

TOWN OF EAST LONGMEADOW,
MASSACHUSETTS

**REPORT ON THE EXAMINATION
OF BASIC FINANCIAL STATEMENTS**

FISCAL YEAR ENDED JUNE 30, 2013

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of East Longmeadow, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of East Longmeadow, Massachusetts, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that 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, 2013, 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 on pages 3 through 10 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, Massachusetts' 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 have also issued our report dated May 16, 2014, on our consideration of the Town of East Longmeadow, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of East Longmeadow, Massachusetts' internal control over financial reporting and compliance.

Scanlon & Associates LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts

May 16, 2014

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, 2013. 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 assets exceeded its liabilities by \$28,181,703 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$31,301,901 or a decrease of \$3,120,198 (10%) over last fiscal year's total net position.
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$12,248,888, a decrease of \$2,122,632 (15%) in comparison with prior year.
- The General Fund's total fund balance increased \$113,867 (2%) to \$6,943,934. 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 \$266,872 (0.5%) to \$54,416,154 during the fiscal year. This change was mainly the result of net increases in Other Post Employment Benefits (OPEB) liability of \$3,867,879 and net liability decreases in the warrants payable of \$514,449 and bonds payable of \$3,746,273.
- The Town had General fund free cash certified by the Department of Revenue in the amount of \$1,380,716. The key factors that attributed to the free cash amount for fiscal year 2013 are, approximately, as follows:
 - Unexpended/unencumbered appropriations \$ 464,627.
 - Excess over budget – state and local receipts \$ 557,029.

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 and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the 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 propriety 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		
	2013	2012	Change
Assets:			
Current assets	\$ 15,595,706	\$ 17,857,144	\$ (2,261,438)
Noncurrent assets (excluding capital assets)	4,042,196	4,534,903	(492,707)
Capital assets	40,653,247	40,690,800	(37,553)
Total assets	60,291,149	63,082,847	(2,791,698)
Liabilities:			
Current liabilities (excluding debt)	1,357,691	1,914,983	(557,292)
Current debt	2,859,586	2,910,125	(50,539)
Noncurrent liabilities (excluding debt)	21,810,219	17,911,861	3,898,358
Noncurrent debt	19,560,967	22,420,553	(2,859,586)
Total liabilities	45,588,463	45,157,522	430,941
Net Position:			
Net investment in capital assets	22,767,597	20,370,931	2,396,666
Restricted	6,436,401	7,058,012	(621,611)
Unrestricted	(14,501,312)	(9,503,618)	(4,997,694)
Total net position	\$ 14,702,686	\$ 17,925,325	\$ (3,222,639)

	Business-Type Activities		
	2013	2012	Change
Assets:			
Current assets	\$ 3,255,075	\$ 4,173,659	\$ (918,584)
Noncurrent assets (excluding capital assets)	173,333	203,044	(29,711)
Capital assets	18,878,300	18,525,377	352,923
Total assets	22,306,708	22,902,080	(595,372)
Liabilities:			
Current liabilities (excluding debt)	276,819	141,753	135,066
Current debt	832,652	836,148	(3,496)
Noncurrent liabilities (excluding debt)	32,174	28,905	3,269
Noncurrent debt	7,686,046	8,518,698	(832,652)
Total liabilities	8,827,691	9,525,504	(697,813)
Net Position:			
Net investment in capital assets	10,359,602	9,170,531	1,189,071
Restricted	900,326	1,245,695	(345,369)
Unrestricted	2,219,089	2,960,350	(741,261)
Total net position	\$ 13,479,017	\$ 13,376,576	\$ 102,441

Financial Highlights
Statement of Activities Highlights

	Governmental Activities		
	2013	2012	Change
Program Revenues:			
Charges for services	\$ 3,213,299	\$ 2,981,916	\$ 231,383
Operating grants and contributions	18,582,972	18,727,685	(144,713)
Capital grants and contributions	907,612	590,504	317,108
General Revenues:			
Property taxes	33,186,246	33,546,410	(360,164)
Motor vehicle excise and other taxes	2,040,717	1,920,791	119,926
Penalties and interest on taxes	274,495	192,661	81,834
Nonrestricted grants	1,369,453	1,906,862	(537,409)
Unrestricted investment income	126,742	199,712	(72,970)
Miscellaneous	5,044	7,975	(2,931)
Total revenues	59,706,580	60,074,516	(367,936)
Expenses:			
General government	2,228,280	2,204,512	23,768
Public safety	4,014,296	3,928,816	85,480
Public works	5,150,772	6,598,420	(1,447,648)
Education	31,652,850	31,349,561	303,289
Health and human services	652,448	665,168	(12,720)
Culture and recreation	1,453,945	1,482,600	(28,655)
Employee benefits and insurance	16,759,825	16,062,883	696,942
State assessments	202,827	224,929	(22,102)
Interest	813,976	1,128,794	(314,818)
Total expenses	62,929,219	63,645,683	(716,464)
Transfers, net	-	58,401	(58,401)
Change in net position	(3,222,639)	(3,512,766)	290,127
Net position - beginning of year	17,925,325	21,438,091	(3,512,766)
Net position - end of year	\$ 14,702,686	\$ 17,925,325	\$ (3,222,639)

	Business-Type Activities		
	2013	2012	Change
Program Revenues:			
Charges for services	\$ 3,543,761	\$ 3,326,389	\$ 217,372
Operating grants and contributions	2,700	71,854	(69,154)
Total revenues	3,546,461	3,398,243	148,218
Expenses:			
Water	1,909,376	1,891,481	17,895
Sewer	1,534,644	1,497,266	37,378
Total expenses	3,444,020	3,388,747	55,273
Transfers, net	-	(58,401)	58,401
Change in net position	102,441	(48,905)	151,346
Net position - beginning of year	13,376,576	13,425,481	(48,905)
Net position - end of year	\$ 13,479,017	\$ 13,376,576	\$ 102,441

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$28,181,703 at the close of fiscal year 2013.

Net position of \$33,127,199 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 \$7,336,727 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$12,282,223) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in two of the three categories of net position, both for the government as a whole, as well as for its separate governmental activities. The unrestricted in the governmental activities is a negative balance mainly as a result of recognizing the OPEB liability obligation. The liability for OPEB as presented on the statement of net position for the governmental activities is \$21,641,833.

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

The governmental activities net position decreased by \$3,222,639 during the current fiscal year, which reflects the general fund's results of operation. The key elements of the increase in net position for fiscal year 2013 was attributed to the acquisition of \$2,087,929 in new capital assets exceeding the depreciation expense (normally spread out over the useful life of the asset) for the year of \$2,145,482 and a decrease as a result of recognizing this year's OPEB obligation of \$3,867,879.

There was an increase of \$102,441 in net position reported in connection with the water and sewer business-type activities. Of this, there was an increase of \$117,101 attributed to the water department and a decrease of \$14,660 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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$12,248,888 a decrease of \$2,122,632 (15%) in comparison with the prior year.

The breakdown of the governmental funds is as follows:

- Restricted fund balance- \$5,777,169 (47%).
- Assigned fund balance - \$1,734,956 (14%).
- Unassigned fund balance - \$4,736,763 (39%).

At the end of the fiscal year, the General Fund reported a total fund balance of \$6,943,934 increasing \$113,867 (2%) from the prior year. Of the \$6,943,934, the unassigned amount is \$4,821,094 (69%), the assigned amount is \$1,734,956 (25%) and the restricted amount is \$387,884 (6%). General fund revenues were \$1,321,214 (3%) more than the prior fiscal year and expenditures also increased by \$1,472,230 (3%). Other activity in the General fund was net transfers from other funds of \$806,565.

The main components of the increases in general fund revenues were related to increases in intergovernmental receipts of \$894,954 (8%); licenses, permits and fess of \$246,029 (54%), interest on taxes of \$81,603 (43%) and intergovernmental on-behalf payments of \$354,119 (8%) and a decrease in property taxes of \$182,335 (1%) and investment income of \$72,969 (37%) from the prior year.

