480)	(968,654)	(2,476,134)
Payments to Employees	(356,658)	(277,564)	(634,222)
Net Cash Provided by (Used for) Operating Activities	964,242	588,006	1,552,248
Cash Flows from Noncapital Financing Activities:			
Transfers from (to) Other Funds	(13,000)	(16,000)	(29,000)
Net Cash Provided by (Used for) Noncapital Financing Activities	(13,000)	(16,000)	(29,000)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(75,951)	-	(75,951)
Principal Payments on Bonds and Notes	(460,447)	(413,630)	(874,077)
Interest Expense	(156,294)	(104,606)	(260,900)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(692,692)	(518,236)	(1,210,928)
Cash Flows from Investing Activities:			
Investment Income	4,674	5,283	9,957
Net Cash Provided by (Used for) Investing Activities	4,674	5,283	9,957
Net Increase (Decrease) in Cash and Cash Equivalents	263,224	59,053	322,277
Cash and Cash Equivalents at Beginning of Year	1,164,104	1,377,967	2,542,071
Cash and Cash Equivalents at End of Year	\$ 1,427,328	\$ 1,437,020	\$ 2,864,348

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

Operating Income (Loss)	\$ 636,935	\$ 249,483	\$ 886,418
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	364,044	282,354	646,398
Deferred (Outflows)/Inflows of Resources Related to Pensions	(90,371)	(75,785)	(166,156)
Change in Assets and Liabilities:			
Increase (Decrease) in Warrants Payable	(140,310)	(49,775)	(190,085)
Increase (Decrease) in Accrued Payroll	2,197	1,162	3,359
Increase (Decrease) in Compensated Absences	(53,060)	(3,682)	(56,742)
Increase (Decrease) in OPEB Obligation Payable	40,940	47,208	88,148
Increase (Decrease) in Net Pension Liability	237,180	100,287	337,467
Decrease (Increase) in User Charges Receivable	(33,313)	36,754	3,441
Total Adjustments	327,307	338,523	665,830
Net Cash Provided by (Used for) Operating Activities	\$ 964,242	\$ 588,006	\$ 1,552,248

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, 2017

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents	\$ 75,000	\$ 42,548	\$ 547,521
Investments	2,259,082	47,573	-
Total Assets	2,334,082	90,121	547,521
LIABILITIES			
Warrants Payable	-	380	1,500
Due to Others	-	-	29,018
Due to Student Groups	-	-	100,494
Escrows and Deposits	-	-	416,509
Total Liabilities	-	380	547,521
NET POSITION			
Held in Trust for Other Purposes	\$ 2,334,082	\$ 89,741	\$ -

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, 2017**

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds
Additions:		
Employer Contributions	\$ 2,630,622	\$ -
Private Donations	-	12,550
Investment Income	121,949	1,236
Total Additions	2,752,571	13,786
Deductions:		
Educational Scholarships	-	7,900
General Expenses	-	3,966
Employee Benefits and Insurance	1,555,622	-
Total Deductions	1,555,622	11,866
Change in Net Position	1,196,949	1,920
Net Position at Beginning of Year	1,137,133	87,821
Net Position at End of Year	\$ 2,334,082	\$ 89,741

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, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. In fiscal year 2017, it was determined that no entities met the required GASB-39 and GASB-61 criteria for component units.

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

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (e.g., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

Fund Financial Statements

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

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

Major Fund Criteria

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

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

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

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

Proprietary and fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis* of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Under the modified accrual basis concept, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to be used to pay current liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The Town reports the following major governmental funds:

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

The government reports the following major proprietary funds:

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

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

The non-major governmental fund consists of other special revenue, capital projects and permanent funds that are aggregated and presented in the *non-major governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

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

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

Additionally, the government reports the following fund types:

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

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

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

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

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

D. Cash and Cash Equivalents

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. The Town maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption, "cash and cash equivalents".

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

Investment income from proprietary funds is maintained in those funds.

E. Investments

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

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

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

Level 3 inputs are unobservable for the asset or liability.

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

Additional investment disclosures are presented in these Notes.

F. Receivables

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

Property Taxes and Tax Liens

Property taxes are based on assessments as of January 1, 2016 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The Town has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the Town sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever is later. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The Town mailed preliminary tax bills for the fiscal year 2017 on June 29, 2016 and September 26, 2016 that were due on August 1, 2016 and November 1, 2016 and actual bills on December 30, 2016 and March 29, 2017 that were due on February 1, 2017 and May 1, 2017, 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 2017 is as follows:

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2017	\$ 39,748,268
Add: Debt Exclusion	821,346
Maximum Allowable Levy	<u>\$ 40,569,614</u>

The total amount to be raised by taxation was \$38,922,405.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

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

Excise Taxes

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

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

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

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

User Charges

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

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

Departmental

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

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

Special Assessments

Special assessments consist of the water and sewer betterments.

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

Due from Other Governments

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

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

G. Capital Assets

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

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

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

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

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

H. Interfund Transfers

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

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

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

I. Deferred Outflows/Inflows of Resources

Government-wide financial statements

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

Fund financial statements

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

J. Net Position and Fund Balances

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

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

Net position has been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

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

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

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

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

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

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

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

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

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

N. Post Retirement Benefits

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

O. Use of Estimates

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

P. Total Column

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

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

For fiscal year 2017, the Town incurred a final budget deficit of \$2,234,410 for the General Fund.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

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

Unassigned fund balance:		
Free cash votes	\$	1,150,000
Reserved for debt		44,478
Prior year's encumbrances		1,039,932
		1,039,932
	\$	2,234,410

3. DETAILED NOTES

A. Deposits and Investments

Custodial Credit Risks – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town has a deposit policy for custodial credit risk. Deposits at June 30, 2017 were \$17,821,754. Of these, \$130,558 are exposed to custodial credit risk as uninsured and uncollateralized.

