

TOWN OF LONGMEADOW, MASSACHUSETTS

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

FISCAL YEAR ENDED JUNE 30, 2009

**TOWN OF LONGMEADOW, MASSACHUSETTS
TABLE OF CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-12
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Assets	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues and Expenditures - Budgetary Basis - (Non-GAAP)- Budget and Actual - General Fund	19
Reconciliation of Revenues and Expenditures from Budgetary Basis to GAAP Basis	20
Statement of Net Assets - Proprietary Funds	21
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23
Statement of Fiduciary Net Assets - Fiduciary Funds	24
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	25

SUPPLEMENTARY INFORMATION

Governmental Funds by Fund Type:

Schedule of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds	53-54
---	-------

Receivable Schedules:

Schedule of Real Estate and Personal Property Taxes and Deferred Property Taxes and Community Preservation Surcharge	55
Schedule of Motor Vehicle Excise Taxes	56
Schedule of Tax Liens	57

Independent Auditors' Report

To the Honorable Select Board
Town of Longmeadow, Massachusetts

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 Longmeadow, Massachusetts, as of and for the fiscal year ended June 30, 2009 which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Longmeadow, Massachusetts' management. 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 *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 of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Longmeadow, Massachusetts, as of June 30, 2009 and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2009, on our consideration of the Town of Longmeadow, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Longmeadow, Massachusetts, basic financial statements.

The supplementary supporting statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Town of Longmeadow, Massachusetts. Such information has been

subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management's discussion and analysis, located on the following pages, is not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Scanlon & Associates, LLC

Scanlon & Associates, LLC
December 31, 2009

Management's Discussion and Analysis

As management of the Town of Longmeadow, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2009.

Financial Highlights

- The Town's assets exceeded its liabilities by \$47,921,046 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$48,407,366 or a decrease of \$486,320.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$35,470,098 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net assets of \$1,893,071 are restricted by constraints imposed from outside the Town such as grantors, laws or regulations.
 - (3) Unrestricted net assets of \$10,557,877 represent a portion available to maintain the Town's continuing obligations to citizens and creditors.
- The Town's governmental funds reported total ending fund balance of \$10,802,179 this year. This compares to the prior year ending fund balance of \$12,080,106 showing a decrease of \$1,277,927 during the current year.
- At the end of the current fiscal year, unreserved/undesignated fund balance for the General Fund was \$1,733,771, or 3.19% of total General Fund expenditures including transfers and 3.29% of total General Fund revenues including transfers.
- Total liabilities of the Town increased by \$1,439,670 to \$19,554,250 during the fiscal year. This net change resulted from the first year recognizing the OPEB liability of \$1,269,691, an increase in bond anticipation notes of \$1,460,500, an increase in compensated absences of \$62,919, an increase in warrants payable/accrued payroll and other current liabilities of \$142,357 and a decrease in bonds payable of \$1,495,797.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of 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 assets* presents information on all assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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, sewer and solid waste 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 Longmeadow adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water, sewer and solid waste 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 Assets Highlights

	Governmental Activities		
	2009	2008	Change
Assets:			
Current assets	\$ 14,003,137	\$ 15,111,737	\$ (1,108,600)
Capital assets	43,725,972	43,198,110	527,862
Total assets	57,729,109	58,309,847	(580,738)
Liabilities:			
Current liabilities (excluding debt)	1,796,024	2,195,638	(399,614)
Noncurrent liabilities (excluding debt)	1,686,081	401,975	1,284,106
Current debt	1,446,292	1,191,292	255,000
Noncurrent debt	8,367,890	9,254,182	(886,292)
Total liabilities	13,296,287	13,043,087	253,200
Net Assets:			
Capital assets net of related debt	33,925,972	32,768,110	1,157,862
Restricted	1,440,041	5,590,292	(4,150,251)
Unrestricted	9,066,809	6,908,358	2,158,451
Total net assets	44,432,822	45,266,760	(833,938)

