

TOWN OF EAST LONGMEADOW, MASSACHUSETTS

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

For the Year Ended June 30, 2018

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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, 2018, and the related notes to the financial statements, which collectively comprise the Town of East Longmeadow, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of East Longmeadow, Massachusetts, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of East Longmeadow's basic financial statements. The Supplementary Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated July 11, 2019 on our consideration of the Town of East Longmeadow, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of East Longmeadow Massachusetts' internal control over financial reporting and compliance.

Scanlon and Associates, LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts

July 11, 2019

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, 2018. 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 \$59,932,810 (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 \$61,251,906, or an increase of \$1,319,096 (2%) over last fiscal year's total net position.
- As required by Government Accounting Standards Board (GASB) Statement No. 75, in fiscal year 2018, the Town recognized an increase to the Other Post employment Benefits (OPEB) obligation payable of \$47,749,711 on the statement of net position from the previous year, see Note 5.
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$14,910,514, a decrease of \$266,250 (2%) in comparison with prior year.
- The General Fund's total fund balance decreased \$705,635 (8%) to \$8,667,807. The ending fund balance is 13% of revenues and transfers in and 13% of expenditures and transfers out.
- Total long-term liabilities of the Town decreased by \$30,972,373 (21%) to \$115,821,755 during the fiscal year. This change was mainly the result of net decreases in the Other Post Employment Benefits (OPEB) liability of \$26,217,363, in the pension liability of \$2,156,713 and in debt and leases payable of \$1,885,331.
- The Town had General Fund free cash certified by the Department of Revenue in the amount of \$2,891,781. The key factors that attributed to the free cash amount for fiscal year 2018 were unexpended/unencumbered appropriations of \$1,152,300, excess over budget state and local receipts of \$354,000, excess over budget other financing sources of \$551,300 and prior year prior year free cash not appropriated of \$1,269,900.
- The Town's enterprise fund certified free cash is as follows:
 - Sewer fund \$ 633,194.
 - Water fund \$ 24,577.

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		
	2018	2017	Change
Assets:			
Current assets	\$ 18,143,727	\$ 18,777,946	\$ (634,219)
Noncurrent assets (excluding capital assets)	1,277,977	1,874,829	(596,852)
Capital assets	38,527,616	39,385,304	(857,688)
Total assets	57,949,320	60,038,079	(2,088,759)
Deferred Outflows of Resources	8,324,849	5,760,651	2,564,198
Liabilities:			
Current liabilities (excluding debt and leases)	1,846,871	2,482,019	(635,148)
Current debt including leases	2,464,804	2,195,060	269,744
Noncurrent liabilities (excluding debt and leases)	95,059,697	122,814,256	(27,754,559)
Noncurrent debt including leases	9,167,894	10,468,745	(1,300,851)
Total liabilities	108,539,266	137,960,080	(29,420,814)
Deferred Inflows of Resources	30,409,256	1,433,884	28,975,372
Net Position:			
Net investment in capital assets	28,769,747	29,168,753	(399,006)
Restricted	5,616,797	5,440,899	175,898
Unrestricted	(107,060,897)	(108,204,886)	1,143,989
Total net position	\$ (72,674,353)	\$ (73,595,234)	\$ 920,881

	Business-Type Activities		
	2018	2017	Change
Assets:			
Current assets	\$ 2,826,777	\$ 3,630,888	\$ (804,111)
Noncurrent assets (excluding capital assets)	80,976	112,331	(31,355)
Capital assets	17,634,345	17,259,314	375,031
Total assets	20,542,098	21,002,533	(460,435)
Deferred Outflows of Resources	193,788	232,785	(38,997)
Liabilities:			
Current liabilities (excluding debt)	70,742	91,370	(20,628)
Current debt	843,372	854,224	(10,852)
Noncurrent liabilities (excluding debt)	2,167,568	2,844,275	(676,707)
Noncurrent debt	4,200,807	5,044,179	(843,372)
Total liabilities	7,282,489	8,834,048	(1,551,559)
Deferred Inflows of Resources	711,854	57,942	653,912
Net Position:			
Net investment in capital assets	12,590,166	11,360,911	1,229,255
Restricted	-	436,187	(436,187)
Unrestricted	151,377	546,230	(394,853)
Total net position	\$ 12,741,543	\$ 12,343,328	\$ 398,215

Financial Highlights

Statement of Activities Highlights

	Governmental Activities		
	2018	2017	Change
Program Revenues:			
Charges for services	\$ 3,169,684	\$ 2,992,460	\$ 177,224
Operating grants and contributions	21,293,016	20,528,389	764,627
Capital grants and contributions	556,259	586,127	(29,868)
General Revenues:			
Property taxes	40,236,219	39,094,890	1,141,329
Motor vehicle excise and other taxes	2,732,985	2,594,720	138,265
Penalties and interest on taxes	196,588	383,936	(187,348)
Nonrestricted grants	1,556,738	1,464,532	92,206
Unrestricted investment income	88,825	112,712	(23,887)
Gain/(Loss) on sale of capital assets	160,081	-	160,081
Miscellaneous	17,998	11,378	6,620
Total revenues	70,008,393	67,769,144	2,239,249
Expenses:			
General Government	3,116,132	3,176,553	(60,421)
Public Safety	4,700,871	4,615,795	85,076
Public Works	5,191,221	5,454,698	(263,477)
Education	34,636,342	34,071,979	564,363
Health and Human Services	941,601	854,195	87,406
Culture and Recreation	1,730,193	1,779,985	(49,792)
Employee Benefits and Insurance	17,941,061	20,802,271	(2,861,210)
State Assessments	394,566	345,279	49,287
Interest	435,525	504,503	(68,978)
Total expenses	69,087,512	71,605,258	(2,517,746)
Net (expenses) revenues	920,881	(3,836,114)	4,756,995
Transfers	-	29,000	(29,000)
Change in net position	920,881	(3,807,114)	4,727,995
Net position - beginning of year	(73,595,234)	(69,788,120)	(3,807,114)
Net position - end of year	\$ (72,674,353)	\$ (73,595,234)	\$ 920,881

	Business-Type Activities		
	2018	2017	Change
Program Revenues:			
Charges for services	\$ 4,280,908	\$ 4,659,163	\$ (378,255)
Operating grants and contributions	17,935	9,957	7,978
Total revenues	4,298,843	4,669,120	(370,277)
Expenses:			
Water	2,274,305	2,377,926	(103,621)
Sewer	1,626,323	1,648,036	(21,713)
Total expenses	3,900,628	4,025,962	(125,334)
Net (expenses) revenues	398,215	643,158	(244,943)
Transfers	-	(29,000)	29,000
Change in net position	398,215	614,158	(215,943)
Net position - beginning of year	12,343,328	11,729,170	614,158
Net position - end of year	\$ 12,741,543	\$ 12,343,328	\$ 398,215

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 \$59,932,810 at the close of fiscal year 2018.

Net position of \$41,359,913 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, \$5,616,797 represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$106,909,520).

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 categories of net position.

The governmental activities net position increased by \$920,881 (1%) during the current fiscal year. The key elements of the increase in net position for fiscal year 2018 is attributed to increases resulting from the issuance of debt and leases of \$1,031,107 and recognizing the changes in this year's OPEB obligation of \$25,689,918 and in the net pension liability of \$2,007,191; and decreases from the depreciation expense (normally spread out over the useful life of the asset) for the year of \$2,799,824 and sale of capital assets of \$180,119 exceeding the acquisition of \$2,122,255 in new capital assets and in recognizing the changes in the deferred outflow/(inflow) of resources related to OPEB of \$23,280,526 and in the deferred outflow/(inflow) of resources related to pensions of \$3,130,648.

There was an increase of \$398,215 (3%) in net position reported in connection with the water and sewer business-type activities. Of this, there was an increase of \$276,205 attributed to the water department and of \$122,010 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 \$14,910,514, a decrease of \$266,250 (2%) in comparison with the prior year.

The breakdown of the governmental funds is as follows:

- Restricted fund balance – \$5,518,083 (37%).
- Committed fund balance – \$1,269,545 (9%).
- Assigned fund balance – \$1,116,747 (7%).
- Unassigned fund balance – \$7,006,139 (47%).