Investment Policies

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

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

As of June 30, 2017, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 to 5	6 to 10
Debt Securities:				
U. S. government agencies	\$ 425,164	\$ -	\$ 181,650	\$ 243,514
Corporate bonds	518,356	-	241,549	276,807
Municipal bonds	717,285	-	-	717,285
Money market mutual fund	978,701	978,701	-	-
	<u>2,639,506</u>	<u>\$ 978,701</u>	<u>\$ 423,199</u>	<u>\$ 1,237,606</u>
Other Investments:				
Equity mutual funds	2,236,784			
Equity securities - domestic	944,612			
MMDT	100,365			
	<u>\$ 5,921,267</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 \$5,921,267 in investments, \$3,084,117 are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Town's name. The Town has no policy on custodial credit risk.

Interest Rate Risk

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

Credit Risk

The Town's exposure to credit risk as of June 30, 2017 is follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
<i>U. S. Government Agencies:</i>	
Aaa	\$ 425,164
<i>Corporate Bonds:</i>	
Aaa	43,892
A1	220,088
A2	34,304
A3	50,538
AA3	118,260
Baa1	51,274
<i>Municipal Bonds:</i>	
Aaa	48,383
AA1	245,235
AA2	423,667
<i>Money Market Mutual Funds:</i>	
Not rated	978,701
	\$ 2,639,506

Concentration of Credit Risk

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

Fair Value of Investments

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

The Town has the following recurring fair value measurements as of June 30, 2017:

Investment Type	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U. S. government agencies	\$ 425,164	\$ 425,164	\$ -	\$ -
Equity mutual funds	2,236,784	2,236,784	-	-
Equity securities - domestic	944,612	944,612	-	-
Money market mutual fund	978,701	978,701	-	-
Corporate bonds	518,356	-	518,356	-
Municipal bonds	717,285	-	717,285	-
	5,820,902	\$ 4,585,261	\$ 1,235,641	\$ -
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	100,365			
Total Investments	<u>\$ 5,921,267</u>			

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

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

B. Receivables

At June 30, 2017, receivables for the individual major governmental funds, non-major governmental funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 861,187	\$ (12,962)	\$ 848,225
Tax liens	256,327	-	256,327
Excise taxes	209,401	(36,500)	172,901
Departmental	106,910	(224)	106,686
Due from other governments	2,576,081	-	2,576,081
	<u>\$ 4,009,906</u>	<u>\$ (49,686)</u>	<u>\$ 3,960,220</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

At June 30, 2017, receivables for the business-type activities consist of the following:

	Gross Amount	for Uncollectibles	Net Amount
Water Fund:			
User charges	\$ 451,850	\$ (4,603)	\$ 447,247
Tax liens	1,517	-	1,517
Special assessments	2,880	-	2,880
Sewer Fund:			
User charges	303,790	(1,000)	302,790
Tax liens	1,639	-	1,639
Special assessments	122,798	-	122,798
	<u>\$ 884,474</u>	<u>\$ (5,603)</u>	<u>\$ 878,871</u>

The composition of amounts due from other governments as of June 30, 2017 for the governmental funds are as follows:

General Fund:

Commonwealth of Massachusetts:

Department of Revenue:

Urban Redevelopment \$ 28,323

Department of Veterans Services:

Veterans benefits 61,037

Massachusetts School Building Authority:

School Building Assistance - Capital Portion 2,447,254 \$ 2,536,614

Nonmajor Governmental Funds:

U. S. Department of Agriculture:

School lunch 18,018

Commonwealth of Massachusetts:

Department of Elementary & Secondary Education:

School lunch 783

School title grants 2,086

Executive Office of Public Safety and Homeland Security

Public Safety Grants 2,447

Massachusetts Department of Transportation:

Highway Department - Chapter 90 funded projects 16,133 39,467

\$ 2,576,081

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

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	\$	735,745	
Tax liens		256,327	
Excise taxes		172,901	
Departmental		49,852	
Due from other governments		2,497,695	\$ 3,712,520
Nonmajor governmental funds:			
Property taxes		5,180	
Tax liens		719	
Due from other governments		16,133	22,032
			<u>\$ 3,734,552</u>

D. Capital Assets

Capital asset activity for the governmental and business-type activities for the year ended June 30, 2017, are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 5,182,465	\$ -	\$ -	\$ 5,182,465
Construction in progress	112,186	211,931	(135,173)	188,944
Total capital assets not being depreciated	5,294,651	211,931	(135,173)	5,371,409
Capital assets being depreciated:				
Buildings and Renovations	59,261,691	201,976	-	59,463,667
Machinery, equipment and other	7,897,455	288,009	-	8,185,464
Infrastructure	6,484,016	799,890	-	7,283,906
Total capital assets being depreciated	73,643,162	1,289,875	-	74,933,037
Less accumulated depreciation for:				
Buildings and Renovations	29,889,774	2,045,070	-	31,934,844
Machinery, equipment and other	6,933,472	320,301	-	7,253,773
Infrastructure	1,393,336	337,189	-	1,730,525
Total accumulated depreciation	38,216,582	2,702,560	-	40,919,142
Total capital assets being depreciated, net	35,426,580	(1,412,685)	-	34,013,895
Total governmental activities capital assets, net	\$ 40,721,231	\$ (1,200,754)	\$ (135,173)	\$ 39,385,304