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

- Increase in Public safety expenditures of \$136,551 (4%).
- Increase in Education expenditures of \$385,752 (2%).
- Increase in Employee benefits and insurance expenditures of \$561,261 (5%).
- Decrease in State assessments of \$22,102 (10%).
- Increase in Principal and Interest on debt service expenditures of \$298,779 (9%).

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 shows an increase of \$117,101 (2%) in total operations. This change resulted from operating revenues exceeding operating expenditures of \$281,611, intergovernmental income of \$1,494 and interest expense of \$166,004. Operating revenues increased by \$68,945 (4%) while operating expenses also increased by \$39,863 (2%) from the prior year.

The *Sewer Fund* is the financing and operations of the Town's sewer system. The sewer fund shows a decrease of \$14,660 in total operations. This change was mainly attributed to operating revenues exceeding operating costs by \$178,823, intergovernmental income of \$1,206, interest expense of

\$194,689. Operating revenues increased by \$148,427 (11%) while operating expenses also increased by \$79,756 (6%) from the prior year.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2013 was \$50,119,789. This was an increase of \$842,025 (2%) over the previous year's budget.

There were adjustments between the various original budget line items and the final amended budget. The changes are attributed to votes at the special town meeting in October 2012 and the annual town meeting in May 2013.

General fund expenditures were less than budgeted by \$957,912. Of the \$957,912 in under budget expenditures, \$493,285 has been carried over to fiscal year 2014.

There are negative variances in excise and other taxes of \$11,640 as a result of lower collections and in investment income of \$47,477 due to the economic conditions. The total actual revenue for local receipts exceeded the amount that was budget by \$865,086.

A negative variance exists in debt interest of \$1,218 as the actual expenses exceeded the budget.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets as of June 30, 2013 amounts to \$40,653,247 in governmental type funds and \$18,878,300 in business type funds.

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:

- Foreclosure properties for \$1,127.
- Information technology for \$119,655.
- Cable TV studio improvements for \$302,835.
- Two police vehicles for \$67,720.
- Police and Fire radio system for \$914,255.
- Shaker Road Fire Station improvements for \$18,527.
- Road infrastructure improvements for \$73,375.
- Various renovations to School buildings for \$492,390.
- School equipment for \$30,555.
- Mountain View School playground for \$50,060.
- Senior Center renovations for \$9,655.
- Recreational field improvements for \$1,285.
- Pine Knoll Park pool improvements for \$26,227.

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

- Sewer infrastructure improvements for \$84,778.
- Water infrastructure improvements for \$855,310.

Debt Administration. The Town's outstanding governmental long-term debt, as of June 30, 2013, totaled \$22,420,553, of which \$11,203,300 is for school projects, \$1,100,000 for the new library, \$246,053 for the GIS projects, \$738,000 for remodeling projects, \$5,000 for parking lot and lighting, \$19,800 for backhoe/loader/front end, \$10,800 for Information Technology fiber connectivity, \$16,000 for telecommunications, \$18,600 for remodeling of Town buildings, a municipal purpose loan for \$2,945,000 issued in fiscal year 2009, a municipal purpose loan for \$2,158,000 issued in fiscal year 2010 and a municipal purpose loan for \$3,960,000 issued in fiscal year 2012.

The business-type funds have \$8,518,698 in long-term debt. Of this, \$4,264,705 consists of water debt and \$4,253,993 of sewer debt.

Please refer to notes 3C and 3E for further discussion of the major capital and debt activity.

Town Meeting – Fiscal Year 2014

The Town of East Longmeadow operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2013 do not reflect the fiscal year 2014 Town Meeting action with the exception of the fund balance (free cash) amount used to fund the 2014 budget. The Annual Town Meeting on May 20, 2013 authorized a fiscal year 2014 operating and capital budget as follows:

From the tax levy	\$	53,655,343
From water retained earnings		713,827
From water capital projects		98,700
From sewer retained earnings		716,797
From other available funds:		
General Fund:		
Unassigned fund balance:		
(Free cash)		1,241,671
Non-major Governmental Funds:		
Animal control	\$	42,165
Cable TV access revolving		135,000
Community preservation funds		537,840
Kindergarten revolving		50,000
Solid waste revolving		50,000
Capital project funds		204,566
		1,019,571
		\$ 57,445,909

Requests for Information

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

BASIC FINANCIAL STATEMENTS

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 9,644,649	\$ 2,435,256	\$ 12,079,905
Investments	2,808,531	-	2,808,531
Receivables, net of allowance for uncollectibles:			
Property Taxes	951,695	-	951,695
Tax Liens	462,918	-	462,918
Excise and Other Taxes	213,654	-	213,654
User Charges	-	770,750	770,750
Departmental	41,286	-	41,286
Special Assessments	-	49,069	49,069
Due from Other Governments	1,439,934	-	1,439,934
Other	33,039	-	33,039
Total current assets	15,595,706	3,255,075	18,850,781
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special Assessments	-	173,333	173,333
Due from Other Governments	4,042,196	-	4,042,196
Capital Assets, net of accumulated Depreciation:			
Nondepreciable	7,905,895	1,745,508	9,651,403
Depreciable	32,747,352	17,132,792	49,880,144
Total noncurrent assets	44,695,443	19,051,633	63,747,076
Total Assets	60,291,149	22,306,708	82,597,857
LIABILITIES			
CURRENT:			
Warrants Payable	127,987	196,993	324,980
Accrued Payroll	247,878	13,090	260,968
Employee Withholdings	93,850	-	93,850
Tax Refund Payable	55,100	-	55,100
Taxes Collected in Advance	85,377	-	85,377
Accrued Interest	308,875	44,251	353,126
Compensated Absences	438,624	22,485	461,109
Bonds Payable	2,859,586	832,652	3,692,238
Total current liabilities	4,217,277	1,109,471	5,326,748
NONCURRENT:			
Compensated Absences	168,386	32,174	200,560
OPEB Obligation Payable	21,641,833	-	21,641,833
Bonds Payable	19,560,967	7,686,046	27,247,013
Total noncurrent liabilities	41,371,186	7,718,220	49,089,406
Total Liabilities	45,588,463	8,827,691	54,416,154
NET POSITION:			
Net Investment in Capital Assets	22,767,597	10,359,602	33,127,199
Restricted for:			
Capital Projects	911,348	900,326	1,811,674
Federal & State Grants	1,035,224	-	1,035,224
Community Preservation	903,742	-	903,742
Permanent Funds	23,247	-	23,247
Other Purposes	3,562,840	-	3,562,840
Unrestricted	(14,501,312)	2,219,089	(12,282,223)
Total Net Position	\$ 14,702,686	\$ 13,479,017	\$ 28,181,703

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

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 2,228,280	\$ 346,694	\$ 274,290	-	\$ (1,607,296)	-	\$ (1,607,296)
Public Safety	4,014,296	593,807	55,956	320,593	(3,043,940)	-	(3,043,940)
Public Works	5,150,772	186,143	117,811	587,019	(4,259,799)	-	(4,259,799)
Education	31,652,850	1,473,114	12,829,345	-	(17,350,391)	-	(17,350,391)
Health and Human Services	652,448	136,909	132,129	-	(383,410)	-	(383,410)
Culture and Recreation	1,453,945	476,632	45,799	-	(931,514)	-	(931,514)
Employee Benefits and Insurance	16,759,825	-	4,931,696	-	(11,828,129)	-	(11,828,129)
State Assessments	202,827	-	-	-	(202,827)	-	(202,827)
Interest	813,976	-	195,946	-	(618,030)	-	(618,030)
Total Governmental Activities	62,929,219	3,213,299	18,582,972	907,612	(40,225,336)	-	(40,225,336)
Business-Type Activities:							
Water	1,909,376	2,024,983	1,494	-	-	117,101	117,101
Sewer	1,534,644	1,518,778	1,206	-	-	(14,660)	(14,660)
Total Primary Government	\$ 66,373,239	\$ 6,757,060	\$ 18,585,672	\$ 907,612	(40,225,336)	102,441	(40,122,895)
General Revenues:							
Property Taxes					33,186,246	-	33,186,246
Motor vehicle and other taxes					2,040,717	-	2,040,717
Penalties & Interest on taxes					274,495	-	274,495
Grants & Contributions not restricted to specific programs					1,369,453	-	1,369,453
Unrestricted Investment Income					126,742	-	126,742
Miscellaneous					5,044	-	5,044
Total General Revenues					37,002,697	-	37,002,697
Change in Net Position					(3,222,639)	102,441	(3,120,198)
Net Position:							
Beginning of year					17,925,325	13,376,576	31,301,901
End of year					\$ 14,702,686	\$ 13,479,017	\$ 28,181,703