At the end of the fiscal year, the General Fund reported a total fund balance of \$8,667,807 decreasing \$705,635 (8%) from the prior year. Of the \$8,667,807, the unassigned amount is \$7,045,366 (81%), the assigned amount is \$1,116,747 (13%) and the restricted amount is \$505,694 (6%). General fund revenues were \$1,320,648 (2%) more than the prior fiscal year and expenditures also increased by \$2,586,145 (4%). Other activities in the General fund were net transfers to other funds of \$1,332,799.

The main components of the increases in general fund revenues were related to an increase in property taxes of \$550,508 (1%) and intergovernmental receipts of \$591,073 (5%).

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

- Increase in Employee benefits and insurance expenditures of \$2,638,680 (16%).

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 \$7,112,818 and shows an increase of \$276,205 (4%) in total operations. This change resulted from operating revenues exceeding operating expenditures of \$388,561, investment income of \$9,992 and interest expense of \$122,348. Operating revenues decreased by \$321,175 (11%) and operating expenses also decreased by \$72,801 (3%) 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 \$5,628,725 and shows an increase of \$122,010 (2%) in total operations. This change was mainly attributed to operating revenues exceeding operating costs by \$201,146, investment income of \$7,943 and interest expense of \$87,079. Operating revenues decreased by \$57,080 (3%) and operating expenses also decreased by \$8,743 (1%) from the prior year.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2018 was \$59,454,833. This was an increase of \$3,890,050 (7%) 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 \$2,269,078. Of the \$2,269,078 in under budget expenditures, \$1,116,747 has been carried over to fiscal year 2019.

There are negative variances in property taxes of \$77,571 and in interest on taxes of \$29,286 as expectations (budget) were higher than the receipts.

Overall the variance with the final budget was a positive \$1,428,756 consisting of a revenue surplus of \$276,425 and an appropriation surplus of \$1,152,331.

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, 2018 amounts to \$38,527,616 and \$17,634,345, 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 \$43,513.
- Town energy management system for \$49,625.
- Police vehicle purchases for \$115,286.
- Fire Department vehicle purchases for \$1,255,900
- Highway vehicle purchases for \$86,808.
- Road infrastructure improvements for \$480,561.
- Various schools' improvements for \$90,562.

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

Water fund:

- Water equipment purchase for \$62,042.
- Water infrastructure improvements for \$853,651.

Sewer fund:

- Sewer equipment purchase for \$62,042.
- Sewer infrastructure improvements for \$39,230.

Debt Administration. The Town's outstanding governmental long-term debt, as of June 30, 2018, totaled \$10,425,564, of which \$4,672,000 is for school projects, \$375,000 for Town buildings' improvements, \$370,000 for pool renovations, \$550,000 for the new library, \$153,564 for the GIS projects, and \$4,305,000 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 \$43,181 in principal to be repaid monthly over the remaining three years (approximately \$12,638 annually) with the electric billing. The Town also has capital leases in the governmental type fund for the financing of the fire department vehicles. The last lease is due in 2023. The Town currently owes \$1,257,830 on the leases consisting of \$1,163,953 in principal and \$93,877 in interest.

The Town's outstanding business-type long-term debt totals \$5,044,179 consisting of \$2,872,333 in water debt and \$2,171,846 in sewer debt that is fully supported by the rates.

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

Next Year's Budget – Fiscal Year 2019

The financial statements of the Town of East Longmeadow as of June 30, 2018 do not reflect the fiscal year 2019 budget approved by the Town Council on May 22, 2018. The Town Council has authorized a fiscal year 2019 operating and capital budget as follows:

From raise and appropriate	\$	58,404,756
From sewer revenues		2,318,436
From water revenues		2,845,933
From Cable Access TV (ELCAT) revenues *		229,400
From Other Available Funds:		
Non-major Governmental Funds:		
Community preservation funds		250,000
		<u>250,000</u>
	\$	<u>64,048,525</u>

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 12,026,821	\$ 2,017,009	\$ 14,043,830
Investments	3,595,618	-	3,595,618
Receivables, net of allowance for uncollectibles:			
Property Taxes	931,425	-	931,425
Tax Liens	352,074	-	352,074
Excise and Other Taxes	161,859	-	161,859
User Charges	-	797,271	797,271
Departmental	141,365	-	141,365
Special Assessments	-	12,497	12,497
Due from Other Governments	934,565	-	934,565
Total current assets	<u>18,143,727</u>	<u>2,826,777</u>	<u>20,970,504</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special Assessments	-	80,976	80,976
Due from Other Governments	1,277,977	-	1,277,977
Capital Assets, net of accumulated Depreciation:			
Nondepreciable	5,273,027	865,836	6,138,863
Depreciable	33,254,589	16,768,509	50,023,098
Total noncurrent assets	<u>39,805,593</u>	<u>17,715,321</u>	<u>57,520,914</u>
Total Assets	<u>57,949,320</u>	<u>20,542,098</u>	<u>78,491,418</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	5,015,585	193,788	5,209,373
Deferred Outflows Related to OPEB	3,309,264	-	3,309,264
Total Deferred Outflows of Resources	<u>8,324,849</u>	<u>193,788</u>	<u>8,518,637</u>
LIABILITIES			
CURRENT:			
Warrants and Accounts Payable	558,816	14,655	573,471
Accrued Payroll	214,821	11,128	225,949
Employee Withholdings	401,008	-	401,008
Other	35,285	-	35,285
Accrued Interest	154,458	24,349	178,807
Compensated Absences	482,483	20,610	503,093
Bonds and Leases Payable	2,464,804	843,372	3,308,176
Total current liabilities	<u>4,311,675</u>	<u>914,114</u>	<u>5,225,789</u>
NONCURRENT:			
Compensated Absences	233,192	15,370	248,562
Net OPEB Liability	56,223,755	660,692	56,884,447
Net Pension Liability	38,602,750	1,491,506	40,094,256
Bonds and Leases Payable	9,167,894	4,200,807	13,368,701
Total noncurrent liabilities	<u>104,227,591</u>	<u>6,368,375</u>	<u>110,595,966</u>
Total Liabilities	<u>108,539,266</u>	<u>7,282,489</u>	<u>115,821,755</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	3,819,466	147,574	3,967,040
Deferred Inflows Related to OPEB	26,589,790	564,280	27,154,070
Total Deferred Inflows of Resources	<u>30,409,256</u>	<u>711,854</u>	<u>31,121,110</u>
NET POSITION			
Net Investment in Capital Assets	28,769,747	12,590,166	41,359,913
Restricted for:			
Capital Projects	2,833	-	2,833
Federal & State Grants	913,648	-	913,648
Community Preservation	1,194,919	-	1,194,919
Permanent Funds	8,489	-	8,489
Other Purposes	3,496,908	-	3,496,908
Unrestricted	(107,060,897)	151,377	(106,909,520)
Total Net Position	<u>\$ (72,674,353)</u>	<u>\$ 12,741,543</u>	<u>\$ (59,932,810)</u>

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 6,241,632	\$ 5,785,189	\$ 12,026,821
Investments	3,378,078	217,540	3,595,618
Receivables, net of allowance for uncollectibles:			
Property Taxes	925,679	5,746	931,425
Tax Liens	350,987	1,087	352,074
Excise Taxes	161,859	-	161,859
Departmental	79,781	61,584	141,365
Due from Other Governments	1,874,829	337,713	2,212,542
Total Assets	\$ 13,012,845	\$ 6,408,859	\$ 19,421,704
Liabilities:			
Warrants and Accounts Payable	\$ 516,664	\$ 42,152	\$ 558,816
Accrued Payroll	189,735	25,086	214,821
Employee withholdings	424,395	-	424,395
Other	35,085	200	35,285
Total Liabilities	1,165,879	67,438	1,233,317
Deferred Inflows of Resources:			
Unavailable Revenue	3,179,159	98,714	3,277,873
Fund Balance:			
Restricted	505,694	5,012,389	5,518,083
Committed	-	1,269,545	1,269,545
Assigned	1,116,747	-	1,116,747
Unassigned	7,045,366	(39,227)	7,006,139
Total Fund Balance	8,667,807	6,242,707	14,910,514
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 13,012,845	\$ 6,408,859	\$ 19,421,704