	Business-Type Activities		
	2009	2008	Change
Assets:			
Current assets	\$ 3,735,875	\$ 3,020,369	\$ 715,506
Capital assets	6,010,312	5,191,730	818,582
Total assets	9,746,187	8,212,099	1,534,088
Liabilities:			
Current liabilities (excluding debt)	804,889	250,336	554,553
Noncurrent liabilities (excluding debt)	52,555	16,633	35,922
Current debt	1,193,328	304,505	888,823
Noncurrent debt	4,207,191	4,500,019	(292,828)
Total liabilities	6,257,963	5,071,493	1,186,470
Net Assets:			
Capital assets net of related debt	1,544,126	387,206	1,156,920
Restricted	453,030	1,085,459	(632,429)
Unrestricted	1,491,068	1,667,941	(176,873)
Total net assets	3,488,224	3,140,606	347,618

Financial Highlights

Statement of Activities Highlights

	Governmental Activities		
	2009	2008	Change
Program Revenues:			
Charges for services	\$ 3,964,606	\$ 4,658,527	\$ (693,921)
Operating grants and contributions	14,277,281	13,841,885	435,396
Capital grants and contributions	682,291	505,234	177,057
General Revenues:			
Property taxes	37,197,920	36,170,589	1,027,331
Motor vehicle excise and other taxes	2,015,181	2,167,766	(152,585)
Penalties and interest on taxes	116,149	163,060	(46,911)
Nonrestricted grants	1,605,144	1,777,493	(172,349)
Unrestricted investment income	311,403	662,942	(351,539)
Miscellaneous	2,914	3,201	(287)
Total revenues	60,172,889	59,950,697	222,192
Expenses:			
General government	1,750,753	1,618,481	132,272
Public safety	4,500,999	4,436,197	64,802
Public works	3,743,995	3,305,814	438,181
Education	34,211,509	32,963,938	1,247,571
Health and human services	384,660	376,676	7,984
Culture and recreation	2,168,152	2,571,396	(403,244)
Employee benefits and insurance	13,050,314	12,144,582	905,732
State assessments	140,156	149,529	(9,373)
Interest	405,436	445,777	(40,341)
Total expenses	60,355,974	58,012,390	2,343,584
Transfers	(650,853)	68,270	(719,123)
Change in net assets	(833,938)	2,006,577	(2,840,515)
Net assets - beginning of year	45,266,760	43,260,183	2,006,577
Net assets - end of year	\$ 44,432,822	\$ 45,266,760	\$ (833,938)

	Business-Type Activities		
	2009	2008	Change
Program Revenues:			
Charges for services - water	\$ 1,445,258	\$ 1,780,083	\$ (334,825)
Charges for services - sewer	1,858,666	1,413,878	444,788
Charges for services - solid waste	299,079	-	299,079
Operating grants and contributions - water	20,280	-	20,280
Operating grants and contributions - sewer	22,519	-	22,519
Total revenues	3,645,802	3,193,961	451,841
Expenses:			
Water	1,343,667	1,517,901	(174,234)
Sewer	1,577,192	1,594,417	(17,225)
Solid waste	1,028,178	-	1,028,178
Total expenses	3,949,037	3,112,318	836,719
Transfers	650,853	(68,270)	719,123
Change in net assets	347,618	13,373	334,245
Net assets - beginning of year	3,140,606	3,127,233	13,373
Net assets - end of year	\$ 3,488,224	\$ 3,140,606	\$ 347,618

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$47,921,046 at the close of FY 2009.

Net assets of \$35,470,098 (74%) 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 assets \$1,893,071 (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$10,557,877 (22%) 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 all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The governmental activities net assets decreased by \$833,938 during the current fiscal year, which reflects the general fund's results of operation. This was mainly attributed to expenditures exceeding revenues by \$183,085 and net transfers to the business-type funds for \$650,853.

There was an increase of \$347,618 in net assets reported in the business-type activities. Of this, there was an increase of \$90,735 attributed to the water department, an increase of \$269,993 attributed to the sewer department and a decrease of \$13,110 attributed to the solid waste 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, *unreserved 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 \$10,802,179. Of this year-end total, \$1,733,771 is the undesignated general fund balance, indicating availability for continuing Town service requirements. Reserved and designated fund balances include \$464,935 committed to liquidate encumbrances and carried forward articles remaining from the prior year; \$2,254,913 in funds reserved for the payment of debt; \$1,017,774 in funds designated for fiscal year 2010, \$5,601,861 in special revenue funds; \$(353,534) in capital projects funds; and \$82,459 in permanent funds.