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 319,095	\$ 75,951	\$ (253,520)	\$ 141,526
Total capital assets not being depreciated	319,095	75,951	(253,520)	141,526
Capital assets being depreciated:				
Buildings and renovations	29,597	-	-	29,597
Machinery, equipment and other	381,064	-	-	381,064
Infrastructure	40,609,486	253,520	-	40,863,006
Total capital assets being depreciated	41,020,147	253,520	-	41,273,667
Less accumulated depreciation for:				
Buildings and renovations	29,597	-	-	29,597
Machinery, equipment and other	281,433	44,880	-	326,313
Infrastructure	23,198,451	601,518	-	23,799,969
Total accumulated depreciation	23,509,481	646,398	-	24,155,879
Total capital assets being depreciated, net	17,510,666	(392,878)	-	17,117,788
Total business-type activities capital assets, net	\$ 17,829,761	\$ (316,927)	\$ (253,520)	\$ 17,259,314

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

Governmental Activities:

General government	\$ 192,005
Public safety	304,044
Public works	442,587
Education	1,444,410
Health and human services	82,089
Culture and recreation	237,425
Total depreciation expense - governmental activities	<u>\$ 2,702,560</u>

Business-Type Activities:

Sewer fund	\$ 282,354
Water fund	364,044
Total depreciation expense - business-type activities	<u>\$ 646,398</u>

E. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2017, are summarized below:

Transfers Out:	Transfers In:		
	General fund	Nonmajor Governmental fund	Total
General fund	\$ -	\$ 1,233,764	\$ 1,233,764
Nonmajor governmental funds	393,635	-	393,635
Business-type fund	-	29,000	29,000
Total transfers out	<u>\$ 393,635</u>	<u>\$ 1,262,764</u>	<u>\$ 1,656,399</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

F. Leases

The Town has entered into a financing agreement with Northeast Efficiency Supply for the Meadowbrook School lighting upgrade to be repaid monthly with the electric billing.

The assets acquired through the financing agreement are as follows:

	Governmental Activities
Asset:	
Machinery, Equipment and Other	\$ 90,840
Less: Accumulated Depreciation	(13,626)
Total	<u>\$ 77,214</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017, are as follows:

Year Ending June 30,	Governmental Activities
2018	\$ 12,638
2019	12,639
2020	12,638
2021	17,904
Total minimum lease payments	<u>55,819</u>
Less: amount representing interest	-
Present value of minimum lease payments	<u>\$ 55,819</u>

G. Long Term Debt

General Obligation Bonds

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
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Year Ended June 30, 2017

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, 2017
Inside Debt:					
Municipal purpose loan of 2003: Library	2.0-5.0%	6/1/2003	6/1/2023	\$ 2,200,000	\$ 660,000
Municipal purpose loan of 2005: Remodeling projects	3.85%	4/1/2005	4/1/2022	1,336,200	455,000
Municipal purpose loan of 2005: Mountain View Roof Replacement	4.0-6.0%	12/1/2005	12/1/2025	582,683	261,000
Municipal purpose loan of 2007: School projects	3.96%	1/15/2007	1/15/2027	3,729,000	1,850,000
Municipal purpose loan of 2009	2.91%	1/15/2009	1/15/2024	4,852,000	1,500,000
Municipal purpose loan of 2010	2.09%	9/15/2010	9/15/2025	2,730,000	1,160,000
Municipal purpose loan of 2011	2.0-5.0%	10/13/2011	8/1/2029	4,405,000	2,420,000
Municipal Purpose Loan of 2016: Pine Knoll Pool Renovations	1.46%	6/29/2016	6/15/2028	450,000	410,000
Massachusetts Clean Water Trust: GIS project	N/A	10/26/2006	8/1/2024	194,098	101,859
GIS project	2.00%	10/26/2006	7/15/2024	138,448	71,127
Total Inside Debt					<u>8,888,986</u>
Outside Debt:					
Municipal purpose loan of 2011 Birchland Park Middle School Construction	2.0-5.0%	10/13/2011	8/1/2020	8,739,050	3,719,000
Total Outside Debt					<u>3,719,000</u>
Total governmental type debt					<u><u>\$ 12,607,986</u></u>

Future Debt Service

The annual principal and interest payments to retire all general obligation long-term debt outstanding as of June 30, 2017, are as follows:

Year	Principal	Interest	Total
2018	\$ 2,182,422	\$ 471,501	\$ 2,653,923
2019	2,178,589	388,487	2,567,076
2020	2,075,351	300,378	2,375,729
2021	1,985,526	210,653	2,196,179
2022	1,055,703	144,809	1,200,512
2023-2027	2,795,395	290,413	3,085,808
2028-2030	335,000	16,900	351,900
	<u>\$ 12,607,986</u>	<u>\$ 1,823,141</u>	<u>\$ 14,431,127</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