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, 2018

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property Taxes	\$ 39,882,785	\$ 266,887	\$ 40,149,672
Intergovernmental	13,140,660	3,485,387	16,626,047
Excise and Other Taxes	2,744,013	-	2,744,013
Charges for Services	-	2,306,467	2,306,467
Licenses, Permits, Fees	880,605	-	880,605
Interest on Taxes	195,714	874	196,588
Investment Income	88,825	45	88,870
Other	-	338,307	338,307
Intergovernmental - "On-behalf" Payments	6,908,902	-	6,908,902
Total Revenues	63,841,504	6,397,967	70,239,471
Expenditures:			
Current:			
General Government	2,463,272	594,054	3,057,326
Public Safety	3,814,717	1,984,464	5,799,181
Public Works	4,577,755	736,849	5,314,604
Education	28,854,772	4,425,131	33,279,903
Health and Human Services	659,477	190,319	849,796
Culture and Recreation	911,160	616,464	1,527,624
Employee Benefits and Insurance	19,226,996	-	19,226,996
State Assessments	394,566	-	394,566
Debt Service:			
Principal	2,182,422	-	2,182,422
Interest	469,403	-	469,403
Total Expenditures	63,554,540	8,547,281	72,101,821
Excess of Revenues Over (Under) Expenditures	286,964	(2,149,314)	(1,862,350)
Other Financing Sources (Uses):			
Operating Transfers In	211,094	1,543,893	1,754,987
Operating Transfers Out	(1,543,893)	(211,094)	(1,754,987)
Capital Lease	-	1,255,900	1,255,900
Sale of Capital Assets	340,200	-	340,200
Total Other Financing Sources (Uses)	(992,599)	2,588,699	1,596,100
Net Change in Fund Balances	(705,635)	439,385	(266,250)
Fund Balances, Beginning of Year	9,373,442	5,803,322	15,176,764
Fund Balances, End of Year	\$ 8,667,807	\$ 6,242,707	\$ 14,910,514

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, 2018

Total Governmental Fund Balances		\$ 14,910,514
Capital Assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.		38,527,616
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		3,301,260
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.		(22,084,407)
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:		
Bonds and Leases Payable	\$ (11,632,698)	
Net Other Post Employment Benefits Liability	(56,223,755)	
Net Pension Liability	(38,602,750)	
Compensated Absences	<u>(715,675)</u>	(107,174,878)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds interest is not reported until due.		<u>(154,458)</u>
Net Position of Governmental Activities		<u><u>\$ (72,674,353)</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, 2018

Net Change in Fund Balances - Total Governmental Funds \$ (266,250)

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and are reported as depreciation expense:

Capital Outlay Purchases	\$ 2,122,255	
Sale of Capital Assets	(180,119)	
Depreciation	<u>(2,799,824)</u>	(857,688)

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. (391,159)

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	2,287,007	
Proceeds from Capital Lease	<u>(1,255,900)</u>	1,031,107

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	85,058	
Net Change in Net Other Post Employment Benefits Liability	25,689,918	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	(23,280,526)	
Net Change in Net Pension Liability	2,007,191	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(3,130,648)	
Net Change in Accrued Interest on Long-Term Debt	<u>33,878</u>	1,404,871

Change in Net Position of Governmental Activities \$ 920,881

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, 2018

	Budgeted Amounts				Actual	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)	
	Amounts Carried		Final Budget					Budgetary Basis
	Forward from Prior Year	Original Budget	Final Budget	Final Budget				Budgetary Basis
Revenues:								
Property Taxes	\$ -	\$ 39,867,956	\$ 39,867,956	\$ 39,790,385	\$ -	\$ (77,571)		
Intergovernmental	-	13,047,496	13,047,496	13,140,660	-	93,164		
Excise and Other Taxes	-	2,525,000	2,525,000	2,744,013	-	219,013		
Licenses, Permits, Fees	-	855,210	855,210	880,605	-	25,395		
Interest on Taxes	-	225,000	225,000	195,714	-	(29,286)		
Investment Income	-	40,000	40,000	85,710	-	45,710		
Total Revenues	-	56,560,662	56,560,662	56,837,087	-	276,425		
Expenditures:								
Current:								
General Government	24,633	2,859,506	2,714,971	2,466,176	105,757	143,038		
Public Safety	34,059	4,012,791	4,245,553	3,817,886	84,543	343,124		
Public Works	195,474	4,893,497	5,085,532	4,633,964	232,991	218,577		
Education	957,634	29,201,951	30,159,584	29,325,859	678,315	155,410		
Health and Human Services	18,972	657,879	707,179	663,982	11,458	31,739		
Culture and Recreation	1,870	924,630	946,816	913,403	1,182	32,231		
Employee Benefits and Insurance	5,099	9,515,404	12,543,282	12,318,094	2,501	222,687		
State Assessments	-	400,091	400,091	394,566	-	5,525		
Debt Service:								
Principal	-	2,163,000	2,182,422	2,182,422	-	-		
Interest	-	465,796	469,403	469,403	-	-		
Total Expenditures	1,237,741	55,094,545	59,454,833	57,185,755	1,116,747	1,152,331		
Excess of Revenues Over (Under) Expenditures	(1,237,741)	1,466,117	(2,894,171)	(348,668)	(1,116,747)	1,428,756		
Other Financing Sources (Uses):								
Operating Transfers In	-	-	-	211,094	-	211,094		
Operating Transfers Out	-	(1,466,117)	(1,643,893)	(1,643,893)	-	-		
Sale of Capital Assets	-	-	-	340,200	-	340,200		
Total Other Financing Sources (Uses)	-	(1,466,117)	(1,643,893)	(1,092,599)	-	551,294		
Net Change in Budgetary Fund Balance	(1,237,741)	-	(4,538,064)	\$ (1,441,267)	\$ (1,116,747)	\$ 1,980,050		
Other Budgetary Items:								
Free Cash and Other Reserves	-	-	3,300,323					
Prior Year Encumbrances	1,237,741	-	1,237,741					
Total Other Budgetary Items	1,237,741	-	4,538,064					
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, 2018

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 56,837,087	\$ 57,185,755
<i>Adjustments:</i>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	3,115	-
Recognition of intergovernmental Revenue - "on behalf payments"	6,908,902	-
Recognition of Expenditures - "on behalf payments"	-	6,908,902
Net Change in Accrued Expenditures	-	(540,117)
Net Increase in Revenue from Recording 60-Day Receipts	92,400	-
Reported on a GAAP Basis	\$ 63,841,504	\$ 63,554,540

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, 2018

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Total
	Fund	Fund	
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 635,138	\$ 1,381,871	\$ 2,017,009
Receivables, net of allowance for uncollectibles			
User Charges	474,259	323,012	797,271
Special Assessments	1,440	11,057	12,497
Total current assets	<u>1,110,837</u>	<u>1,715,940</u>	<u>2,826,777</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special Assessments	-	80,976	80,976
Capital Assets, net of accumulated depreciation:			
Nondepreciable	852,046	13,790	865,836
Depreciable	9,418,280	7,350,229	16,768,509
Total noncurrent assets	<u>10,270,326</u>	<u>7,444,995</u>	<u>17,715,321</u>
Total Assets	<u>11,381,163</u>	<u>9,160,935</u>	<u>20,542,098</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	96,894	96,894	193,788
	<u>96,894</u>	<u>96,894</u>	<u>193,788</u>
LIABILITIES			
CURRENT:			
Warrants and Accounts Payable	7,644	7,011	14,655
Accrued Payroll	6,374	4,754	11,128
Accrued Interest	10,893	13,456	24,349
Compensated Absences	14,695	5,915	20,610
Bonds Payable	439,610	403,762	843,372
Total current liabilities	<u>479,216</u>	<u>434,898</u>	<u>914,114</u>
NONCURRENT:			
Compensated Absences	10,861	4,509	15,370
Net OPEB Liability	314,766	345,926	660,692
Net Pension Liability	745,753	745,753	1,491,506
Bonds Payable	2,432,723	1,768,084	4,200,807
Total noncurrent liabilities	<u>3,504,103</u>	<u>2,864,272</u>	<u>6,368,375</u>
Total Liabilities	<u>3,983,319</u>	<u>3,299,170</u>	<u>7,282,489</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	73,787	73,787	147,574
Deferred Inflows Related to OPEB	308,133	256,147	564,280
	<u>381,920</u>	<u>329,934</u>	<u>711,854</u>
NET POSITION			
Net Investment in Capital Assets	7,397,993	5,192,173	12,590,166
Unrestricted	(285,175)	436,552	151,377
Total Net Position	<u>\$ 7,112,818</u>	<u>\$ 5,628,725</u>	<u>\$ 12,741,543</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, 2018**