The total ending fund balances of the governmental funds shows a decrease of \$1,277,927 in comparison with the prior year. This decrease was due to expenditures exceeding revenues by \$627,074 and net transfers out of \$650,853 to the business-type activities.

Major Governmental Funds

The *General Fund* is the Town's primary operating fund and the largest source of day-to-day operations. At the end of the current fiscal year, unreserved/undesignated fund balance of the general fund was \$1,733,771, while total fund balance reached \$5,471,393. As a measure of the general fund's liquidity, it may be useful to compare both unreserved/undesignated fund balance and total fund balance to total fund expenditures and revenues and transfers. Unreserved/undesignated fund balance represents 3.19% of total general fund expenditures including transfers and total fund balance represents 10.06% of that same amount. Unreserved/undesignated fund balance represents 3.29% of total general fund revenues including transfers and total fund balance represents 10.37% of that same amount.

The fund balance of the general fund decreased by \$1,598,671. Of this amount \$1,764,333 was attributed to the expenditures over revenues, \$33,286 of net transfers to the stabilization fund, \$849,801 from the nonmajor governmental funds and \$650,853 to the business-type funds.

The *Stabilization Fund* has accumulated a fund balance of \$2,320,207, or 4.27% of total general fund expenditures including transfers and 4.40% of total general fund revenues

including transfers. These funds can be used for general or capital purposes upon Town meeting approval.

The fund balance of the stabilization fund increased by \$119,900. Of this amount \$86,614 was attributed to interest income and net transfers from the general fund of \$33,286. Please refer to Note 3G for additional information.

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 \$90,735 attributed to operational revenues exceeding current operational costs by \$124,740, interest income of \$20,280, interest expense of \$23,149 and net transfers out to the general fund for \$31,136.

The *Sewer Fund* is the financing and operations of the Town's sewer system. The sewer fund shows an increase of \$269,993 attributed to operational revenues exceeding operational expenditures by \$371,273, interest income of \$22,519, interest expense of \$89,799 and net transfers out to the general fund for \$34,000.

The *Solid Waste Fund* is the financing and operations of the Town's solid waste operations. The solid waste fund shows a decrease of \$13,110 attributed to operational expenditures exceeding revenues by \$729,099 and net transfers in from the general fund for \$715,989.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2009 was \$49,234,887. This was a decrease of \$188,595 from the previous year's budget.

There was an increase of \$288,361 between the original budget and the final amended budget. The increase is attributed to numerous votes from the Town amending specific expenditure line items of the final budget. Major amendments included funding the snow and ice deficit for \$140,000 and special education costs for \$138,119,

Of the \$1,793,170 in under budget expenditures \$464,935 has been carried over to fiscal year 2009.

There are negative variances in state receipts, excise and other taxes, interest on taxes and interest on investments of \$646,866, \$105,977, \$39,240 and \$182,211, respectively. The negative variance in state receipts is the result of a reduction in state aid as announced by the Commonwealth as a result of the condition of the state budget. The Commonwealth replaced a portion of these funds with the American Recovery and Reinvestment Act (ARRA). The negative variance in excise and other taxes is the result of a decline in vehicle sales and an increase in vehicle age. The negative variance in interest on taxes was attributed to payments being made on a more timely basis. The negative variance in interest on investments was attributed to a drop in interest rates.

A negative variance of \$16,177 exists in state assessments. This was attributed to expenditures exceeding the amount estimated for the charter school assessment of \$13,413, the school choice assessment of \$2,184 and the RMV non-renewal surcharge assessment of \$580.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2009 amounts to \$43,725,972 and \$6,010,312, respectively.

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

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

- The purchase of three police vehicles for \$64,442.
- Foreclosure properties for \$49,141.
- Town community house rehab for \$197,320.
- Defibulator for \$19,560.
- Fire department communication system for \$306,850.
- Two department of public works vehicles for \$177,209.
- Road, street and sidewalks improvements for \$586,370.
- Various school improvements for \$461,173.
- Greenwood Center roof and carpet for \$273,470.
- Various park pools for \$232,300.
- Greenwood Center council on aging patio for \$15,000.