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, 2017
Inside Debt:					
Sewer Fund:					
Municipal purpose loan of 2003:					
Sewer projects	2.0-5.0%	6/1/2003	6/1/2023	\$ 4,775,000	\$ 1,440,000
Municipal purpose loan of 2005:					
Discharge Meters	3.85%	4/1/2005	4/1/2021	156,000	35,000
Mill Road Sanitary Sewer Construction	4.0-6.0%	12/1/2005	12/1/2025	250,000	99,000
Municipal purpose loan of 2010:					
Pump Station Upgrades	2.09%	9/15/2010	9/15/2025	1,104,000	655,000
Municipal purpose loan of 2011:					
Sewer projects	2.0-5.0%	10/13/2011	8/1/2021	612,780	278,000
Massachusetts Clean Water Trust:					
GIS Project	N/A	10/26/2006	8/1/2024	76,907	40,359
GIS Project	2.00%	10/26/2006	7/15/2024	54,857	28,183
Water Fund:					
Massachusetts Clean Water Trust:					
GIS Project	N/A	10/26/2006	8/1/2024	95,218	49,968
GIS Project	2.00%	10/26/2006	7/15/2024	67,918	34,893
Total Inside Debt					<u>2,660,403</u>
Outside Debt:					
Water Fund:					
Municipal purpose loan of 2003:					
Water tank painting	2.0-5.0%	6/1/2003	6/1/2023	100,000	30,000
Water main projects	2.0-5.0%	6/1/2003	6/1/2023	4,140,000	1,230,000
Municipal purpose loan of 2005:					
Water main projects	3.85%	4/1/2005	4/1/2018	130,000	10,000
Water tower	4.0-6.0%	12/1/2005	12/1/2025	2,500,000	1,125,000
Municipal purpose loan of 2011:					
Water main projects	2.0-5.0%	10/13/2011	8/1/2021	398,170	173,000
Municipal Purpose Loan of 2016:					
Harkness Pump Station improvements	1.46%	6/29/2016	6/15/2028	731,000	670,000
Total Outside Debt					<u>3,238,000</u>
Total business-type debt					<u>\$ 5,898,403</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

Future Debt Service

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2017, are as follows:

Year	Principal	Interest	Total
2018	\$ 854,224	\$ 216,099	\$ 1,070,323
2019	843,372	184,094	1,027,466
2020	844,934	152,160	997,094
2021	835,088	119,617	954,705
2022	815,246	87,235	902,481
2023-2027	1,645,539	111,110	1,756,649
2028	60,000	1,200	61,200
	<u>\$ 5,898,403</u>	<u>\$ 871,515</u>	<u>\$ 6,769,918</u>

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

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Amounts Due within One Year
Governmental activities:					
Bonds Payable:					
General obligation bonds Massachusetts Clean	\$ 14,649,000	\$ -	\$ 2,214,000	\$ 12,435,000	\$ 2,163,000
Water Trust bonds	192,244	-	19,258	172,986	19,422
Capital lease	75,420	-	19,601	55,819	12,638
Compensated absences	541,941	274,262	15,470	800,733	510,091
OPEB Obligation payable	31,928,754	2,886,584	-	34,815,338	-
Net Pension liability	35,190,296	5,419,645	-	40,609,941	-
Governmental activity					
Long-term liabilities	<u>\$ 82,577,655</u>	<u>\$ 8,580,491</u>	<u>\$ 2,268,329</u>	<u>\$ 88,889,817</u>	<u>\$ 2,705,151</u>
Business type activities:					
Bonds Payable:					
General obligation bonds Massachusetts Clean	\$ 6,602,000	\$ -	\$ 857,000	\$ 5,745,000	\$ 837,000
Water Trust bonds	170,480	-	17,077	153,403	17,224
Compensated absences	91,090	-	56,742	34,348	19,238
OPEB Obligation payable	448,613	88,148	-	536,761	-
Net Pension liability	1,303,560	337,468	-	1,641,028	-
Business-type activity					
Long-term liabilities	<u>\$ 8,615,743</u>	<u>\$ 425,616</u>	<u>\$ 930,819</u>	<u>\$ 8,110,540</u>	<u>\$ 873,462</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

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, 2017 for principal and interest combined for the loan is \$371,150. The net repayments, including interest, are scheduled to be \$344,555. 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 2017 interest subsidies totaled \$4,691.

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, 2017 totaled \$11,549,388.

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, 2017:

Equalized Valuation-Real Estate and Personal Property (2016)		<u>\$ 1,924,966,600</u>
Debt Limit: 5 % of Equalized value		96,248,330
Total Debt Outstanding	\$ 18,506,388	
Less: Debt Outside Debt Limit	<u>(6,957,000)</u>	<u>11,549,388</u>
Inside Debt Excess Borrowing Capacity at June 30, 2017		<u>\$ 84,698,942</u>

Loans Authorized and Unissued - Memorandum Only

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

Loan authorizations that have not been issued as of June 30, 2017 and are not reflected in the Town's financial statements are as follows:

Date	Town Meeting Authorized	Purpose	Amount
5/19/2008		Health department - landfill Somers & Allen Street	\$ 138,000
5/21/2012		Harkness Pump Station improvements (Water)	500
5/16/2016		Water Main Replacement	<u>554,250</u>
			<u>\$ 692,750</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