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

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 4,772,629	\$ 4,872,020	\$ 9,644,649
Investments	2,546,807	261,724	2,808,531
Receivables, net of allowance for uncollectibles:			
Property Taxes	945,962	5,733	951,695
Tax Liens	462,918	-	462,918
Excise and Other Taxes	213,654	-	213,654
Departmental	2,837	38,449	41,286
Due from Other Governments	4,653,924	828,206	5,482,130
Other	33,039	-	33,039
Total Assets	\$ 13,631,770	\$ 6,006,132	\$ 19,637,902
LIABILITIES AND FUND BALANCE			
Liabilities:			
Warrants Payable	\$ 90,462	\$ 37,525	\$ 127,987
Accrued Payroll	247,878	-	247,878
Employee withholdings	93,850	-	93,850
Tax Refund Payable	55,100	-	55,100
Taxes Collected in Advance	85,071	306	85,377
Deferred Revenue:			
Property Taxes	830,962	5,733	836,695
Other	5,284,513	657,614	5,942,127
Total Liabilities	6,687,836	701,178	7,389,014
Fund Balance:			
Restricted	387,884	5,389,285	5,777,169
Assigned	1,734,956	-	1,734,956
Unassigned	4,821,094	(84,331)	4,736,763
Total Fund Balance	6,943,934	5,304,954	12,248,888
Total Liabilities and Fund Balance	\$ 13,631,770	\$ 6,006,132	\$ 19,637,902

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, 2013

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property Taxes	\$ 33,025,773	\$ 216,705	\$ 33,242,478
Intergovernmental	12,408,483	3,353,406	15,761,889
Excise and Other Taxes	1,933,360	-	1,933,360
Charges for Services	-	2,511,667	2,511,667
Licenses, Permits, Fees	701,374	-	701,374
Interest on Taxes	273,446	1,049	274,495
Investment Income	126,743	10,590	137,333
Other	-	241,921	241,921
Intergovernmental - "On-behalf" Payments	4,934,741	-	4,934,741
Total Revenues	53,403,920	6,335,338	59,739,258
Expenditures:			
Current:			
General Government	1,993,366	617,414	2,610,780
Public Safety	3,508,519	1,320,067	4,828,586
Public Works	4,595,168	273,979	4,869,147
Education	25,930,314	4,861,660	30,791,974
Health and Human Services	415,679	177,344	593,023
Culture and Recreation	808,846	514,808	1,323,654
Employee Benefits and Insurance	12,891,946	-	12,891,946
State Assessments	202,827	-	202,827
Debt Service:			
Principal	2,910,125	-	2,910,125
Interest	839,828	-	839,828
Total Expenditures	54,096,618	7,765,272	61,861,890
Excess of Revenues Over (Under) Expenditures	(692,698)	(1,429,934)	(2,122,632)
Other Financing Sources (Uses):			
Operating Transfers In	1,148,337	341,772	1,490,109
Operating Transfers Out	(341,772)	(1,148,337)	(1,490,109)
Total Other Financing Sources (Uses)	806,565	(806,565)	-
Net Change in Fund Balances	113,867	(2,236,499)	(2,122,632)
Fund Balances, Beginning of Year	6,830,067	7,541,453	14,371,520
Fund Balances, End of Year	\$ 6,943,934	\$ 5,304,954	\$ 12,248,888

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, 2013

Total Governmental Fund Balances		\$	12,248,888
Capital Assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.			40,653,247
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.			6,778,822
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:			
Bonds Payable	\$	(22,420,553)	
Other Post Employment Benefits Payable		(21,641,833)	
Compensated Absences		(607,010)	(44,669,396)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds interest is not reported until due.			(308,875)
Net Position of Governmental Activities		\$	14,702,686

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, 2013

Net Change in Fund Balances - Total Governmental Funds \$ (2,122,632)

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	\$ 2,087,929	
Depreciation	(2,125,482)	(37,553)

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 deferred revenue. (12,940)

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 Principal	2,910,125
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Net Change in Compensated Absences	(117,612)	
Net Change in Other Post Employment Benefits	(3,867,879)	
Net Change in Accrued Interest on Long-Term Debt	25,852	(3,959,639)

Change in Net Position of Governmental Activities \$ (3,222,639)

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, 2013**

	Budgeted Amounts		Actual	Amounts	Variance with
	Original Budget	Final Budget	Budgetary Basis	Carried Forward to Next Year	Final Budget Positive (Negative)
Revenues:					
Property Taxes	\$ 32,692,416	\$ 32,722,416	\$ 33,030,473	\$ -	\$ 308,057
Intergovernmental	11,849,157	11,849,157	12,408,483	-	559,326
Excise and Other Taxes	1,945,000	1,945,000	1,933,360	-	(11,640)
Licenses, Permits, Fees	728,000	728,000	701,374	-	(26,626)
Interest on Taxes	190,000	190,000	273,446	-	83,446
Investment Income	104,000	104,000	56,523	-	(47,477)
Total Revenues	47,508,573	47,538,573	48,403,659	-	865,086
Expenditures:					
Current:					
General Government	2,481,555	2,303,319	1,993,366	47,329	262,624
Public Safety	3,364,569	3,546,622	3,508,519	8,615	29,488
Public Works	4,775,751	4,734,981	4,595,168	133,199	6,614
Education	26,279,488	26,279,488	25,930,314	302,164	47,010
Health and Human Services	417,492	429,977	415,679	-	14,298
Culture and Recreation	847,502	846,697	808,846	1,978	35,873
Employee Benefits and Insurance	7,959,635	8,015,406	7,960,250	-	55,156
State Assessments	217,609	217,609	202,827	-	14,782
Debt Service:					
Principal	2,910,623	2,910,125	2,910,125	-	-
Interest	835,565	835,565	836,783	-	(1,218)
Total Expenditures	50,089,789	50,119,789	49,161,877	493,285	464,627
Excess of Revenues Over (Under) Expenditures	(2,581,216)	(2,581,216)	(758,218)	(493,285)	1,329,713
Other Financing Sources (Uses):					
Operating Transfers In (Out)	1,703,784	1,703,784	806,565	-	(897,219)
Total Other Financing Sources (Uses)	1,703,784	1,703,784	806,565	-	(897,219)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(877,432)	(877,432)	48,347	(493,285)	432,494
Budgetary Fund Balance - Beginning of Year	5,063,260	5,063,260	5,063,260	-	-
Budgetary Fund Balance - End of Year	\$ 4,185,828	\$ 4,185,828	\$ 5,111,607	\$ (493,285)	\$ 432,494

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, 2013

	<u>Revenues</u>	<u>Expenditures</u>
Reported on a Budgetary Basis	\$ 48,403,659	\$ 49,161,877
<i>Adjustments:</i>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	70,220	-
Net Increase in Revenue from recording Refund Taxes Payable	38,900	-
Recognition of intergovernmental Revenue - "on behalf payments"	4,934,741	-
Recognition of Expenditures - 'on behalf payments"	-	4,934,741
Net Decrease in Revenue from Recording 60-Day Receipts	(43,600)	-
Reported on a GAAP Basis	<u>\$ 53,403,920</u>	<u>\$ 54,096,618</u>