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 2,540,518	\$ 1,740,390	\$ 4,280,908
Total Operating Revenues	<u>2,540,518</u>	<u>1,740,390</u>	<u>4,280,908</u>
Operating Expenses:			
Salaries & Wages	365,766	296,688	662,454
Operating Expenses	1,425,069	961,742	2,386,811
Depreciation	361,122	280,814	641,936
Total Operating Expenses	<u>2,151,957</u>	<u>1,539,244</u>	<u>3,691,201</u>
Operating Income (Loss)	<u>388,561</u>	<u>201,146</u>	<u>589,707</u>
Non-Operating Revenues (Expenses):			
Investment Income	9,992	7,943	17,935
Interest Expense	(122,348)	(87,079)	(209,427)
Total Non-Operating Revenues (Expenses)	<u>(112,356)</u>	<u>(79,136)</u>	<u>(191,492)</u>
Income (Loss) Before Operating Transfers	<u>276,205</u>	<u>122,010</u>	<u>398,215</u>
Operating Transfers:			
Transfers In/(Out)	-	-	-
Total Operating Transfers	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>276,205</u>	<u>122,010</u>	<u>398,215</u>
Net Position at Beginning of Year (as restated)	<u>6,836,613</u>	<u>5,506,715</u>	<u>12,343,328</u>
Net Position at End of Year	<u>\$ 7,112,818</u>	<u>\$ 5,628,725</u>	<u>\$ 12,741,543</u>

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

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 2,516,463	\$ 1,752,572	\$ 4,269,035
Payments to Vendors	(1,465,127)	(920,843)	(2,385,970)
Payments to Employees	(362,973)	(299,937)	(662,910)
Net Cash Provided by (Used for) Operating Activities	688,363	531,792	1,220,155
Cash Flows from Noncapital Financing Activities:			
Transfers from (to) Other Funds	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	-	-	-
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(915,694)	(101,273)	(1,016,967)
Principal Payments on Bonds and Notes	(450,528)	(403,696)	(854,224)
Interest Expense	(124,323)	(89,915)	(214,238)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(1,490,545)	(594,884)	(2,085,429)
Cash Flows from Investing Activities:			
Investment Income	9,992	7,943	17,935
Net Cash Provided by (Used for) Investing Activities	9,992	7,943	17,935
Net Increase (Decrease) in Cash and Cash Equivalents	(792,190)	(55,149)	(847,339)
Cash and Cash Equivalents at Beginning of Year	1,427,328	1,437,020	2,864,348
Cash and Cash Equivalents at End of Year	\$ 635,138	\$ 1,381,871	\$ 2,017,009

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

Operating Income (Loss)	\$ 388,561	\$ 201,146	\$ 589,707
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	361,122	280,814	641,936
Deferred (Outflows)/Inflows of Resources Related to Pensions	71,607	57,021	128,628
Deferred (Outflows)/Inflows of Resources Related to OPEB	308,133	256,147	564,280
Change in Assets and Liabilities:			
Increase (Decrease) in Warrants Payable	1,455	(16,556)	(15,101)
Increase (Decrease) in Accrued Payroll	(1,052)	(1,036)	(2,088)
Increase (Decrease) in Compensated Absences	3,845	(2,213)	1,632
Increase (Decrease) in Net OPEB Liability	(278,046)	(249,399)	(527,445)
Increase (Decrease) in Net Pension Liability	(143,207)	(6,314)	(149,521)
Decrease (Increase) in User Charges Receivable	(24,055)	12,182	(11,873)
Total Adjustments	299,802	330,646	630,448
Net Cash Provided by (Used for) Operating Activities	\$ 688,363	\$ 531,792	\$ 1,220,155

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, 2018

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents	\$ 175,000	\$ 61,939	\$ 578,200
Investments	5,457,044	40,360	-
Total Assets	5,632,044	102,299	578,200
LIABILITIES			
Warrants Payable	-	-	20,929
Due to Others	-	-	25,943
Due to Student Groups	-	-	110,157
Escrows and Deposits	-	-	421,171
Total Liabilities	-	-	578,200
NET POSITION			
Held in Trust for Other Purposes	\$ 5,632,044	\$ 102,299	\$ -

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, 2018**

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds
Additions:		
Employer Contributions	\$ 4,450,566	\$ -
Private Donations	-	21,755
Investment Income	197,962	335
Total Additions	4,648,528	22,090
Deductions:		
Educational Scholarships	-	4,750
General Expenses	-	4,782
Employee Benefits and Insurance	1,350,566	-
Total Deductions	1,350,566	9,532
Change in Net Position	3,297,962	12,558
Net Position at Beginning of Year	2,334,082	89,741
Net Position at End of Year	\$ 5,632,044	\$ 102,299

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, 2018

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 2018, 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, 2018

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, 2018

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, 2018

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, 2018

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, 2017 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 2018 on June 29, 2017 and September 26, 2017 that were due on August 1, 2017 and November 1, 2017 and actual bills on December 29, 2017 and March 29, 2018 that were due on February 1, 2018 and May 1, 2018, 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 2018 is as follows:

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2018	\$ 41,170,794
Add: Debt Exclusion	752,491
Maximum Allowable Levy	\$ 41,923,285

The total amount to be raised by taxation was \$40,095,902.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2018

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, 2018

G. Capital Assets

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

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

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

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

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

H. Interfund Transfers

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

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

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

I. Deferred Outflows/Inflows of Resources

Government-wide financial statements

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

In addition to liabilities, the *Statement of Net Position* will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only items in this category are *deferred inflows related to pensions and deferred inflows related to OPEB*.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2018

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, 2018

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

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

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

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

K. Long-term Debt

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

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

L. Compensated Absences

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

M. Pension Benefits

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

N. Post Retirement Benefits

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2018

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 2018, the Town incurred a final budget deficit of \$4,538,064 for the General Fund.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2018

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

Unassigned fund balance:		
Free cash votes	\$	3,300,323
Prior year's encumbrances		1,237,741
	\$	4,538,064

B. Deficit Fund Balances

The following fund has a deficit at June 30, 2018 as measured by the balance of unreserved fund balance.

- The *Fault Tolerant Fiber Intercom grant* special revenue fund has a deficit of \$39,227. This deficit will be eliminated upon the receipt of additional funds or upon appropriation.

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, 2018 were \$16,023,385. Of these, \$131,186 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, 2018

As of June 30, 2018, 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	\$ 411,718	\$ -	\$ 96,582	\$ 315,136
Corporate bonds	497,462	-	280,470	216,992
Municipal bonds	686,840	-	-	686,840
Money market mutual fund	1,729,044	1,729,044	-	-
	<u>3,325,064</u>	<u>\$ 1,729,044</u>	<u>\$ 377,052</u>	<u>\$ 1,218,968</u>
Other Investments:				
Equity mutual funds	4,701,621			
Equity securities - domestic	968,283			
MMDT	98,054			
	<u>\$ 9,093,022</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 \$9,093,022 in investments, \$3,793,347 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, 2018

Credit Risk

The Town's exposure to credit risk as of June 30, 2018 is follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
<i>U. S. Government Agencies:</i>	
Aaa	\$ 411,718
<i>Corporate Bonds:</i>	
Aaa	42,221
A1	153,901
A2	89,564
A3	48,463
AA3	114,109
Baa1	49,204
<i>Municipal Bonds:</i>	
AA1	232,503
AA2	408,039
Not rated	46,298
<i>Money Market Mutual Funds:</i>	
Not rated	1,729,044
	\$ 3,325,064

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, 2018

The Town has the following recurring fair value measurements as of June 30, 2018:

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	\$ 411,718	\$ 411,718	\$ -	\$ -
Equity mutual funds	4,701,621	4,701,621	-	-
Equity securities - domestic	968,283	968,283	-	-
Money market mutual fund	1,729,044	1,729,044	-	-
Corporate bonds	497,462	-	497,462	-
Municipal bonds	686,840	-	686,840	-
	<u>8,994,968</u>	<u>\$ 7,810,666</u>	<u>\$ 1,184,302</u>	<u>\$ -</u>
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	98,054			
Total Investments	<u>\$ 9,093,022</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, 2018, 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	\$ 954,512	\$ (23,087)	\$ 931,425
Tax liens	352,074	-	352,074
Excise taxes	196,894	(35,035)	161,859
Departmental	141,365	-	141,365
Due from other governments	2,212,542	-	2,212,542
	<u>\$ 3,857,387</u>	<u>\$ (58,122)</u>	<u>\$ 3,799,265</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2018

At June 30, 2018, receivables for the business-type activities consist of the following:

	Gross Amount	for Uncollectibles	Net Amount
Water Fund:			
User charges	\$ 475,782	\$ (4,603)	\$ 471,179
Tax liens	3,080	-	3,080
Special assessments	1,440	-	1,440
Sewer Fund:			
User charges	321,579	(1,000)	320,579
Tax liens	2,433	-	2,433
Special assessments	92,033	-	92,033
	\$ 896,347	\$ (5,603)	\$ 890,744

The composition of amounts due from other governments as of June 30, 2018 for the governmental funds are as follows:

General Fund:

Commonwealth of Massachusetts:

Massachusetts School Building Authority:

School Building Assistance - Capital Portion \$ 1,874,829

Nonmajor Governmental Funds:

U. S. Department of Agriculture:

School lunch \$ 19,366

Commonwealth of Massachusetts:

Department of Elementary & Secondary Education:

School lunch 805

Special education reimbursement fund 225,661

Massachusetts Department of Transportation:

Highway Department - Chapter 90 funded projects 91,881 337,713

\$ 2,212,542

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2018

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	\$	725,979	
Tax liens		350,987	
Excise taxes		161,859	
Departmental		65,505	
Due from other governments		1,874,829	\$ 3,179,159
Nonmajor governmental funds:			
Property taxes		5,746	
Tax liens		1,087	
Due from other governments		91,881	98,714
			\$ 3,277,873

D. Capital Assets

Capital asset activity for the governmental and business-type activities for the year ended June 30, 2018, 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	188,944	134,075	(232,457)	90,562
Total capital assets not being depreciated	5,371,409	134,075	(232,457)	5,273,027
Capital assets being depreciated:				
Buildings and Renovations	59,463,667	282,082	-	59,745,749
Machinery, equipment and other	8,185,464	1,457,994	(1,349,863)	8,293,595
Infrastructure	7,283,906	480,561	-	7,764,467
Total capital assets being depreciated	74,933,037	2,220,637	(1,349,863)	75,803,811
Less accumulated depreciation for:				
Buildings and Renovations	31,934,844	2,051,056	-	33,985,900
Machinery, equipment and other	7,253,773	559,687	(1,349,863)	6,463,597
Infrastructure	1,730,525	369,200	-	2,099,725
Total accumulated depreciation	40,919,142	2,979,943	(1,349,863)	42,549,222
Total capital assets being depreciated, net	34,013,895	(759,306)	-	33,254,589
Total governmental activities capital assets, net	\$ 39,385,304	\$ (625,231)	\$ (232,457)	\$ 38,527,616

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2018

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 141,526	\$ 867,441	\$ (143,131)	\$ 865,836
Total capital assets not being depreciated	141,526	867,441	(143,131)	865,836
Capital assets being depreciated:				
Buildings and renovations	29,597	-	-	29,597
Machinery, equipment and other	381,064	124,085	-	505,149
Infrastructure	40,863,006	168,571	-	41,031,577
Total capital assets being depreciated	41,273,667	292,656	-	41,566,323
Less accumulated depreciation for:				
Buildings and renovations	29,597	-	-	29,597
Machinery, equipment and other	326,313	48,908	-	375,221
Infrastructure	23,799,969	593,027	-	24,392,996
Total accumulated depreciation	24,155,879	641,935	-	24,797,814
Total capital assets being depreciated, net	17,117,788	(349,279)	-	16,768,509
Total business-type activities capital assets, net	\$ 17,259,314	\$ 518,162	\$ (143,131)	\$ 17,634,345

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

Governmental Activities:

General government	\$ 212,868
Public safety	361,614
Public works	466,187
Education	1,619,759
Health and human services	82,089
Culture and recreation	237,426
Total depreciation expense - governmental activities	<u>\$ 2,979,943</u>

Business-Type Activities:

Sewer fund	\$ 280,814
Water fund	361,121
Total depreciation expense - business-type activities	<u>\$ 641,935</u>

E. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2018, are summarized below:

Transfers Out:	Transfers In:		
	General fund	Nonmajor Governmental fund	Total
General fund	\$ -	\$ 1,543,893	\$ 1,543,893
Nonmajor governmental funds	211,094	-	211,094
Total transfers out	<u>\$ 211,094</u>	<u>\$ 1,543,893</u>	<u>\$ 1,754,987</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2018

F. Leases

The Town has entered into a financing agreement with Northeast Efficiency Supply for the Meadowbrook School lighting upgrade to be repaid monthly with the electric billing. The Town also has capital leases in the governmental type fund for the financing of the fire department vehicles. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through the financing agreement are as follows:

	Governmental Activities
Asset:	
Machinery, Equipment and Other	\$ 1,346,740
Less: Accumulated Depreciation	(82,479)
Total	\$ 1,264,261

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018, are as follows:

Year Ending June 30,	Governmental Activities
2019	\$ 319,373
2020	319,373
2021	232,691
2022	214,787
2023	214,787
Total minimum lease payments	1,301,011
Less: amount representing interest	(93,877)
Present value of minimum lease payments	\$ 1,207,134

G. Long Term Debt

General Obligation Bonds

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2018

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, 2018
Inside Debt:					
Municipal purpose loan of 2003: Library	2.0-5.0%	6/1/2003	6/1/2023	\$ 2,200,000	\$ 550,000
Municipal purpose loan of 2005: Remodeling projects	3.85%	4/1/2005	4/1/2022	1,336,200	375,000
Municipal purpose loan of 2005: Mountain View Roof Replacement	4.0-6.0%	12/1/2005	12/1/2025	582,683	232,000
Municipal purpose loan of 2007: School projects	3.96%	1/15/2007	1/15/2027	3,729,000	1,665,000
Municipal purpose loan of 2009	2.91%	1/15/2009	1/15/2024	4,852,000	1,215,000
Municipal purpose loan of 2010	2.09%	9/15/2010	9/15/2025	2,730,000	1,020,000
Municipal purpose loan of 2011	2.0-5.0%	10/13/2011	8/1/2029	4,405,000	2,070,000
Municipal Purpose Loan of 2016: Pine Knoll Pool Renovations	1.46%	6/29/2016	6/15/2028	450,000	370,000
Massachusetts Clean Water Trust: GIS project	N/A	10/26/2006	8/1/2024	194,098	90,718
GIS project	2.00%	10/26/2006	7/15/2024	138,448	62,846
Total Inside Debt					<u>7,650,564</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	<u>2,775,000</u>
Total Outside Debt					<u>2,775,000</u>
Total governmental type debt					<u><u>\$ 10,425,564</u></u>

Future Debt Service

The annual principal and interest payments to retire all general obligation long-term debt outstanding as of June 30, 2018, are as follows:

Year	Principal	Interest	Total
2019	\$ 2,178,589	\$ 388,487	\$ 2,567,076
2020	2,075,351	300,377	2,375,728
2021	1,985,526	210,653	2,196,179
2022	1,055,703	144,809	1,200,512
2023	805,884	105,985	911,869
2024-2028	2,124,511	194,129	2,318,640
2029-2030	200,000	7,200	207,200
	<u>\$ 10,425,564</u>	<u>\$ 1,351,640</u>	<u>\$ 11,777,204</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
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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, 2018
Inside Debt:					
Sewer Fund:					
Municipal purpose loan of 2003:					
Sewer projects	2.0-5.0%	6/1/2003	6/1/2023	\$ 4,775,000	\$ 1,200,000
Municipal purpose loan of 2005:					
Discharge Meters	3.85%	4/1/2005	4/1/2021	156,000	25,000
Mill Road Sanitary Sewer Construction	4.0-6.0%	12/1/2005	12/1/2025	250,000	88,000
Municipal purpose loan of 2010:					
Pump Station Upgrades	2.09%	9/15/2010	9/15/2025	1,104,000	580,000
Municipal purpose loan of 2011:					
Sewer projects	2.0-5.0%	10/13/2011	8/1/2021	612,780	218,000
Massachusetts Clean Water Trust:					
GIS Project	N/A	10/26/2006	8/1/2024	76,907	35,945
GIS Project	2.00%	10/26/2006	7/15/2024	54,857	24,901
Water Fund:					
Massachusetts Clean Water Trust:					
GIS Project	N/A	10/26/2006	8/1/2024	95,218	44,503
GIS Project	2.00%	10/26/2006	7/15/2024	67,918	30,830
Total Inside Debt					<u>2,247,179</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	25,000
Water main projects	2.0-5.0%	6/1/2003	6/1/2023	4,140,000	1,025,000
Municipal purpose loan of 2005:					
Water tower	4.0-6.0%	12/1/2005	12/1/2025	2,500,000	1,000,000
Municipal purpose loan of 2011:					
Water main projects	2.0-5.0%	10/13/2011	8/1/2021	398,170	137,000
Municipal Purpose Loan of 2016:					
Harkness Pump Station improvements	1.46%	6/29/2016	6/15/2028	731,000	610,000
Total Outside Debt					<u>2,797,000</u>
Total business-type debt					<u>\$ 5,044,179</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2018

Future Debt Service

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2018, are as follows:

Year	Principal	Interest	Total
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	740,407	56,717	797,124
2024-2028	965,132	55,593	1,020,725
	<u>\$ 5,044,179</u>	<u>\$ 655,416</u>	<u>\$ 5,699,595</u>

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

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amounts Due within One Year
Governmental activities:					
Bonds Payable:					
General obligation bonds Massachusetts Clean	\$ 12,435,000	\$ -	\$ 2,163,000	\$ 10,272,000	\$ 2,159,000
Water Trust bonds	172,986	-	19,422	153,564	19,589
Capital lease	55,819	1,255,900	104,585	1,207,134	286,215
Compensated absences	800,733	25,906	110,964	715,675	482,483
Net OPEB liability	81,913,673	-	25,689,918	56,223,755	-
Net Pension liability	40,609,941	-	2,007,191	38,602,750	-
Governmental activity					
Long-term liabilities	<u>\$ 135,988,152</u>	<u>\$ 1,281,806</u>	<u>\$ 30,095,080</u>	<u>\$ 107,174,878</u>	<u>\$ 2,947,287</u>
Business type activities:					
Bonds Payable:					
General obligation bonds Massachusetts Clean	\$ 5,745,000	\$ -	\$ 837,000	\$ 4,908,000	\$ 826,000
Water Trust bonds	153,403	-	17,224	136,179	17,372
Compensated absences	34,348	3,845	2,213	35,980	20,610
Net OPEB liability	1,188,137	-	527,445	660,692	-
Net Pension liability	1,641,028	-	149,522	1,491,506	-
Business-type activity					
Long-term liabilities	<u>\$ 8,761,916</u>	<u>\$ 3,845</u>	<u>\$ 1,533,404</u>	<u>\$ 7,232,357</u>	<u>\$ 863,982</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2018

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, 2018 for principal and interest combined for the loan is \$323,740. The net repayments, including interest, are scheduled to be \$300,962. 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 2018 interest subsidies totaled \$3,816.

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, 2018 totaled \$9,897,743.

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, 2018:

Equalized Valuation-Real Estate and Personal Property (2018)		<u>\$ 1,986,089,000</u>
Debt Limit: 5 % of Equalized value		99,304,450
Total Debt Outstanding	\$ 15,469,743	
Less: Debt Outside Debt Limit	<u>(5,572,000)</u>	<u>9,897,743</u>
Inside Debt Excess Borrowing Capacity at June 30, 2018		<u>\$ 89,406,707</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, 2018 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	554,250
5/23/2017	Water Main Replacement - Maple Street	640,000
2/27/2018	Meadow Brook Elementary School construction	2,796,805
5/22/2018	2019 Capital Projects	<u>3,154,962</u>
		<u>\$ 7,284,517</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2018

H. Fund Balances

The following is a summary of the Town's Governmental fund balances at the year ended June 30, 2018:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:			
Federal, state and local grants	\$ -	\$ 821,767	\$ 821,767
Community preservation funds	-	1,188,086	1,188,086
School revolving funds	-	805,189	805,189
Town revolving funds	-	1,046,489	1,046,489
Donations and gifts	-	136,507	136,507
Payment of Debt	505,694	735,588	1,241,282
Capital projects	-	2,833	2,833
Permanent funds	-	8,489	8,489
Other	-	267,441	267,441
	<u>505,694</u>	<u>5,012,389</u>	<u>5,518,083</u>
Committed:			
Capital projects	-	1,169,545	1,169,545
Compensated absence reserve	-	100,000	100,000
	-	<u>1,269,545</u>	<u>1,269,545</u>
Assigned:			
Reserve for encumbrances	<u>1,116,747</u>	-	<u>1,116,747</u>
Unassigned:			
General Fund	7,045,366	-	7,045,366
Special revenue deficit:	-	(39,227)	(39,227)
	<u>7,045,366</u>	<u>(39,227)</u>	<u>7,006,139</u>
Total Governmental fund balances	<u>\$ 8,667,807</u>	<u>\$ 6,242,707</u>	<u>\$ 14,910,514</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2018

I. Special Trust Funds

Stabilization Fund

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

At June 30, 2018, the balance in the stabilization fund is \$2,488,277 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, 2018, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2018.

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, 2018

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, 2017. The Town's portion of the collective pension expense contributed by the Commonwealth of \$6,908,902 on-behalf payments for the fiscal year ending June 30, 2018 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, 2018

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, 2017 was \$2,980,025, representing 24.24% 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, 2018, the Town reported a liability of \$40,094,256 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2017, the Town's proportional percentage was 11.207%, which was a slight decrease from the last measurement.

Pension Expense

For the year ended June 30, 2018, the Town recognized a pension expense of \$4,082,588; reported deferred outflows of resources related to pensions of \$5,209,373 from the differences between expected and actual experience and changes in assumptions; and deferred inflows of resources related to pensions of \$3,967,040, from the differences between expected and actual experience, the net difference between projected and actual investment earnings on pension plan investments and the changes in proportion and differences between employer contributions and proportionate share of contributions.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2018

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,	
2019	\$ 270,379
2020	425,651
2021	268,895
2022	219,862
2023	57,546
	<u>\$ 1,242,333</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2017:

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2018

Long-term Expected Rate of Return

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

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of January 1, 2018, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	17.50%	6.15%
International Developed Markets Equity	15.50%	7.11%
International Emerging Market Equity	6.00%	9.41%
Core Fixed Income	12.00%	1.68%
High Yield Fixed Income	10.00%	4.13%
Real Estate (Core)	10.00%	4.90%
Commodities	4.00%	4.10%
Hedge Funds	13.00%	3.94%
Private Equity	12.00%	10.28%
Total	<u>100.00%</u>	

Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 16.51%. The money weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made based at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments or current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2018

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

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

	1% Decrease	Current	Discount Rate	1% Increase
	6.50%	7.50%		8.50%
Town's net pension liability	\$ 49,367,870	\$ 40,094,256	\$	32,268,000

E. Other Post Employment Benefits Payable

GASB Statement No. 74 and GASB Statement No. 75

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

Plan Description

In addition to providing pension benefits as described on the following footnote, the Town provided post-employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. As of the actuarial valuation date there are approximately 674 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

Investments

The OPEB Trust fund does not have a formal investment policy. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. As of June 30, 2018, investments, concentration and rate of return information consisted of pooled funds in the Town's Commonwealth Financial investments described earlier under Deposits and Investments (refer to note 3A).