H. Fund Balances

The following is a summary of the Town's Governmental fund balances at the year ended June 30, 2017:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:			
Federal, state and local grants	\$ -	\$ 941,223	\$ 941,223
Community preservation funds	-	1,006,558	1,006,558
School revolving funds	-	1,120,574	1,120,574
Town revolving funds	-	908,003	908,003
Donations and gifts	-	125,516	125,516
Payment of Debt	209,972	817,320	1,027,292
Capital projects	-	2,832	2,832
Permanent funds	-	8,478	8,478
Other	-	278,391	278,391
	<u>209,972</u>	<u>5,208,895</u>	<u>5,418,867</u>
Committed:			
Capital projects	-	594,427	594,427
Assigned:			
Reserve for encumbrances	697,624	-	697,624
Unassigned:			
General Fund	8,465,846	-	8,465,846
Total Governmental fund balances	<u>\$ 9,373,442</u>	<u>\$ 5,803,322</u>	<u>\$ 15,176,764</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

I. 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.

At June 30, 2017, the balance in the stabilization fund is \$2,385,162 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 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, 2017, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2017.

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

C. Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

D. Pension Plan

Plan Description

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

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan, to which the Town does not contribute. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for the contributions and future benefit requirements of the MTRS.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is responsible by statute to make all actuarially determined contributions and future benefit requirements on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in the MTRS. Since the Town does not contribute directly to MTRS, there is no pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based upon each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2016. The Town's portion of the collective pension expense contributed by the Commonwealth of \$6,683,425 on-behalf payments for the fiscal year ending June 30, 2017 is reported as intergovernmental revenues and employee benefits and insurance expenditures in the General Fund as of the measurement date.

Benefits Provided

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

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

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

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, 2016 was \$2,855,176, representing 22.77% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

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

Pension Liability

As of June 30, 2017, the Town reported a liability of \$42,250,969 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2016, the Town's proportional percentage was 11.598%, which was a slight decrease from the last measurement.

Pension Expense

For the year ended June 30, 2017, the Town recognized a pension expense of \$4,353,857; reported deferred outflows of resources related to pensions of \$5,993,436 from the differences between expected and actual experience, the net difference between projected and actual investment earnings on pension plan investments and changes in assumptions; and deferred inflows of resources related to pensions of \$1,491,826, from the changes in proportion and differences between employer contributions and proportionate share of contributions.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

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

For years ended June 30,	
2018	\$ 887,010
2019	887,010
2020	1,041,445
2021	868,446
2022	817,699
	<u>\$ 4,501,610</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2016;

Valuation date	January 1, 2016
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, 2016, 3 years remaining on the 2002 ERI, 4 years remaining on the 2003 ERI and funding holiday, and 20 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	3.50%
Investment rate of return	7.75%
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 from 2009 with a Scale BB2D. Healthy retiree: the RP-2000 Healthy Annuitant Mortality Table projected generally from 2009 with a Scale BB2D. For disabled retirees, the RP-2000 Healthy Annuitant Mortality Table projected generally from 2015 with a Scale BB2D.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of January 1, 2016, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Large Cap Equities	14.50%	7.50%
Small/mid Cap Equities	3.50%	7.75%
International Equities (Unhedged)	16.00%	7.83%
Emerging International Equities	6.00%	9.61%
High-yield Bonds	1.50%	5.75%
Bank Loans	2.50%	6.00%
EMD (External)	1.00%	5.75%
EMD (Local Currency)	0.00%	6.50%
TIPS	5.00%	3.75%
Core Bonds	5.00%	4.00%
Long Treasuries	2.00%	3.75%
Private Equity	11.00%	9.50%
Private Debt	3.00%	9.06%
Other Credit Opportunities	2.00%	6.84%
Real Estate (Core)	10.00%	6.50%
Hedge Funds	13.00%	6.48%
Timber/Natural Resources	4.00%	6.00%
Total	100.00%	

Rate of Return

For the year ended December 31, 2016, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 7.60%. 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 7.75%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made based at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments or current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

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 7.75%. 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 (6.75%) or 1-percentage-point higher (8.75%) than the current rate (amounts expressed in thousands):

	1% Decrease	Current	Discount Rate	1% Increase
	6.75%	7.75%	7.75%	8.75%
Town's net pension liability	\$ 51,157,183	\$ 42,250,969	\$	34,718,770

E. Other Post Employment Benefits Payable

GASB Statement No. 45

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions, requires Towns to account for OPEB, primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statement of Activities when a future retiree earns the post employment benefits, rather than when they use them. To the extent that an entity does not fund their actuarially required contribution, a post employment benefit liability is recognized on the Statement of Net Position.

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 769 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 2017 fiscal year, total Town premiums plus implicit costs for the retiree medical program are \$2,630,622 (employer contributions of \$1,555,622 and contributions to the trust of \$1,075,000).

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, 2017

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)	\$	5,984,928
Interest on net OPEB obligation		1,295,095
Adjustment to annual required contribution		<u>(1,674,669)</u>
Annual OPEB cost (expense)		5,605,354
Contributions made during the fiscal year		(1,555,622)
Contributions made to Trust fund		<u>(1,075,000)</u>
Increase in net OPEB obligation		2,974,732
Net OPEB Obligation - beginning of year		<u>32,377,367</u>
Net OPEB Obligation - end of year		<u><u>\$ 35,352,099</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 2017 fiscal year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2017	\$ 5,605,354	27.8%	\$ 35,352,099
6/30/2016	\$ 5,375,611	25.5%	\$ 32,377,367
6/30/2015	\$ 5,171,944	23.7%	\$ 29,473,411

Funded Status and Funding Process

As of July 1, 2015, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$60,309,864, and the actuarial value of assets was \$0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$60,309,864. As indicated in the actuarial valuation the covered payroll (annual payroll of active employees covered by the plan) was \$22,207,310 and the ratio of the UAAL to the covered payroll was 271.6%.