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, 2013**

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 644,730	\$ 1,790,526	\$ 2,435,256
Receivables, net of allowance for uncollectibles			
User Charges	413,926	356,824	770,750
Special Assessments	1,440	47,629	49,069
Total current assets	<u>1,060,096</u>	<u>2,194,979</u>	<u>3,255,075</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special Assessments	7,200	166,133	173,333
Capital Assets, net of accumulated depreciation:			
Nondepreciable	855,310	890,198	1,745,508
Depreciable	9,458,818	7,673,974	17,132,792
Total noncurrent assets	<u>10,321,328</u>	<u>8,730,305</u>	<u>19,051,633</u>
Total Assets	<u><u>11,381,424</u></u>	<u><u>10,925,284</u></u>	<u><u>22,306,708</u></u>
LIABILITIES			
CURRENT:			
Warrants Payable	181,884	15,109	196,993
Accrued Payroll	7,813	5,277	13,090
Accrued Interest	18,395	25,856	44,251
Compensated Absences	14,549	7,936	22,485
Bonds Payable	406,382	426,270	832,652
Total current liabilities	<u>629,023</u>	<u>480,448</u>	<u>1,109,471</u>
NONCURRENT:			
Compensated Absences	27,716	4,458	32,174
Bonds Payable	3,858,323	3,827,723	7,686,046
Total noncurrent liabilities	<u>3,886,039</u>	<u>3,832,181</u>	<u>7,718,220</u>
Total Liabilities	<u><u>4,515,062</u></u>	<u><u>4,312,629</u></u>	<u><u>8,827,691</u></u>
NET POSITION:			
Net Investment in Capital Assets	6,049,423	4,310,179	10,359,602
Restricted for Capital	107,724	792,602	900,326
Unrestricted	709,215	1,509,874	2,219,089
Total Net Position	<u><u>\$ 6,866,362</u></u>	<u><u>\$ 6,612,655</u></u>	<u><u>\$ 13,479,017</u></u>

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

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2013**

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 2,024,983	\$ 1,518,778	\$ 3,543,761
Total Operating Revenues	2,024,983	1,518,778	3,543,761
Operating Expenses:			
Salaries & Wages	359,488	281,245	640,733
Operating Expenses	1,055,053	800,375	1,855,428
Depreciation	328,831	258,335	587,166
Total Operating Expenses	1,743,372	1,339,955	3,083,327
Operating Income (Loss)	281,611	178,823	460,434
Non-Operating Revenues (Expenses):			
Intergovernmental	1,494	1,206	2,700
Interest Expense	(166,004)	(194,689)	(360,693)
Total Non-Operating Revenues (Expenses)	(164,510)	(193,483)	(357,993)
Change in Net Position	117,101	(14,660)	102,441
Net Position at Beginning of Year	6,749,261	6,627,315	13,376,576
Net Position at End of Year	\$ 6,866,362	\$ 6,612,655	\$ 13,479,017

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

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2013**

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 1,985,873	\$ 1,510,391	\$ 3,496,264
Payments to Vendors	(1,075,772)	(807,844)	(1,883,616)
Payments to Employees	(357,456)	(285,129)	(642,585)
Net Cash Provided by (Used for) Operating Activities	552,645	417,418	970,063
Cash Flows from Capital and Related Financing Activities:			
Intergovernmental	1,494	1,206	2,700
Acquisition and Construction of Capital Assets	(681,233)	(84,779)	(766,012)
Principal Payments on Bonds and Notes	(406,301)	(429,847)	(836,148)
Interest Expense	(169,076)	(197,319)	(366,395)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(1,255,116)	(710,739)	(1,965,855)
Net Increase (Decrease) in Cash and Cash Equivalents	(702,471)	(293,321)	(995,792)
Cash and Cash Equivalents at Beginning of Year	1,347,201	2,083,847	3,431,048
Cash and Cash Equivalents at End of Year	\$ 644,730	\$ 1,790,526	\$ 2,435,256

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

Operating Income (Loss)	\$ 281,611	\$ 178,823	\$ 460,434
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	328,831	258,335	587,166
Change in Assets and Liabilities:			
Increase (Decrease) in Warrants Payable	(20,719)	(7,469)	(28,188)
Increase (Decrease) in Accrued Payroll	811	(1,037)	(226)
Increase (Decrease) in Compensated Absences	1,221	(2,847)	(1,626)
Decrease (Increase) in User Charges Receivable	(39,110)	(8,387)	(47,497)
Total Adjustments	271,034	238,595	509,629
Net Cash Provided by (Used for) Operating Activities	\$ 552,645	\$ 417,418	\$ 970,063

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

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013**

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 16,463	\$ 816,100
Investments	46,427	-
Total Assets	62,890	816,100
LIABILITIES		
Warrants Payable	-	779
Due to Others	-	23,571
Due to Student Groups	-	91,593
Escrows and Deposits	-	700,157
Total Liabilities	-	816,100
NET POSITION:		
Held in Trust for Other Purposes	\$ 62,890	\$ -

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

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

	Private Purpose Trust Funds
Additions	
Contributions:	
Private Donations	\$ 2,410
Total Contributions	2,410
Investment Income	2,011
Total Investment Earnings	2,011
Total Additions	4,421
Deductions:	
Educational Scholarships	3,551
General Expenses	3,448
Total Deductions	6,999
Change in Net Position	(2,578)
Net Position at Beginning of Year	65,468
Net Position at End of Year	\$ 62,890

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town was incorporated in 1894 under the laws of the Commonwealth of Massachusetts. The Town is governed by an elected three member Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. In fiscal year 2013, it was determined that no entities met the required GASB-39 and GASB-61 criteria for component units.

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

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

B. Government-Wide and Fund Financial Statements

Government-wide financial statements

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

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

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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 adjustments 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 recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Fund Financial Statements

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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 Town 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 funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

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

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

Additionally, the Town 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 *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.

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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

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

All investments are carried at fair value.

F. Accounts 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, Deferred Property Taxes and Tax Liens

Property taxes are based on assessments as of January 1, 2012 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. The first tax payment is due November 1st, or thirty days after the date tax bills were mailed, whichever is later and must be at least one-half of the tax and any betterment, special assessments and other charges shown. The balance of the tax is owed by May 1st of the following year. If payments are not made by the due dates, interest at the rate of 14% is charged on the amount of the taxes that 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 2013 on June 27, 2012 that were due on August 1, 2012 and November 1, 2012 and actual bills on December 31, 2012 that were due on February 1, 2013 and May 1, 2013, respectively.

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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 2013 is as follows:

Legal Levy Limit Under Proposition 2 1/2 for fiscal year 2013	\$ 33,961,072
Add: Debt Exclusion	1,106,510
	<u>\$ 35,067,582</u>

The total amount raised by taxation was \$33,040,720.

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

Excise Taxes

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

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

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

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

User Charges

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

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

Departmental

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

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

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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.

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.

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I. Deferred Revenue

Deferred revenue at the fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

J. Net Position and Fund Balances

In the Government-Wide financial statements, the difference between the Town's total assets and total liabilities 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 that are restricted for the preservation of open space, historical resources and community housing.

"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.

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

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heads and Town board/committees have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

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

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

K. Long-term Debt

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

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

L. Compensated Absences

The Town grants to employees sick and vacation leave in varying amounts based upon length of service and in accordance with various individual union contracts. Individuals are provided for various provisions depending on the union contract. Upon retirement, termination, or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay.

M. 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 50% and 70% share of insurance premiums for retirees and spouses for Medicare and PPO and HMO respectively in the general fund in the fiscal year paid.

N. Use of Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

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

For fiscal year 2013, the Town incurred a final budget deficit of \$877,432 for the General Fund.

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

Unreserved fund balance:	
Free cash	\$ 567,341
Prior year's encumbrances	359,782
Reserved for deficits	<u>(49,691)</u>
	<u>\$ 877,432</u>

B. Deficit Fund Balances

The following funds had deficits at June 30, 2013 as measured by the fund balances of the individual projects.

- The October 2011 storm special revenue fund has a deficit of \$19,547. This deficit will be eliminated by appropriation.
- The public safety grants special revenue funds have various grants with deficit balances totaling \$37,203. These deficits will be eliminated upon the receipt of additional funds.
- The Pine Knoll park pool renovation capital project fund has a deficit of \$26,227. The Town has a debt authorization for \$450,000. The deficit will be eliminated upon the issuance of permanent debt.
- The GIS capital project fund has a deficit of \$555. This deficit will be eliminated by appropriation.
- The High school hall doors replacement capital project fund has a deficit of \$799. This deficit will be eliminated by appropriation.