The major capital events during the current fiscal year in the water business-type activity fund included the following:

- Water mains for \$76,840.
- Water tank work for \$316,045.
- A loader for \$42,000.
- Map scanner for \$5,524.

The major capital events during the current fiscal year in the sewer business-type activity fund included the following:

- Sewer vehicles for \$296,758.
- Wheelmeadow Brook interceptor for \$229,655.
- Map scanner for \$5,524.

Debt Administration. The Town's outstanding governmental debt as of June 30, 2009 totaled \$9,254,182 consisting of \$9,240,000 in school related debt and \$14,182 for debt related to the Town's septic system repair program.

The Town's outstanding business-type debt as of June 30, 2009 totaled \$4,500,019 consisting of water debt for \$663,000 and sewer debt for \$3,837,019.

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

Requests for Information

This financial report is designed to provide a general overview of the Town of 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 Finance Director, Longmeadow Street, Longmeadow, Massachusetts.

BASIC FINANCIAL STATEMENTS

**TOWN OF LONGMEADOW, MASSACHUSETTS
STATEMENT OF NET ASSETS
JUNE 30, 2009**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 8,848,396	\$ 3,317,182	\$ 12,165,578
Investments	3,649,916	-	3,649,916
Receivables, net of allowance for uncollectibles:			
Property Taxes	427,696	-	427,696
Deferred Property Taxes	18,807	-	18,807
Tax Liens	68,857	-	68,857
Excise Taxes	46,462	-	46,462
Departmental	141,376	-	141,376
User Charges	-	418,693	418,693
Special Assessments	35,682	-	35,682
Due from Other Governments	756,211	-	756,211
Prepaid Expenses	9,734	-	9,734
Total current assets	<u>14,003,137</u>	<u>3,735,875</u>	<u>17,739,012</u>
NONCURRENT:			
Capital Assets, net of accumulated Depreciation:			
Nondepreciable	11,401,760	1,141,871	12,543,631
Depreciable	32,324,212	4,868,441	37,192,653
Total noncurrent assets	<u>43,725,972</u>	<u>6,010,312</u>	<u>49,736,284</u>
Total Assets	<u><u>57,729,109</u></u>	<u><u>9,746,187</u></u>	<u><u>67,475,296</u></u>
LIABILITIES			
Warrants and Accounts Payable	953,567	722,595	1,676,162
Accrued Payroll	642,771	40,479	683,250
Tax Refund Payable	74,500	-	74,500
Accrued Interest	15,601	34,165	49,766
Compensated Absences	109,585	7,650	117,235
Bond Anticipation Notes Payable	560,000	900,500	1,460,500
Bonds Payable	886,292	292,828	1,179,120
Total current liabilities	<u>3,242,316</u>	<u>1,998,217</u>	<u>5,240,533</u>
NONCURRENT:			
Compensated Absences	438,345	30,600	468,945
OPEB Obligation Payable	1,247,736	21,955	1,269,691
Bonds Payable	8,367,890	4,207,191	12,575,081
Total noncurrent liabilities	<u>10,053,971</u>	<u>4,259,746</u>	<u>14,313,717</u>
Total Liabilities	<u><u>13,296,287</u></u>	<u><u>6,257,963</u></u>	<u><u>19,554,250</u></u>
NET ASSETS:			
Invested in Capital Assets, net of related debt	33,925,972	1,544,126	35,470,098
Restricted for:			
Capital Projects	206,466	453,030	659,496
Federal & State Grants	779,111	-	779,111
Permanent Funds:			
Expendable	82,459	-	82,459
Other Purposes	372,005	-	372,005
Unrestricted	9,066,809	1,491,068	10,557,877
Total Net Assets	<u><u>\$ 44,432,822</u></u>	<u><u>\$ 3,488,224</u></u>	<u><u>\$ 47,921,046</u></u>