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.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

The Town OPEB actuarial valuation as of July 1, 2015, used the projected unit credit cost method. The actuarial assumptions include an investment rate of return of 4.0%, a payroll increase rate of 2.50% per annum and medical cost trend rate at 7.25% 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, 2017 is 21 years.

GASB Statement No. 74

The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. As of June 30, 2017, the trust balance is \$2,334,082.

Investments

The OPEB Trust fund does not have a formal investment policy. As of June 30, 2017, investments, concentration and rate of return information consisted of pooled funds in the Town's Commonwealth Financial investments described earlier under Deposits and Investments (refer to note 3A).

Net OPEB Liability

The components of the net OPEB liability are as follows:

	June 30, 2017
Total OPEB liability	\$ 85,435,891
Less: Plan fiduciary net position	(2,334,082)
City's Net OPEB liability	\$ 83,101,809
Plan fiduciary net position as a percentage of the total OPEB liability	2.73%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation date of July 1, 2015 and contribution date as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified;

Valuation date	Actuary determined contribution was calculated as of June 30, 2017
Actuarial cost method	Projected unit credit actuarial cost method
Participant salary increases	2.50% annually and for future periods
Investment rate of return	3.13% annually, net of OPEB plan investment expense Including inflation
Healthcare cost trend rates	2015 medical trend rates: 7.25% annually Ultimate trend rates: 5.00% annually in 2020
Mortality rates	RPH-2014 Total Dataset Fully Generational Mortality Table with projection scale MP-2015.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 7.91%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.13%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance Massachusetts General Law Chapter 32. Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the Town's the net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.13%) or 1-percentage-point higher (4.13%) than the current rate:

	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
Town's net OPEB liability	\$ 101,985,430	\$ 83,101,809	\$ 68,658,482

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

The following presents the Town's the net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.25% decreasing to 4.00%) or 1-percentage-point higher (8.25% decreasing to 6.00%) than the current healthcare cost trend rates:

	1% Decrease (6.25% decreasing to 4.00%)	Healthcare Cost Trend Rates (7.25% decreasing to 5.00%)	1% Increase (8.25% decreasing to 6.00%)
Town's net OPEB liability	\$ 64,989,257	\$ 83,101,809	\$ 107,871,411

F. Implementation Of New GASB Pronouncements

The GASB issued Statement No. 74, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*, for implementation in fiscal year 2017.

The GASB issued Statement No. 77, *Tax Abatement Disclosures*, for implementation in fiscal year 2017.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2017

The GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*, for implementation in fiscal year 2017.

The GASB issued Statement No. 82, *Pension Issues – an amendment of GASB No. 67, No. 68, and No. 73*, for implementation in fiscal year 2017.

G. Future GASB Pronouncements

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

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*, for implementation in fiscal year 2018.

The GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, for implementation in fiscal year 2018.

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

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, 2017

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>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Town's proportion of the net pension liability (asset)	11.598%	11.682%	12.220%
Town's proportionate share of the net pension liability (asset)	\$ 42,250,969	\$ 36,493,856	\$ 35,072,214
Town's covered employee payroll	\$ 12,537,837	\$ 12,159,006	\$ 12,229,866
Net pension liability percentage of covered-employee payroll	336.99%	300.14%	286.78%
Plan fiduciary net position as a percentage of the total pension liability	46.82%	49.22%	51.38%

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Hampden County Regional Retirement System
For the Year Ended June 30, 2017

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:

	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Actuarially determined contribution	\$ 2,855,176	\$ 2,662,850	\$ 2,611,961
Less: Contributions in relation to the actuarially determined contribution	<u>(2,855,176)</u>	<u>(2,662,850)</u>	<u>(2,611,961)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered employee payroll	\$ 12,537,837	\$ 12,159,006	\$ 12,229,866
Contributions percentage of covered-employee payroll	22.77%	21.90%	21.36%

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
Other Post Employment Benefit Plan (GASB 45) Schedule
Year Ended June 30, 2017

SCHEDULE OF FUNDING PROGRESS

Other Post Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
7/1/2015	\$ -	\$ 60,309,864	\$ 60,309,864	0%	\$ 22,207,310	271.6%
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

SCHEDULE OF CONTRIBUTION FUNDING

Other Post Employment Benefits

Fiscal Year Ended June 30	Annual OPEB Cost	Actual Contributions Made	Percentage Contributed
2017	\$ 5,605,354	\$ 1,555,622	27.8%
2016	\$ 5,375,611	\$ 1,371,655	25.5%
2015	\$ 5,171,944	\$ 1,226,751	23.7%

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, 2015
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	7.25% decreasing to the ultimate level of 5% per year
Annual salary increase	2.5%

Plan Membership:

Current active members	388
Current retirees, beneficiaries and dependents	381
Total	<u>769</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan (GASB 74) Schedules
For the Year Ended June 30, 2017

Schedule of Changes in the Net OPEB Liability:

	6/30/2017
Total OPEB liability	
Service cost	\$ 3,187,149
Interest on net OPEB liability	2,616,590
Benefit payments, including refunds of member contributions	(1,555,622)
Net change in total OPEB liability	4,248,117
Total OPEB liability-beginning	81,187,774
Total OPEB liability-ending (a)	\$ 85,435,891
 Plan fiduciary net position	
Net investment income	\$ 121,949
Employer contributions to Trust	1,075,000
Net change in plan fiduciary net position	1,196,949
Total fiduciary net position-beginning	1,137,133
Total fiduciary net position-ending (b)	\$ 2,334,082
 Town's net OPEB liability (a-b)	\$ 83,101,809

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan (GASB 74) Schedules
For the Year Ended June 30, 2017

Schedule of Net OPEB Liability:

	6/30/2017
Total OPEB liability	\$ 85,435,891
Less: Plan fiduciary net position	(2,334,082)
Town's Net OPEB liability	\$ 83,101,809
Plan fiduciary net position as a percentage of the total OPEB liability	2.73%
Town's share of covered employee payroll	N/A
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	N/A

Schedule of Contributions:

	6/30/2017
Actuarially determined contribution	\$ 1,555,622
Less: Contributions in relation to the actuarially determined contribution	(1,555,622)
Contribution deficiency (excess)	\$ -
Town's share of covered employee payroll	N/A
Contributions percentage of covered-employee payroll	N/A
	6/30/2017
Annual money-weighted rate of return net of investment expense	7.91%

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

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, 2017

	Fund Balances July 1, 2016	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2017
Special Revenue:					
Federal and State Grants:					
School Grants	\$ 8,929	\$ 1,428,895	\$ 1,428,410	\$ -	\$ 9,414
Arts Lottery Council Grants	8,172	5,298	8,063	-	5,407
Board of Health Grants	22,083	28	-	-	22,111
Council on Aging Grants	536	86,968	158,374	83,329	12,459
Highway Grants	-	674,506	672,998	-	1,508
Library Grants	49,240	30,302	33,038	-	46,504
Public Safety Grants	17,042	110,292	69,967	795	58,162
Recycling Grant	-	15,035	2,982	-	12,053
Schools:					
School Lunch Program	407,898	884,180	853,114	-	438,964
School Lunch Commodities	-	70,681	70,681	-	-
School Transportation	164,925	164,567	149,942	-	179,550
School Gifts and Donations	29,045	29,027	31,651	-	26,421
School Revolving Accounts	554,254	355,298	433,913	-	475,639
State Special Education Reimbursement Fund	807,720	781,575	815,690	-	773,605
Other:					
Affordable Housing Funds	-	23,722	-	-	23,722
Cable Access Revolving	249,672	305,643	204,706	-	350,609
Community Preservation Fund	977,381	309,635	148,128	(132,330)	1,006,558
Council on Aging Revolving	66,502	94,471	11,331	(86,710)	62,932
E-Rate Fund	120,452	-	120,372	(80)	-
Gaming Commission Grants	35,000	-	20,075	-	14,925
Gifts and Donations	26,597	64,568	43,803	78,154	125,516
Health Department Revolving	-	420	-	-	420
Insurance Reimbursements	-	16,323	16,323	-	-
Library Revolving Funds	7,667	20,561	19,973	-	8,255
Police Off Duty Details	-	310,816	310,494	-	322
Recreation Revolving	319,231	588,459	559,474	-	348,216
Reserve for Payment of Debt - MSBA	911,235	-	-	(93,915)	817,320
Traffic Signal Funds	-	8,500	7,246	30,000	31,254
Trash Revolving	145,183	97,771	34,278	(123,570)	85,106
Wetlands Protection Act	50,948	1,517	-	-	52,465
Special Revenue Page 68	\$ 4,979,712	\$ 6,479,058	\$ 6,225,026	\$ (244,327)	\$ 4,989,417

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Fund Balances July 1, 2016	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2017
Continued from Page 68	\$ 4,979,712	\$ 6,479,058	\$ 6,225,026	\$ (244,327)	\$ 4,989,417
Special Revenue (continued):					
Other (continued):					
Ambulance Fund	59	2	-	-	61
Conservation Funds	46,858	1,130	-	-	47,988
Council on Aging Funds	59,230	-	-	(59,230)	-
Friends of Heritage Park	381	9	-	-	390
Historical Commission	10,773	836	150	-	11,459
Pension Reserve Fund	140,418	3,387	-	-	143,805
Police Gymnasium Fund	74	1	-	-	75
Recreation Fund	15,542	-	-	(15,542)	-
Shaker Road Relief Fund	3,863	-	-	-	3,863
Town Beautification Fund	425	10	-	-	435
Traffic Signal Fund	28,954	-	-	(28,954)	-
Unemployment Compensation Fund	90	2	-	-	92
Total Special Revenue Funds	5,286,379	6,484,435	6,225,176	(348,053)	5,197,585
Capital Projects:					
Council on Aging Equipment	6,011	-	4,480	(1,531)	-
Department of Public Works Construction	188,387	-	49,555	124,100	262,932
Department of Public Works Equipment	17,333	-	169,750	152,417	-
Local Access Cable Project	1,949	-	1,949	-	-
Police Vehicles and Equipment	6,566	-	45,803	68,137	28,900
Recreation Projects	2,833	-	-	-	2,833
School Improvement Projects	24,400	-	114,545	306,391	216,246
Town Hall Improvements	41,814	-	211,932	238,427	68,309
Information Technology Projects	-	-	311,202	329,241	18,039
Capital Projects	\$ 289,293	\$ -	\$ 909,216	\$ 1,217,182	\$ 597,259