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3. DETAILED NOTES

A. Deposits and Investments

Custodial Credit Risks – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. Deposits at June 30, 2013 were \$13,920,654. Of these, \$1,490,022 was 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.

As of June 30, 2013, 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	More than 10
Debt Securities:					
U. S. government agencies	\$ 600,884	\$ -	\$ -	\$ 600,884	\$ -
Municipal bonds	1,208,333	221,006	45,505	129,284	812,538
Money market mutual funds	379,851	379,851	-	-	-
	<u>2,189,068</u>	<u>\$ 600,857</u>	<u>\$ 45,505</u>	<u>\$ 730,168</u>	<u>\$ 812,538</u>
Other Investments:					
Equity securities	390,432				
MMDT	275,458				
	<u>\$ 2,854,958</u>				

Custodial Credit Risks

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 \$2,854,958 in investments, \$2,079,500 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.

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Interest Rate Risk

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

Credit Risk

The Town's exposure to credit risk as of June 30, 2013 is as follows:

Related Debt Instruments	Fair Value	Moody's Quality Ratings					Not Rated
		Aaa	Aa1	Aa2	Aa3	A2	
Debt Securities:							
U. S. government agencies	\$ 600,884	\$ 600,884	\$ -	\$ -	\$ -	\$ -	\$ -
Municipal bonds	1,208,333	-	45,186	332,786	655,806	174,555	-
Money market mutual fund	379,851	-	-	-	-	-	379,851
	<u>\$ 2,189,068</u>	<u>\$ 600,884</u>	<u>\$ 45,186</u>	<u>\$ 332,786</u>	<u>\$ 655,806</u>	<u>\$ 174,555</u>	<u>\$ 379,851</u>

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in one issuer. More than 5 percent of the Town's investments are in U.S. Government Agencies and Municipal Bonds amounting to 21.05% and 24.40%, respectfully, of the Town's total investments as follows:

U.S. Government Agencies:

Federal home loan bank	13.87%
Federal national mortgage association	7.18%

Municipal Bonds:

Massachusetts ST water resource	6.54%
Massachusetts ST port authority rev	6.11%
Massachusetts bay trans authority	6.90%

B. Receivables

At June 30, 2013, receivables for the individual major governmental funds and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Major and nonmajor governmental funds:	Gross Amount	Allowance for Uncollectibles	Net Amount
Property taxes	\$ 969,195	\$ (17,500)	\$ 951,695
Tax liens	462,918	-	462,918
Excise taxes	241,954	(28,300)	213,654
Departmental	42,062	(776)	41,286
Due from other governments	5,482,130	-	5,482,130
	<u>\$ 7,198,259</u>	<u>\$ (46,576)</u>	<u>\$ 7,151,683</u>

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At June 30, 2013, receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Water Fund:			
User charges	\$ 418,426	\$ (4,500)	\$ 413,926
Special assessments	8,640	-	8,640
	<u>427,066</u>	<u>(4,500)</u>	<u>422,566</u>
Sewer Fund:			
User charges	358,124	(1,300)	356,824
Special assessments	213,762	-	213,762
	<u>571,886</u>	<u>(1,300)</u>	<u>570,586</u>
Total business-type activities	<u>\$ 998,952</u>	<u>\$ (5,800)</u>	<u>\$ 993,152</u>

The composition of amounts due from other governments as of June 30, 2013 for governmental funds is as follows:

Governmental Funds:

General Fund:

Commonwealth of Massachusetts:

Massachusetts School Building Authority:

School building assistance - capital portion \$ 4,534,903

Department of Revenue:

Veterans, blind and surviving spouse 48,820

Department of Veterans Services:

Veterans benefits 70,201 \$ 4,653,924

Nonmajor Governmental Funds:

U. S. Department of Agriculture:

School lunch 43,738

Commonwealth of Massachusetts:

Department of Elementary and Secondary Education:

School lunch 2,445

Massachusetts Department of Transportation:

Highway, Chapter 90 funded projects 782,023 828,206

\$ 5,482,130

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

The balance of the general fund deferred revenues account is equal to all of June 30, 2013 receivable balances, except real estate and personal property taxes that are accrued for subsequent 60 day collections.

At the end of the current fiscal year, the deferred revenue for property taxes is \$836,695.

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General Fund:	
Property Taxes	\$ 830,962
Nonmajor Governmental Funds:	
Community Preservation Surcharge	5,733
	\$ 836,695

The various components of the other deferred revenue reported in the governmental funds are as follows:

General Fund:	
Tax liens	\$ 462,918
Excise taxes	213,654
Departmental	2,837
Due from other governments	4,605,104
	\$ 5,284,513
Nonmajor Governmental Funds:	
Departmental	4,115
Due from other governments	653,499
	657,614
	\$ 5,942,127

C. Capital Assets

Capital asset activity for the governmental and business-type activities for the year ended June 30, 2013, are as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 5,200,720	\$ 1,127	\$ (19,738)	\$ 5,182,109
Construction in progress	3,349,607	1,808,224	(2,434,045)	2,723,786
Total capital assets not being depreciated	8,550,327	1,809,351	(2,453,783)	7,905,895
Capital assets being depreciated:				
Buildings and Renovations	51,062,711	2,510,650	-	53,573,361
Machinery, equipment and other	7,298,687	98,275	(210,806)	7,186,156
Infrastructure	3,246,879	123,435	-	3,370,314
Total capital assets being depreciated	61,608,277	2,732,360	(210,806)	64,129,831
Less accumulated depreciation for:				
Buildings and Renovations	22,978,988	1,482,324	-	24,461,312
Machinery, equipment and other	5,927,236	484,737	(210,806)	6,201,167
Infrastructure	561,580	158,420	-	720,000
Total accumulated depreciation	29,467,804	2,125,481	(210,806)	31,382,479
Total capital assets being depreciated, net	32,140,473	606,879	-	32,747,352
Total governmental activities capital assets, net	\$ 40,690,800	\$ 2,416,230	\$ (2,453,783)	\$ 40,653,247

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Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 805,420	\$ 940,088	\$ -	\$ 1,745,508
Total capital assets not being depreciated	805,420	940,088	-	1,745,508
Capital assets being depreciated:				
Buildings and renovations	29,597	-	-	29,597
Machinery, equipment and other	198,563	-	-	198,563
Infrastructure	38,485,806	-	-	38,485,806
Total capital assets being depreciated	38,713,966	-	-	38,713,966
Less accumulated depreciation for:				
Buildings and renovations	29,597	-	-	29,597
Machinery, equipment and other	111,667	28,236	-	139,903
Infrastructure	20,852,745	558,929	-	21,411,674
Total accumulated depreciation	20,994,009	587,165	-	21,581,174
Total capital assets being depreciated, net	17,719,957	(587,165)	-	17,132,792
Total business-type activities capital assets, net	\$ 18,525,377	\$ 352,923	\$ -	\$ 18,878,300

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

Governmental Activities:

General government	\$ 22,488
Public safety	181,386
Public works	339,737
Education	1,357,662
Health and human services	66,506
Culture and recreation	157,702
Total depreciation expense - governmental activities	<u>\$ 2,125,481</u>

Business-Type Activities:

Sewer fund	\$ 258,334
Water fund	328,831
Total depreciation expense - business-type activities	<u>\$ 587,165</u>

D. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2013, are summarized below:

Transfers Out:	Transfers In:		
	General fund	Nonmajor governmental funds	Total
General fund	\$ -	\$ 341,772	\$ 341,772
Nonmajor governmental funds	1,148,337	-	1,148,337
Total transfers out	<u>\$ 1,148,337</u>	<u>\$ 341,772</u>	<u>\$ 1,490,109</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
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E. 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.