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

**TOWN OF LONGMEADOW, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 1,750,753	\$ 195,547	\$ 225,288	\$ -	\$ (1,329,918)	\$ -	\$ (1,329,918)
Public Safety	4,500,999	869,121	184,090	-	(3,447,788)	-	(3,447,788)
Public Works	3,743,995	21,065	67,417	682,291	(2,973,222)	-	(2,973,222)
Education	34,211,509	1,530,723	7,469,211	-	(25,211,575)	-	(25,211,575)
Health and Human Services	384,660	39,967	125,653	-	(219,040)	-	(219,040)
Culture and Recreation	2,168,152	1,308,183	47,498	-	(812,471)	-	(812,471)
Employee Benefits and Insurance	13,050,314	-	6,157,318	-	(6,892,996)	-	(6,892,996)
State Assessments	140,156	-	-	-	(140,156)	-	(140,156)
Interest	405,436	-	806	-	(404,630)	-	(404,630)
Total Governmental Activities	60,355,974	3,964,606	14,277,281	682,291	(41,431,796)	-	(41,431,796)
Business-Type Activities:							
Water	1,343,667	1,445,258	20,280	-	-	121,871	121,871
Sewer	1,577,192	1,858,666	22,519	-	-	303,993	303,993
Solid Waste	1,028,178	299,079	-	-	-	(729,099)	(729,099)
Total Primary Government	\$ 64,305,011	\$ 7,567,609	\$ 14,320,080	\$ 682,291	(41,431,796)	(303,235)	(41,735,031)
General Revenues:							
Property taxes					37,197,920	-	37,197,920
Motor vehicle excise and other taxes					2,015,181	-	2,015,181
Penalties and interest on taxes					116,149	-	116,149
Grants and contributions not restricted to specific programs					1,605,144	-	1,605,144
Unrestricted investment income					311,403	-	311,403
Miscellaneous					2,914	-	2,914
Transfers, net					(650,853)	650,853	-
Total General Revenues and Transfers					40,597,858	650,853	41,248,711
Change in Net Assets					(833,938)	347,618	(486,320)
Net Assets:							
Beginning of year					45,266,760	3,140,606	48,407,366
End of year					\$ 44,432,822	\$ 3,488,224	\$ 47,921,046

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

**TOWN OF LONGMEADOW, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2009**

	General Fund	Stabilization Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 6,409,377	\$ 87,444	\$ 2,351,575	\$ 8,848,396
Investments	246,326	2,232,763	1,170,827	3,649,916
Receivables, net of allowance for uncollectibles:				
Property Taxes	425,494	-	2,202	427,696
Deferred Property Taxes	18,807	-	-	18,807
Tax Liens	68,621	-	236	68,857
Excise Taxes	46,462	-	-	46,462
Departmental	11,055	-	130,321	141,376
Special Assessments	22,906	-	12,776	35,682
Due from Other Governments	-	-	756,211	756,211
Prepaid Expenses	9,734	-	-	9,734
Total Assets	\$ 7,258,782	\$ 2,320,207	\$ 4,424,148	\$ 14,003,137
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Warrants Payable	\$ 705,182	\$ -	\$ 248,385	\$ 953,567
Accrued Payroll	577,480	-	65,291	642,771
Tax Refund Payable	74,500	-	-	74,500
Deferred Revenue:				
Property Taxes	262,376	-	2,202	264,578
Other	167,851	-	537,691	705,542
Bond Anticipation Notes Payable	-	-	560,000	560,000
Total Liabilities	1,787,389	-	1,413,569	3,200,958
Fund Balance:				
Reserved For:				
Encumbrances and continuing appropriations	464,935	-	-	464,935
Payment of Debt	2,254,913	-	-	2,254,913
Unreserved:				
Designated for Subsequent Year's Expenditures	1,017,774	-	-	1,017,774
Undesignated, reported in:				
General Fund	1,733,771	-	-	1,733,771
Special Revenue	-	2,320,207	3,281,654	5,601,861
Capital Projects	-	-	(353,534)	(353,534)
Permanent Funds	-	-	82,459	82,459
Total Fund Balance	5,471,393	2,320,207	3,010,579	10,802,179
Total Liabilities and Fund Balance	\$ 7,258,782	\$ 2,320,207	\$ 4,424,148	\$ 14,003,137