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town policy and member contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2018 fiscal year, total Town contributions are \$1,350,566 to the plan. The Town is also projected to make a contribution to an OPEB Trust of \$3,175,000 for the 2018 fiscal year for a total contribution of \$4,525,566. The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. As of June 30, 2018, the trust balance is \$5,632,044.

Measurement Date

GASB Statement No. 74 and GASB Statement No. 75 require the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2018

Plan Membership:

Current active members	230
Current retirees, beneficiaries and dependents	444
Total	674

Net OPEB Liability

The components of the net OPEB liability are as follows:

	6/30/2018
Total OPEB liability	\$ 62,516,491
Less: Plan fiduciary net position	(5,632,044)
Town's Net OPEB liability	\$ 56,884,447
Plan fiduciary net position as a percentage of the total OPEB liability	9.01%

Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement for the reporting date of June 30, 2018:

Valuation date	July 1, 2017
Actuarial cost method	Individual Entry Age Normal
Single Equivalent Discount rate	5.45% annually
Salary increases	3.00% annually
Payroll growth	2.50% annually
Healthcare cost trend rates	7.50% annually in 2018, declining to an ultimate rate of 5.0% in 2023+
Mortality rates	RP-2014 Blue Collar Mortality fully generational with projection Scale MP-2017

The actuarial assumptions used the July 1, 2017 actuarial valuation and market value of assets as of the measurement date of June 30, 2018 were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Rate Index as of June 30, 2018 is 5.45%.

Long-term Expected Rate of Return

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2018

Best estimates of arithmetic real rates of return for each major class included in the target asset allocation as of June 30, 2018, is as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Commodities	1.73%	5.10%
International Debt - Emerging	7.73%	6.10%
International Equity - Developed Market	6.78%	2.70%
Real Estate	2.72%	6.50%
U.S. Corporate Core Bonds	17.57%	4.60%
U.S. Corporate High Yield Bonds	5.00%	5.60%
Domestic Equity - Large Capital	28.28%	7.30%
Domestic Equity - Small/Mid Capital	16.35%	7.80%
Inflation	13.84%	0.00%
Total	100.00%	

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was not provided.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2017 GASB 75	\$ 85,435,891	\$ 2,334,081	\$ 83,101,810
Service cost	3,945,669	-	3,945,669
Interest	2,893,255	-	2,893,255
Changes in benefit terms	-	-	-
Changes in assumptions	(32,132,505)	-	(32,132,505)
Difference between actual and expected experience	3,724,747	218	3,724,529
Net investment income	-	122,745	(122,745)
Employer contributions to Trust	-	4,525,566	(4,525,566)
Total benefit payments including implicit cost	(1,350,566)	(1,350,566)	-
Other charges	-	-	-
Net change in total OPEB liability	(22,919,400)	3,297,963	(26,217,363)
Balances at June 30, 2018 GASB 75	\$ 62,516,491	\$ 5,632,044	\$ 56,884,447

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2018

Discount Rate

The discount rate used to measure the total OPEB liability was 5.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance Massachusetts General Law Chapter 32. Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the Town's net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.45%) or 1-percentage-point higher (6.45%) than the current rate:

	1% Decrease (4.45%)	Current Discount Rate (5.45%)	1% Increase (6.45%)
Town's net OPEB liability	\$ 110,257,399	\$ 56,884,447	\$ 72,810,597

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

The following presents the Town's net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.00% decreasing to 4.00%) or 1-percentage-point higher (9.00% decreasing to 6.00%) than the current healthcare cost trend rates:

	1% Decrease (7.00% decreasing to 4.00%)	Healthcare Cost Trend Rates (8.00% decreasing to 5.00%)	1% Increase (9.00% decreasing to 6.00%)
Town's net OPEB liability	\$ 47,033,802	\$ 56,884,447	\$ 69,656,515

Summary of Significant Accounting Policies

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2018

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

For the year ended June 30, 2018, the GASB Statement No. 75 reporting period and fiscal year ending date, the Town recognized an OPEB expense of \$2,153,009 and reported deferred outflows of resources related to OPEB of \$3,309,264 from experience loss and deferred inflows of resources related to OPEB of \$27,154,070 from experience gain, change in assumptions and investment gain.

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

<u>For years ended June 30,</u>		
2019	\$	(4,563,170)
2020		(4,563,168)
2021		(4,563,168)
2022		(4,563,162)
2023		(4,563,124)
Thereafter:		<u>(1,029,014)</u>
	\$	<u><u>(23,844,806)</u></u>

F. Implementation of New GASB Pronouncements

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. 85, *Omnibus 2018*, for implementation in fiscal year 2018.

The GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, for implementation in fiscal year 2018.

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. 83, *Certain Asset Retirement Obligations*, for implementation in fiscal year 2019.

The GASB issued Statement No. 84, *Fiduciary Activities*, which is required to be implemented in fiscal year 2020.

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

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Notes to the Basic Financial Statements
Year Ended June 30, 2018

5. RESTATEMENT

The net position as of June 30, 2017 has been restated. As required by GASB Statement No. 75, the beginning net position decreased \$47,749,711 (\$47,098,335 for governmental activities and \$651,376 for business-type activities) to reflect the change in the other post employment (OPEB) liability. Accordingly, the previously reported net position of (\$13,502,195) has been revised to (\$61,251,906) {(\$73,595,234) for governmental activities and \$12,343,328 for business-type activities}.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Hampden County Regional Retirement System
For the Year Ended June 30, 2018

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>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Town's proportion of the net pension liability (asset)	11.207%	11.598%	11.682%	12.220%
Town's proportionate share of the net pension liability (asset)	\$ 40,094,256	\$ 42,250,969	\$ 36,493,856	\$ 35,072,214
Town's covered employee payroll	\$ 12,295,124	\$ 12,537,837	\$ 12,159,006	\$ 12,229,866
Net pension liability percentage of covered-employee payroll	326.10%	336.99%	300.14%	286.78%
Plan fiduciary net position as a percentage of the total pension liability	50.82%	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, 2018

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>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Actuarially determined contribution	\$ 2,980,025	\$ 2,855,176	\$ 2,662,850	\$ 2,611,961
Less: Contributions in relation to the actuarially determined contribution	<u>(2,980,025)</u>	<u>(2,855,176)</u>	<u>(2,662,850)</u>	<u>(2,611,961)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered employee payroll	\$ 12,295,124	\$ 12,537,837	\$ 12,159,006	\$ 12,229,866
Contributions percentage of covered-employee payroll	24.24%	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
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2018

Schedule of Changes in the Net OPEB Liability:

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

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2018

Schedule of Net OPEB Liability:

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

Schedule of Contributions:

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

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2018

Schedule of Funding Progress:

Other Post Employment Benefits						
Actuarial Measurement Date	Actuarial Fiduciary Net Position (A)	Actuarial Total OPEB Liability (B)	Actuarial Net OPEB Liability (B-A)	Actuarial Funded Ratio (A/B)	Actuarial Covered Payroll (C)	Actuarial Percentage of Covered Payroll ((B-A)/C)
6/30/2018	\$ 5,632,044	\$ 62,516,491	\$ 56,884,447	9.01%	N/A	N/A
6/30/2017	\$ 2,334,081	\$ 85,435,891	\$ 83,101,810	2.73%	N/A	N/A