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Fund Balances July 1, 2016	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2017
Permanent Funds:					
Cemetery Funds	\$ 3,591	\$ 87	\$ -	\$ -	\$ 3,678
Library Funds	4,687	113	-	-	4,800
Total Permanent Funds	8,278	200	-	-	8,478
Total - Non-Major Governmental Funds	\$ 5,583,950	\$ 6,484,635	\$ 7,134,392	\$ 869,129	\$ 5,803,322

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES
AND COMMUNITY PRESERVATION SURCHARGE
JULY 1, 2016 TO JUNE 30, 2017**

	Uncollected Taxes July 1, 2016	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2017	Uncollected Taxes Per Detail June 30, 2017
Real Estate Taxes:						
Levy of 2017	\$ -	\$ 37,646,571	\$ 149,720	\$ 36,922,906	\$ 573,945	\$ 575,395
Levy of 2016	602,160	-	105,768	294,529	201,863	199,863
Levy of 2015	168,092	-	32,430	101,478	34,184	36,473
Levy of 2014	27,382	-	5,892	12,745	8,745	8,745
Levy of 2013	12,353	-	1,433	10,920	-	-
Prior Years	7,409	-	(646)	2,093	5,962	5,962
	<u>817,396</u>	<u>37,646,571</u>	<u>294,597</u>	<u>37,344,671</u>	<u>824,699</u>	<u>826,438</u>
Personal Property Taxes:						
Levy of 2017	-	1,316,632	4,645	1,303,536	8,451	8,451
Levy of 2016	4,459	-	(6)	1,669	2,796	3,184
Levy of 2015	7,751	-	(6)	1,699	6,058	5,647
Levy of 2014	4,129	-	-	57	4,072	4,072
Levy of 2013	2,438	-	-	-	2,438	2,438
Prior Years	7,498	-	18,969	(18,964)	7,493	7,517
	<u>26,275</u>	<u>1,316,632</u>	<u>23,602</u>	<u>1,287,997</u>	<u>31,308</u>	<u>31,309</u>
Total Real Estate and Personal Property Taxes	<u>\$ 843,671</u>	<u>\$ 38,963,203</u>	<u>\$ 318,199</u>	<u>\$ 38,632,668</u>	<u>\$ 856,007</u>	<u>\$ 857,747</u>
Non-Major Governmental Funds: Community Preservation Surcharge:						
Levy of 2017	\$ -	\$ 253,406	\$ 1,457	\$ 248,258	\$ 3,691	\$ 3,689
Levy of 2016	3,678	-	649	1,812	1,217	1,207
Levy of 2015	1,075	-	265	587	223	239
Levy of 2014	143	-	36	66	41	41
Levy of 2013	60	-	9	51	-	-
Prior Years	13	-	-	5	8	8
	<u>\$ 4,969</u>	<u>\$ 253,406</u>	<u>\$ 2,416</u>	<u>\$ 250,779</u>	<u>\$ 5,180</u>	<u>\$ 5,184</u>

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE AND BOAT EXCISE TAXES
JULY 1, 2016 TO JUNE 30, 2017**

	Uncollected Taxes July 1, 2016	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2017	Uncollected Taxes Per Detail June 30, 2017
Motor Vehicle Excise Taxes:						
Levy of 2017	\$ -	\$ 2,133,468	\$ 33,526	\$ 1,967,100	\$ 132,842	\$ 132,842
Levy of 2016	238,349	225,811	24,948	408,725	30,487	30,479
Levy of 2015	26,052	114	1,080	13,539	11,547	11,555
Levy of 2014	7,577	46	1,270	1,229	5,124	5,124
Levy of 2013	5,410	5	(2)	1,052	4,365	4,365
Prior Years	30,765	-	5,601	1,237	23,927	23,938
	<u>308,153</u>	<u>2,359,444</u>	<u>66,423</u>	<u>2,392,882</u>	<u>208,292</u>	<u>208,303</u>
Boat Excise Taxes:						
Levy of 2017	-	2,518	163	2,235	120	120
Levy of 2016	5	-	-	-	5	83
Levy of 2015	40	-	-	-	40	40
Levy of 2014	65	-	-	-	65	65
Levy of 2013	15	-	-	-	15	15
Prior Years	864	-	-	-	864	786
	<u>989</u>	<u>2,518</u>	<u>163</u>	<u>2,235</u>	<u>1,109</u>	<u>1,109</u>
Total Motor Vehicle and Boat Excise Taxes	<u>\$ 309,142</u>	<u>\$ 2,361,962</u>	<u>\$ 66,586</u>	<u>\$ 2,395,117</u>	<u>\$ 209,401</u>	<u>\$ 209,412</u>

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF TAX LIENS
JULY 1, 2016 TO JUNE 30, 2017**

	Uncollected Accounts July 1, 2016	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2017	Uncollected Accounts Per Detail June 30, 2017
Tax Liens	\$ 821,560	\$ 115,501	\$ 38,183	\$ 643,270	\$ 255,608	\$ 255,548
Non-Major Governmental Funds:						
Community Preservation Surcharge:						
Tax Liens	\$ 3,168	\$ 451	\$ 78	\$ 2,822	\$ 719	\$ 797