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, 2013
Inside Debt:					
Municipal purpose loan of 2003	2.00-5.00%	6/1/2003	6/1/2023	\$ 2,200,000	\$ 1,100,000
Remodeling projects	3.85%	4/1/2005	4/1/2022	1,336,200	738,000
Parking lot	3.85%	4/1/2005	4/1/2014	46,800	5,000
Telecommunication systems	3.85%	4/1/2005	4/1/2015	100,000	16,000
Modular classrooms	3.85%	4/1/2005	4/1/2015	1,400,000	280,000
Municipal purpose loan of 2005	4.00-6.00%	12/1/2005	12/1/2025	1,138,000	533,000
Municipal purpose loan of 2007	3.96%	1/15/2007	1/15/2027	3,729,000	2,750,000
Municipal purpose loan of 2009	2.91%	1/15/2009	1/15/2024	4,852,000	2,945,000
Municipal purpose loan of 2010	2.09%	9/15/2010	9/15/2025	2,730,000	2,158,000
Municipal purpose loan of 2011	2.00-5.00%	10/13/2011	8/1/2029	4,405,000	3,960,000
Massachusetts Water Pollution Abatement Trust:					
GIS project	N/A	10/26/2006	8/1/2024	194,098	143,409
GIS project	2.00%	10/26/2006	7/15/2024	138,448	102,644
Total Inside Debt					<u>14,731,053</u>
Outside Debt:					
Birchland Park Middle School Construction	2.00-5.00%	10/13/2011	8/1/2020	8,739,050	<u>7,689,500</u>
Total Outside Debt					<u>7,689,500</u>
Total governmental type debt					<u>\$ 22,420,553</u>

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Future Debt Service

The annual principal and interest payments to retire all governmental type general obligation long-term debt outstanding as of June 30, 2013, are as follows:

Governmental	Principal	Interest	Total
2014	\$ 2,859,586	\$ 781,923	\$ 3,641,509
2015	2,701,626	696,288	3,397,914
2016	2,468,097	611,525	3,079,622
2017	2,193,258	535,607	2,728,865
2018	2,142,422	457,901	2,600,323
2019-2023	7,906,053	1,106,311	9,012,364
2024-2028	1,949,511	182,929	2,132,440
2029-2030	200,000	7,200	207,200
	\$ 22,420,553	\$ 4,379,684	\$ 26,800,237

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, 2013
Inside Debt:					
Sewer:					
Municipal purpose loan of 2003	2.00-5.00%	6/1/2003	6/1/2023	\$ 4,775,000	\$ 2,400,000
Discharge Meters	3.85%	4/1/2005	4/1/2021	156,000	75,000
Pease, Prospect and Old Farm Roads	3.85%	4/1/2005	4/1/2017	120,000	40,000
Mill Road Sanitary Sewer Construction	4.00-6.00%	12/1/2005	12/1/2025	250,000	152,000
Pump Station Upgrades	2.09%	9/15/2010	9/15/2025	1,104,000	952,000
Municipal purpose loan of 2011	2.00-5.00%	10/13/2011	8/1/2021	612,780	537,500
Massachusetts Water Pollution Abatement Trust:					
GIS Project	N/A	10/26/2006	8/1/2024	76,907	56,823
GIS Project	2.00%	10/26/2006	7/15/2024	54,857	40,670
Total Inside Debt					<u>4,253,993</u>
Outside Debt:					
Water:					
Municipal purpose loan of 2003	2.00-5.00%	6/1/2003	6/1/2023	4,240,000	2,100,000
Mains - Pease, Prospect and Old Farm Roads	3.85%	4/1/2005	4/1/2018	130,000	50,000
Water meters	3.85%	4/1/2005	4/1/2015	80,000	16,000
Water tower	4.00-6.00%	12/1/2005	12/1/2025	2,500,000	1,625,000
Municipal purpose loan of 2011	2.00-5.00%	10/13/2011	8/1/2021	398,170	353,000
Massachusetts Water Pollution Abatement Trust:					
GIS Project	N/A	10/26/2006	8/1/2024	95,218	70,352
GIS Project	2.00%	10/26/2006	7/15/2024	67,918	50,353
Total Outside Debt					<u>4,264,705</u>
Total business-type debt					<u>\$ 8,518,698</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Future Debt Service

The annual principal and interest payments to retire all business-type general obligation long-term debt outstanding as of June 30, 2013, are as follows:

Business-Type	Principal	Interest	Total
2014	\$ 832,652	\$ 307,573	\$ 1,140,225
2015	826,631	279,655	1,106,286
2016	817,935	251,754	1,069,689
2017	813,078	223,382	1,036,460
2018	794,223	194,099	988,322
2019-2023	3,774,047	525,824	4,299,871
2024-2026	660,132	36,193	696,325
	<u>\$ 8,518,698</u>	<u>\$ 1,818,480</u>	<u>\$ 10,337,178</u>

A summary of the changes in long term debt during the year is as follows:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due within One Year
Governmental activities:					
Bond Payable:					
General obligation bonds	\$ 25,068,050	\$ -	\$ 2,893,550	\$ 22,174,500	\$ 2,842,501
Massachusetts Water Pollution Abatement Trust					
OPEB Obligation Payable	262,628	-	16,575	246,053	17,085
Compensated absences	17,773,954	3,867,879	-	21,641,833	-
Governmental activity	489,398	120,208	2,596	607,010	438,624
Long-term liabilities	<u>\$ 43,594,030</u>	<u>\$ 3,988,087</u>	<u>\$ 2,912,721</u>	<u>\$ 44,669,396</u>	<u>\$ 3,298,210</u>
Business type activities:					
Bond Payable:					
General obligation bonds	\$ 9,121,497	\$ -	\$ 820,997	\$ 8,300,500	\$ 828,365
Massachusetts Water Pollution Abatement Trust					
Compensated absences	233,349	-	15,151	218,198	4,287
Business-type activity long term	56,285	1,221	2,847	54,659	22,485
Long-term liabilities	<u>\$ 9,411,131</u>	<u>\$ 1,221</u>	<u>\$ 838,995</u>	<u>\$ 8,573,357</u>	<u>\$ 855,137</u>

Massachusetts Water Pollution Abatement Trust (MWPAT)

The Town is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (MWPAT) 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 MWPAT. The gross amount outstanding at June 30, 2013 for principal and interest combined for the loan is \$566,796. The net repayments, including interest, are scheduled to be \$517,693. 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 2013 interest subsidies totaled \$5,745.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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, 2013 totaled \$18,985,045.

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, 2013:

Equalized Valuation-Real Estate and Personal Property (2012)		<u>\$ 1,870,316,900</u>	
Debt Limit: 5 % of Equalized value		<u>93,515,845</u>	
Total Debt Outstanding	\$ 30,939,250		
Less: Debt Outside Debt Limit	(11,954,205)		<u>18,985,045</u>
Inside Debt Excess Borrowing Capacity at June 30, 2013		<u>\$ 74,530,800</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, 2013 and are not reflected in the Town's financial statements are as follows:

<u>Date of Town Meeting Authorized</u>	<u>Purpose</u>	<u>Amount</u>
5/2/2005	Mountain View - new classroom exhaust	\$ 302
5/1/2006	School remodeling	92
5/1/2006	Departmental equipment	426
5/1/2006	School remodeling - elementary classrooms	25
5/10/2007	Meadowbrook school - replace motor and coils	221
5/19/2008	Health department - landfill Somers & Allen Street	138,000
5/17/2010	Police cruisers	1,005
5/16/2011	Public safety radio update	154
10/1/2012	Pine Knoll pool repairs	<u>450,000</u>
		<u>\$ 590,225</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

F. Fund Balances

The following is a summary of the Governmental Fund fund balances of the Town ended June 30, 2013:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:			
Federal, state and local grants	\$ -	\$ 381,725	\$ 381,725
Community preservation funds	-	898,008	898,008
Revolving funds	-	1,777,037	1,777,037
Donations and gifts	-	8,734	8,734
Payment of Debt	387,884	1,156,431	1,544,315
Capital projects	-	911,348	911,348
Permanent funds	-	23,247	23,247
Other	-	232,755	232,755
	<u>387,884</u>	<u>5,389,285</u>	<u>5,777,169</u>
Assigned:			
General government	47,329	-	47,329
Public safety	8,615	-	8,615
Public works	133,199	-	133,199
Education	302,164	-	302,164
Culture and recreation	1,978	-	1,978
Subsequent year's budget	1,241,671	-	1,241,671
	<u>1,734,956</u>	<u>-</u>	<u>1,734,956</u>
Unassigned:			
General Fund	4,821,094	-	4,821,094
Capital Projects:			
Pine Knoll pool repairs	-	(26,227)	(26,227)
GIS project	-	(555)	(555)
High School hall doors replacement	-	(799)	(799)
Special Revenue:			
October 2011 storm	-	(19,547)	(19,547)
Public safety grants	-	(37,203)	(37,203)
	<u>4,821,094</u>	<u>(84,331)</u>	<u>4,736,763</u>
Total Governmental fund balances	<u>\$ 6,943,934</u>	<u>\$ 5,304,954</u>	<u>\$ 12,248,888</u>

G. Special Trust Funds

Stabilization Fund

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

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

At June 30, 2013, the balance in the stabilization fund is \$1,772,427 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 which passes the risk of loss listed above to independent third parties.