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

SUPPLEMENTARY SCHEDULES

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Fund Balances July 1, 2017	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2018
Special Revenue:					
Federal and State Grants:					
School Grants	\$ 9,414	\$ 1,506,943	\$ 1,470,164	\$ -	\$ 46,193
Arts Lottery Council Grants	5,407	4,905	5,860	-	4,452
Board of Health Grants	22,111	134	-	-	22,245
Community Compact Grants	-	33,750	20,000	-	13,750
Council on Aging Grants	12,459	207,269	176,763	-	42,965
Highway Grants	1,508	480,512	480,562	-	1,458
Library Grants	46,504	31,177	30,928	-	46,753
Other Grants and Programs	12,053	17,515	51,318	-	(21,750)
Public Safety Grants	58,162	119,255	58,710	-	118,707
Schools:					
School Lunch Program	438,964	877,950	854,457	-	462,457
School Lunch Commodities	-	72,431	72,431	-	-
School Transportation	179,550	172,219	255,381	-	96,388
School Gifts and Donations	26,421	35,990	35,482	-	26,929
School Revolving Accounts	475,639	414,136	670,360	-	219,415
State Special Education Reimbursement Fund	773,605	740,715	1,006,554	-	507,766
Other:					
Affordable Housing Funds	23,722	60	-	-	23,782
Cable Access Revolving	350,609	228,776	192,572	-	386,813
Community Preservation Fund	1,006,558	311,051	11,543	(117,980)	1,188,086
Council on Aging Revolving	62,932	10,802	10,364	-	63,370
Gaming Commission Grants	14,925	-	14,925	-	-
Gifts and Donations	125,516	50,332	39,341	-	136,507
Health Department Revolving	420	225	-	-	645
Insurance Reimbursements	-	22,901	22,901	-	-
Library Revolving Funds	8,255	16,972	6,644	-	18,583
Off-Duty Details	322	416,244	413,801	-	2,765
Recreation Revolving	348,216	516,583	510,027	-	354,772
Reserve for Payment of Debt - MSBA	817,320	-	-	(81,732)	735,588
Traffic Signal Funds	31,254	-	-	-	31,254
Transportation Infrastructure	-	1,197	-	-	1,197
Trash Revolving	85,106	103,006	22,901	-	165,211
Wetlands Protection Act	52,465	4,630	-	-	57,095
Special Revenue Page 69	\$ 4,989,417	\$ 6,397,680	\$ 6,433,989	\$ (199,712)	\$ 4,753,396

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Fund Balances July 1, 2017	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2018
Continued from Page 69	\$ 4,989,417	\$ 6,397,680	\$ 6,433,989	\$ (199,712)	\$ 4,753,396
Special Revenue (continued):					
Other (continued):					
Ambulance Fund	61	-	-	-	61
Compensated Absence Reserve	50,000	-	-	50,000	100,000
Conservation Funds	47,988	65	-	-	48,053
Friends of Heritage Park	390	1	-	-	391
Historical Commission	11,459	12	-	-	11,471
Pension Reserve Fund	143,805	196	-	-	144,001
Police Gymnasium Fund	75	1	-	-	76
Shaker Road Relief Fund	3,863	-	-	-	3,863
Town Beautification Fund	435	-	-	-	435
Unemployment Compensation Fund	92	1	-	-	93
Total Special Revenue Funds	5,247,585	6,397,956	6,433,989	(149,712)	5,061,840
Capital Projects:					
Building Construction Projects	-	-	111,091	160,092	49,001
Fire Department Vehicles and Equipment	-	-	1,348,097	1,582,635	234,538
Department of Public Works Projects	262,932	-	220,822	287,671	329,781
Information Technology Projects	18,039	-	165,210	220,076	72,905
Police Vehicles and Equipment	28,900	-	157,667	266,732	137,965
Recreation Projects	2,833	-	-	-	2,833
School Improvement Projects	166,246	-	60,303	221,943	327,886
Town Hall Improvements	68,309	-	50,102	(738)	17,469
Capital Projects	\$ 547,259	\$ -	\$ 2,113,292	\$ 2,738,411	\$ 1,172,378

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Fund Balances July 1, 2017	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2018
Permanent Funds:					
Cemetery Funds	\$ 3,678	\$ 4	\$ -	\$ -	\$ 3,682
Library Funds	4,800	7	-	-	4,807
Total Permanent Funds	<u>8,478</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>8,489</u>
Total - Non-Major Governmental Funds	<u>\$ 5,803,322</u>	<u>\$ 6,397,967</u>	<u>\$ 8,547,281</u>	<u>\$ 2,588,699</u>	<u>\$ 6,242,707</u>

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES
AND COMMUNITY PRESERVATION SURCHARGE
JULY 1, 2017 TO JUNE 30, 2018**

	Uncollected Taxes July 1, 2017	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2018	Uncollected Taxes Per Detail June 30, 2018
Real Estate Taxes:						
Levy of 2018	\$ -	\$ 38,940,173	\$ 178,805	\$ 38,136,695	\$ 624,673	\$ 624,673
Levy of 2017	573,945	-	77,148	275,060	221,737	221,733
Levy of 2016	201,863	-	21,115	127,468	53,280	53,280
Levy of 2015	34,184	-	7,084	22,751	4,349	4,349
Levy of 2014	8,745	-	(1)	8,746	-	-
Prior Years	5,962	-	-	-	5,962	5,962
	<u>824,699</u>	<u>38,940,173</u>	<u>284,151</u>	<u>38,570,720</u>	<u>910,001</u>	<u>909,997</u>
Personal Property Taxes:						
Levy of 2018	-	1,193,226	1	1,182,653	10,572	10,572
Levy of 2017	8,451	-	1	2,101	6,349	6,349
Levy of 2016	2,796	-	(391)	473	2,714	2,714
Levy of 2015	6,058	-	407	381	5,270	5,270
Levy of 2014	4,072	-	-	136	3,936	3,936
Prior Years	9,931	-	(23)	30	9,924	9,924
	<u>31,308</u>	<u>1,193,226</u>	<u>(5)</u>	<u>1,185,774</u>	<u>38,765</u>	<u>38,765</u>
Total Real Estate and Personal Property Taxes	<u>\$ 856,007</u>	<u>\$ 40,133,399</u>	<u>\$ 284,146</u>	<u>\$ 39,756,494</u>	<u>\$ 948,766</u>	<u>\$ 948,762</u>
Non-Major Governmental Funds:						
Community Preservation Surcharge:						
Levy of 2018	\$ -	\$ 265,175	\$ 1,526	\$ 259,383	\$ 4,266	\$ 4,266
Levy of 2017	3,691	-	356	2,093	1,242	1,257
Levy of 2016	1,217	-	116	875	226	216
Levy of 2015	223	-	32	187	4	20
Levy of 2014	41	-	-	41	-	-
Prior Years	8	-	-	-	8	8
Total Community Preservation Surcharge	<u>\$ 5,180</u>	<u>\$ 265,175</u>	<u>\$ 2,030</u>	<u>\$ 262,579</u>	<u>\$ 5,746</u>	<u>\$ 5,767</u>

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE AND BOAT EXCISE TAXES
JULY 1, 2017 TO JUNE 30, 2018**

	Uncollected Taxes July 1, 2017	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2018	Uncollected Taxes Per Detail June 30, 2018
Motor Vehicle Excise Taxes:						
Levy of 2018	\$ -	\$ 2,182,904	\$ 42,654	\$ 2,018,606	\$ 121,644	\$ 121,644
Levy of 2017	132,842	239,443	27,217	314,879	30,189	30,189
Levy of 2016	30,487	148	1,137	15,474	14,024	14,024
Levy of 2015	11,547	-	263	2,902	8,382	8,382
Levy of 2014	5,124	-	72	642	4,410	4,410
Prior Years	28,292	4,082	13,811	878	17,685	17,697
	<u>208,292</u>	<u>2,426,577</u>	<u>85,154</u>	<u>2,353,381</u>	<u>196,334</u>	<u>196,346</u>
Boat Excise Taxes:						
Levy of 2018	-	2,523	230	2,268	25	25
Levy of 2017	120	-	-	-	120	120
Levy of 2016	5	-	-	(45)	50	50
Levy of 2015	40	-	-	-	40	40
Levy of 2014	65	-	-	-	65	65
Prior Years	879	-	316	303	260	260
	<u>1,109</u>	<u>2,523</u>	<u>546</u>	<u>2,526</u>	<u>560</u>	<u>560</u>
Total Motor Vehicle and Boat Excise Taxes	<u>\$ 209,401</u>	<u>\$ 2,429,100</u>	<u>\$ 85,700</u>	<u>\$ 2,355,907</u>	<u>\$ 196,894</u>	<u>\$ 196,906</u>

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF TAX LIENS
JULY 1, 2017 TO JUNE 30, 2018**

	Uncollected Accounts July 1, 2017	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2018	Uncollected Accounts Per Detail June 30, 2018
Tax Liens	\$ 255,608	\$ 132,078	\$ -	\$ 36,699	\$ 350,987	\$ 350,987
Non-Major Governmental Funds:						
Community Preservation Surcharge:						
Tax Liens	\$ 719	\$ 486	\$ -	\$ 118	\$ 1,087	\$ 1,087