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

TOWN OF LONGMEADOW, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Stabilization Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 36,955,332	\$ -	\$ 268,777	\$ 37,224,109
State Receipts	5,693,588	-	-	5,693,588
Excise and Other Taxes	2,069,023	-	-	2,069,023
Licenses, Permits, Fees	618,892	-	-	618,892
Interest on Taxes	115,760	-	389	116,149
Interest on Investments	224,789	86,614	59,417	370,820
Intergovernmental - "On-behalf" Payments	6,143,540	-	-	6,143,540
Grants and Fees	-	-	14,428,404	14,428,404
Total Revenues	51,820,924	86,614	14,756,987	66,664,525
Expenditures:				
Current:				
General Government	1,818,678	-	155,744	1,974,422
Public Safety	4,470,049	-	172,269	4,642,318
Public Works	3,543,540	-	616,049	4,159,589
Education	28,212,027	-	5,311,498	33,523,525
Health and Human Services	242,707	-	139,559	382,266
Culture and Recreation	1,349,977	-	1,210,372	2,560,349
Employee Benefits and Insurance	12,210,270	-	6,098,753	18,309,023
State Assessments	140,156	-	-	140,156
Debt Service:				
Principal	1,190,000	-	1,292	1,191,292
Interest	407,853	-	806	408,659
Total Expenditures	53,585,257	-	13,706,342	67,291,599
Excess of Revenues Over (Under) Expenditures	(1,764,333)	86,614	1,050,645	(627,074)
Other Financing Sources (Uses):				
Operating Transfers In	955,561	123,275	15,771	1,094,607
Operating Transfers Out	(789,899)	(89,989)	(865,572)	(1,745,460)
Total Other Financing Sources (Uses)	165,662	33,286	(849,801)	(650,853)
Net Change in Fund Balances	(1,598,671)	119,900	200,844	(1,277,927)
Fund Balances, Beginning of Year	7,070,064	2,200,307	2,809,735	12,080,106
Fund Balances, End of Year	\$ 5,471,393	\$ 2,320,207	\$ 3,010,579	\$ 10,802,179

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

TOWN OF LONGMEADOW, MASSACHUSETTS
Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Assets
For the Year Ended June 30, 2009

Total Governmental Fund Balances		\$	10,802,179
Capital Assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds			43,725,972
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis			970,120
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:			
Bonds and Notes Payable	\$	(9,254,182)	
Other Post Employment Benefits Payable		(1,247,736)	
Compensated Absences		<u>(547,930)</u>	(11,049,848)
In statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds interest is not reported until due			<u>(15,601)</u>
Net Assets of Governmental Activities		\$	<u>44,432,822</u>

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

TOWN OF 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, 2009

Net Change in Fund Balances - Total Governmental Funds \$ (1,277,927)

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 reported as depreciation expense:

Capital Outlay Purchases	\$ 2,382,834	
Depreciation	<u>(1,854,972)</u>	527,862

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 14,809

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 assets:

Repayment of Debt Principal		1,191,292
-----------------------------	--	-----------

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	(45,461)	
Net Change in Other Post Employment Benefits	(1,247,736)	
Net Change in Accrued Interest on Long-Term Debt	<u>3,223</u>	<u>(1,289,974)</u>

Change in Net Assets of Governmental Activities \$ (833,938)