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

B. Contingent Liabilities

Litigation

Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 2013, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2013.

Federal Financial Assistance

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

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

C. Other Post Employment Benefits Payable

GASB Statement No. 45

The cost of post employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The Town adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2008, and thus recognizes the cost of post employment benefits in the year when the employee services are received, reports the accumulated liability from prior years and provides information useful in assessing potential demands on the Town's future cash flows.

Plan Description

In addition to providing pension benefits, 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. There are approximately 623 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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 2013 fiscal year, total Town premiums plus implicit costs for the retiree medical program are \$1,020,939.

Annual OPEB Cost and Net OPEB Obligation

The Town's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The following table shows the components of the Town's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation to the plan:

Normal Cost	\$ 2,629,819
Amortization of unfunded actuarial accrued liability	2,238,075
Compounded interest to year end	174,297
Annual required contribution	5,042,191
Interest on net OPEB obligation	710,958
Adjustment to annual required contribution	(864,331)
Annual OPEB cost (expense)	4,888,818
Contributions made during the fiscal year	1,020,939
Increase in net OPEB obligation	3,867,879
Net OPEB Obligation - beginning of year	17,773,954
Net OPEB Obligation - end of year	\$ 21,641,833

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2013 fiscal year and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 7,536,889	26.08%	\$14,041,756
6/30/2012	\$ 4,654,891	19.80%	\$17,773,954
6/30/2013	\$ 4,888,818	20.88%	\$21,641,833

Funded Status and Funding Process

As of July 1, 2011, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$44,362,650, and the actuarial value of assets was 0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$44,362,650. The covered payroll (annual payroll of active employees covered by the plan) was not available or the ratio of the UAAL.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Valuation Date	Actuarial Value of Assets (A)	Accrued Liability (AAL) Entry Aid (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	Percentage of Covered Payroll ((B-A)/C)
12/31/2007	\$ -	\$ 61,704,179	\$ 61,704,179	0%	N/A	N/A
12/31/2009	\$ -	\$ 93,937,482	\$ 93,937,482	0%	N/A	N/A
7/1/2011	\$ -	\$ 44,362,650	\$ 44,362,650	0%	N/A	N/A

Actuarial Methods and Assumptions

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

The Town OPEB actuarial valuation as of July 1, 2011, used the entry age normal cost method. The OPEB liability is currently unfunded. The actuarial assumptions include an investment rate of return of 4.0%, a payroll increase rate of 2.50% per annum and medical cost trend rate at 6.39% decreasing to an ultimate level of 5.00% per year.

The initial unfunded actuarial accrued liability is being amortized over 30 years on an open basis.

D. Pension Plan

Plan Description

The Town, as a member of the Hampden County Regional Retirement System (the System), participates in a cost-sharing multiple-employer defined benefit pension plan administered by the Hampden County Regional Retirement Board. Each participating employers' share of the total annual contribution is determined on the basis of active payroll. Substantially, all employees are members of the System, except for public school teachers and administrators who are members of Commonwealth of Massachusetts Teachers' Retirement System to which the Town does not contribute. Pension benefits and administrative expenses are paid by the Teachers' Retirement Board and are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$4,931,696 for the fiscal year ending June 30, 2013, and, accordingly, are reported in the General Fund as intergovernmental revenues and employee benefit expenditures.

There were approximately 309 participants eligible to receive benefits.

The System and the teachers' retirement system provide retirement, disability, and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan. Cost of living adjustments granted between 1981 and 1987 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 1987 must be approved by the Hampden County Regional Retirement Board and are borne by the System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System located at 67 Hunt Street, Suite 116, Agawam, Massachusetts.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Funding Policy

Plan members are required to contribute to the System at rates ranging from 5% to 11% of 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. Chapter 32B of the Massachusetts general laws governs the contributions of plan members and the Town.

The Town's contribution to the System for the fiscal years ended June 30, 2013, 2012, and 2011 is shown below, which equaled its required contribution for each fiscal year.

Year Ended June 30	Town's Contribution
2013	\$ 2,298,244
2012	\$ 1,892,492
2011	\$ 1,834,439

The last actuarial valuation was prepared by The Segal Group, Inc., as of January 1, 2012. The actuarial cost method of the plan has been determined in accordance with the individual entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8.0% compounded annually, (b) projected salary, including longevity, increases of 4.5% per year per member and COLA of 3% for the first \$18,000 of income.

The total unfunded actuarial liability applicable to the entire System's employees at January 1, 2012 is as follows:

Actuarial Accrued Liability	\$ 499,009,329
Assets	244,053,652
Unfunded Actuarial Liability	<u>\$ 254,955,677</u>

The Town's portion of such liability is approximately 12.54% or \$31,971,442.

The System's funding policy is governed by Section 22 (D) of Chapter 32. The members of the System are required to fund each year the actuarially determined normal cost plus an amount to amortize the unfunded liability. The system accepted the provisions of Chapter 32, Section 22D to become a funding unit on January 1, 1991.

Reporting Policies

The funds of the Hampden County Regional Retirement System are accounted for under the accrual basis. Under the accrual basis of accounting, all revenues and expenditures are accrued and investments are amortized to value. The books are maintained on a calendar year basis from January 1st to December 31st in accordance with the standards and procedures outlined by the Commissioner of the Public Employees Retirement Administration.

Investments are reported in accordance with PERAC requirements.

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, 2013

	Fund Balances		Revenues	Expenditures	Other Financing		Fund Balances
	July 1, 2012	June 30, 2013			Sources (Uses)	June 30, 2013	
Special Revenue:							
Federal and State Grants:							
School Grants	\$ 22,988	\$	1,569,187	\$ 1,572,103	\$	-	\$ 20,072
Arts Lottery Council Grants	11,853		4,521	6,410		-	9,964
Board of Health Grants	24,504		6,090	1,710		-	28,884
Council on Aging Grants	1,397		51,382	46,784		-	5,995
Emergency Management Agency Grants	10,642		-	-		-	10,642
Extended Polling Hours	19,903		2,883	14,426		-	8,360
Highway Grants	-		234,827	234,827		-	-
Library Grants	79,288		28,123	29,715		-	77,696
October 2011 Storm	838,107		-	-		(857,654)	(19,547)
Other Grants and Programs	3,987		-	-		-	3,987
Public Safety Grants	(45,229)		55,916	47,890		-	(37,203)
Schools:							
School Lunch Program	222,438		814,275	776,479		-	260,234
School Lunch Commodities	-		86,850	86,850		-	-
School Busing	34,695		191,388	169,801		-	56,282
School Gifts and Donations	23,145		21,100	22,594		-	21,651
School Revolving Accounts	235,515		697,215	427,006		(75,000)	430,724
State Special Education Reimbursement Fund	309,124		1,026,093	1,119,093		-	216,124
Other:							
Cable Access Revolving	623,646		195,344	150,482		(350,000)	318,508
Center Hill Park Revolving	1,263		-	-		-	1,263
Community Preservation Fund	711,693		275,973	18,528		(71,130)	898,008
Council on Aging Revolving	16,823		127,819	116,179		-	28,463
Dog Fund Revolving	37,929		22,071	2,387		-	57,613
Flu Shots Revolving	4,779		1,200	930		-	5,049
Gifts and Donations	10,779		230	2,275		-	8,734
Insurance Reimbursements	62,114		11,253	9,160		-	64,207
Library Revolving Funds	3,068		15,477	14,270		-	4,275
Reserve for Payment of Debt - MSBA	1,225,984		-	-		(69,553)	1,156,431
Parking Tickets Revolving	17,264		895	50		-	18,109
Police Off Duty Details	-		287,813	287,813		-	-
Recreation Revolving	309,903		461,155	424,201		-	346,857
Trash Revolving	92,359		120,818	20,646		(75,000)	117,531
Wetlands Protection Act	44,965		1,305	-		-	46,270
Special Revenue Page 47							
	\$ 4,954,926	\$	6,311,203	\$ 5,602,609	\$	(1,498,337)	\$ 4,165,183

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Fund Balances July 1, 2012	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2013
Continued from Page 47	\$ 4,954,926	\$ 6,311,203	\$ 5,602,609	\$ (1,498,337)	\$ 4,165,183
Special Revenue (continued):					
Other (continued):					
Ambulance Fund	49	2	-	-	51
Conservation Funds	38,563	1,591	-	-	40,154
Council on Aging Funds	42,928	4,456	2,081	-	45,303
Friends of Heritage Park	313	13	-	-	326
Historical Commission	7,577	886	439	-	8,024
Pension Reserve Fund	115,561	4,768	-	-	120,329
Police Gymnasium Fund	61	3	-	-	64
Recreation Fund	12,581	730	-	-	13,311
Shaker Road Relief Fund	3,863	-	-	-	3,863
Town Beautification Fund	349	15	-	-	364
Traffic Signal Fund	856	35	-	-	891
Unemployment Compensation Fund	74	3	-	-	77
Total Special Revenue Funds	5,177,701	6,323,705	5,605,129	(1,498,337)	4,397,940
Capital Projects:					
Department of Public Works Equipment	24,552	-	16,139	-	8,413
Cable TV Facility Improvement	-	-	302,836	350,000	47,164
Fire Department Projects	682	-	-	-	682
GIS Project	(358)	-	197	-	(555)
Information Technology Connectivity	1,197,936	-	1,110,521	202,167	289,582
Landfill Projects	174,025	-	-	(174,025)	-
Munis Financial Software	5,319	-	-	-	5,319
Police Projects	21,905	-	67,720	70,000	24,185
Recreation Projects	4,159	-	27,514	-	(23,355)
School Improvement Projects	830,470	-	611,128	243,630	462,972
Senior Center Projects	9,659	-	9,659	-	-
Sidewalk Construction	71,463	-	2,170	-	69,293
Town and School Improvements	67	-	-	-	67
Capital Projects	2,339,879	-	2,147,884	691,772	883,767

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Fund Balances July 1, 2012	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2013
Permanent Funds:					
Cemetery Funds	\$ 2,955	\$ 122	\$ -	\$ -	\$ 3,077
Library Funds	20,918	11,511	12,259	-	20,170
Total Permanent Funds	<u>23,873</u>	<u>11,633</u>	<u>12,259</u>	<u>-</u>	<u>23,247</u>
Total - Non-Major Governmental Funds	<u>\$ 7,541,453</u>	<u>\$ 6,335,338</u>	<u>\$ 7,765,272</u>	<u>\$ (806,565)</u>	<u>\$ 5,304,954</u>

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
 SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES AND
 DEFERRED PROPERTY TAXES AND COMMUNITY PRESERVATION SURCHARGE
 JULY 1, 2012 TO JUNE 30, 2013**

	Uncollected Taxes July 1, 2012	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2013	Uncollected Taxes Per Detail June 30, 2013
Real Estate Taxes:						
Levy of 2013	\$ -	\$ 32,364,388	\$ 137,727	\$ 31,648,744	\$ 577,917	\$ 576,826
Levy of 2012	635,596	4,024	106,445	299,687	233,488	236,882
Levy of 2011	326,779	-	96,672	124,884	105,223	105,223
Levy of 2010	94,031	-	37,006	49,476	7,549	7,549
Levy of 2009	11,622	-	6,448	5,174	-	-
Prior Years	17,016	-	11,067	(68)	6,017	6,017
	<u>1,085,044</u>	<u>32,368,412</u>	<u>395,365</u>	<u>32,127,897</u>	<u>930,194</u>	<u>932,497</u>

Personal Property Taxes:

Levy of 2013	-	727,266	1,542	720,462	5,262	5,262
Levy of 2012	9,344	-	272	4,575	4,497	4,497
Levy of 2011	10,398	-	-	6,814	3,584	3,584
Levy of 2010	9,058	-	-	7,469	1,589	1,589
Levy of 2009	3,961	-	49,691	(46,476)	746	746
Prior Years	20,014	-	1,868	556	17,590	17,590
	<u>52,775</u>	<u>727,266</u>	<u>53,373</u>	<u>693,400</u>	<u>33,268</u>	<u>33,268</u>

**Total Real Estate and Personal
Property Taxes**

\$	<u>1,137,819</u>	<u>\$ 33,095,678</u>	<u>\$ 448,738</u>	<u>\$ 32,821,297</u>	<u>\$ 963,462</u>	<u>\$ 965,765</u>
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**Non-Major Governmental Funds:
Community Preservation Surcharge:**

Levy of 2013	\$ -	\$ 214,885	\$ 1,292	\$ 211,717	\$ 1,876	\$ 1,865
Levy of 2012	4,941	38	707	2,989	1,283	1,300
Levy of 2011	1,590	-	556	376	658	658
Levy of 2010	436	-	171	224	41	36
Levy of 2009	65	-	43	16	6	8
	<u>\$ 7,032</u>	<u>\$ 214,923</u>	<u>\$ 2,769</u>	<u>\$ 215,322</u>	<u>\$ 3,864</u>	<u>\$ 3,867</u>

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE EXCISE AND BOAT EXCISE TAXES
JULY 1, 2012 TO JUNE 30, 2013**

	Uncollected Taxes July 1, 2012	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2013	Uncollected Taxes Per Detail June 30, 2013
Motor Vehicle Excise Taxes:						
Levy of 2013	\$ -	\$ 1,792,719	\$ 31,427	\$ 1,580,947	\$ 180,345	\$ 180,345
Levy of 2012	74,938	171,852	17,147	211,891	17,752	17,752
Levy of 2011	17,365	362	1,636	9,309	6,782	6,782
Levy of 2010	9,085	74	44	2,005	7,110	7,110
Levy of 2009	6,427	-	30	1,183	5,214	5,214
Prior Years	24,786	-	11	1,910	22,865	22,865
	132,601	1,965,007	50,295	1,807,245	240,068	240,068
Boat Excise Taxes:						
Levy of 2013	-	2,566	291	2,287	(12)	(12)
Levy of 2012	73	-	-	33	40	40
Levy of 2011	31	-	-	-	31	31
Levy of 2009	279	-	-	25	254	254
Prior Years	1,613	-	-	40	1,573	1,573
	1,996	2,566	291	2,385	1,886	1,886
Total Motor Vehicle Excise and Boat Excise Taxes	\$ 134,597	\$ 1,967,573	\$ 50,586	\$ 1,809,630	\$ 241,954	\$ 241,954

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF TAX LIENS
JULY 1, 2012 TO JUNE 30, 2013

Uncollected Accounts July 1, 2012	Commitments	Abate- ments and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2013	Uncollected Accounts Per Detail June 30, 2013
\$ 366,258	\$ 292,289	\$ 10,341	\$ 185,288	\$ 462,918	\$ 462,918

Tax Liens

Non-Major Governmental Funds:
Community Preservation Surcharge:

\$ 1,098	\$ 1,325	\$ -	\$ 554	\$ 1,869	\$ 1,869
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Tax Liens