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

**TOWN OF LONGMEADOW, MASSACHUSETTS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGETARY BASIS - (NON-GAAP) -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Amounts	Variance with
	Original Budget	Final Budget	Budgetary Basis	Carried Forward to Next Year	Final Budget Positive (Negative)
Revenues:					
Property Taxes	\$ 37,451,595	\$ 36,928,186	\$ 36,997,331	\$ -	\$ 69,145
State Receipts	6,340,454	6,340,454	5,693,588	-	(646,866)
Excise and Other Taxes	2,175,000	2,175,000	2,069,023	-	(105,977)
Licenses, Permits, Fees	592,000	592,000	618,892	-	26,892
Interest on Taxes	155,000	155,000	115,760	-	(39,240)
Interest on Investments	407,000	407,000	224,789	-	(182,211)
Total Revenues	47,121,049	46,597,640	45,719,383	-	(878,257)
Expenditures:					
Current:					
General Government	2,097,483	2,099,937	1,818,678	128,841	152,418
Public Safety	4,604,949	4,638,304	4,470,049	28,861	139,394
Public Works	3,618,187	3,767,811	3,543,540	193,998	30,273
Education	28,721,240	28,823,088	28,212,027	61,107	549,954
Health and Human Services	242,155	244,855	242,707	111	2,037
Culture and Recreation	1,363,441	1,403,864	1,349,977	52,017	1,870
Employee Benefits and Insurance	6,582,677	6,507,834	6,066,730	-	441,104
State Assessments	123,979	123,979	140,156	-	(16,177)
Debt Service:					
Principal	1,190,000	1,190,000	1,190,000	-	-
Interest	402,415	435,215	407,853	-	27,362
Total Expenditures	48,946,526	49,234,887	47,441,717	464,935	1,328,235
Excess of Revenues Over (Under) Expenditures	(1,825,477)	(2,637,247)	(1,722,334)	(464,935)	449,978
Other Financing Sources (Uses):					
Operating Transfers In (Out)	161,386	132,329	165,662	-	33,333
Total Other Financing Sources (Uses)	161,386	132,329	165,662	-	33,333
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(1,664,091)	(2,504,918)	(1,556,672)	(464,935)	483,311
Budgetary Fund Balance - Beginning of Year	6,939,450	6,939,450	6,939,450	-	-
Budgetary Fund Balance - End of Year	\$ 5,275,359	\$ 4,434,532	\$ 5,382,778	\$ (464,935)	\$ 483,311

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

TOWN OF LONGMEADOW, MASSACHUSETTS
Reconciliation of Revenues and Expenditures
from Budgetary Basis to GAAP Basis
For the Year Ended June 30, 2009

	<u>Revenues</u>	<u>Expenditures</u>
Reported on a Budgetary Basis	\$ 45,719,383	\$ 47,441,717
Net Decrease in Revenue from Recording Refund Taxes Payable	(45,400)	-
Recognition of intergovernmental Revenue - "on behalf payments"	6,143,540	-
Recognition of Expenditures - "on behalf payments"	-	6,143,540
Net Increase in Revenue from Recording 60-Day Receipts	3,401	-
Reported on a GAAP Basis	<u>\$ 51,820,924</u>	<u>\$ 53,585,257</u>

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

**TOWN OF LONGMEADOW, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2009**

	Business-Type Activities Enterprise Funds			Total
	Water Fund	Sewer Fund	Solid Waste	
ASSETS				
CURRENT:				
Cash and Cash Equivalents	\$ 1,511,625	\$ 1,736,779	\$ 68,778	\$ 3,317,182
User Charges, net of Allowance for Uncollectibles	182,803	235,890	-	418,693
Total current assets	<u>1,694,428</u>	<u>1,972,669</u>	<u>68,778</u>	<u>3,735,875</u>
NONCURRENT:				
Capital Assets, net of Accumulated Depreciation				
Nondepreciable	1,141,871	-	-	1,141,871
Depreciable	355,320	4,513,121	-	4,868,441
Total noncurrent assets	<u>1,497,191</u>	<u>4,513,121</u>	<u>-</u>	<u>6,010,312</u>
Total Assets	<u>3,191,619</u>	<u>6,485,790</u>	<u>68,778</u>	<u>9,746,187</u>
LIABILITIES				
CURRENT:				
Warrants and Accounts Payable	448,370	197,080	77,145	722,595
Accrued Payroll	19,336	17,200	3,943	40,479
Accrued Interest	375	33,790	-	34,165
Compensated Absences	4,105	3,385	160	7,650
Bond Anticipation Notes Payable	203,000	697,500	-	900,500
Bonds Payable	82,875	209,953	-	292,828
Total current liabilities	<u>758,061</u>	<u>1,158,908</u>	<u>81,248</u>	<u>1,998,217</u>
NONCURRENT:				
Compensated Absences	16,419	13,541	640	30,600
OPEB Obligation Payable	11,894	10,061	-	21,955
Bonds Payable	580,125	3,627,066	-	4,207,191
Total noncurrent liabilities	<u>608,438</u>	<u>3,650,668</u>	<u>640</u>	<u>4,259,746</u>
Total Liabilities	<u>1,366,499</u>	<u>4,809,576</u>	<u>81,888</u>	<u>6,257,963</u>
NET ASSETS:				
Invested in Capital Assets, net of related debt	936,081	608,045	-	1,544,126
Restricted for Capital	275,129	177,901	-	453,030
Unrestricted	613,910	890,268	(13,110)	1,491,068
Total Net Assets	<u>\$ 1,825,120</u>	<u>\$ 1,676,214</u>	<u>\$ (13,110)</u>	<u>\$ 3,488,224</u>

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

**TOWN OF LONGMEADOW, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2009**

	Business-Type Activities Enterprise Funds			
	Water Fund	Sewer Fund	Solid Waste	Total
Operating Revenues:				
Charges for Services	\$ 1,445,258	\$ 1,858,666	\$ 299,079	\$ 3,603,003
Total Operating Revenues	<u>1,445,258</u>	<u>1,858,666</u>	<u>299,079</u>	<u>3,603,003</u>
Operating Expenses:				
Salaries and Wages	369,410	325,129	48,898	743,437
Operating Expenses	902,639	1,056,968	979,280	2,938,887
Depreciation	48,469	105,296	-	153,765
Total Operating Expenses	<u>1,320,518</u>	<u>1,487,393</u>	<u>1,028,178</u>	<u>3,836,089</u>
Operating Income (Loss)	<u>124,740</u>	<u>371,273</u>	<u>(729,099)</u>	<u>(233,086)</u>
Non-Operating Revenues (Expenses):				
Interest Income	20,280	22,519	-	42,799
Interest Expense	(23,149)	(89,799)	-	(112,948)
Total Operating Expenses	<u>(2,869)</u>	<u>(67,280)</u>	<u>-</u>	<u>(70,149)</u>
Income (Loss) Before Operating Transfers	<u>121,871</u>	<u>303,993</u>	<u>(729,099)</u>	<u>(303,235)</u>
Operating Transfers:				
Transfers (Out)	(31,136)	(34,000)	715,989	650,853
Total Operating Transfers	<u>(31,136)</u>	<u>(34,000)</u>	<u>715,989</u>	<u>650,853</u>
Change in Net Assets	<u>90,735</u>	<u>269,993</u>	<u>(13,110)</u>	<u>347,618</u>
Net Assets at Beginning of Year	<u>1,734,385</u>	<u>1,406,221</u>	<u>-</u>	<u>3,140,606</u>
Net Assets at End of Year	<u>\$ 1,825,120</u>	<u>\$ 1,676,214</u>	<u>\$ (13,110)</u>	<u>\$ 3,488,224</u>

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

**TOWN OF LONGMEADOW, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009**

	Business-Type Activities Enterprise Fund			
	Water Fund	Sewer Fund	Solid Waste	Total
Cash Flows From Operating Activities:				
Receipts from Customers and Users	\$ 1,456,379	\$ 1,819,485	\$ 299,079	\$ 3,574,943
Payments to Vendors	(612,433)	(1,008,951)	(902,135)	(2,523,519)
Payments to Employees	(358,631)	(314,954)	(44,155)	(717,740)
Net Cash Provided by (Used for) Operating Activities	485,315	495,580	(647,211)	333,684
Cash Flows from Noncapital Financing Activities:				
Transfers from (to) Other Funds	(31,136)	(34,000)	715,989	650,853
Net Cash Provided by (Used for) Noncapital Financing Activities	(31,136)	(34,000)	715,989	650,853
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(144,833)	(531,938)	-	(676,771)
Proceeds from the Issuance of Bonds and Notes	203,000	697,500	-	900,500
Intergovernmental - WPAT Project Drawdowns	-	331,476	-	331,476
Principal Payments on Bonds and Notes	(100,000)	(204,505)	-	(304,505)
Interest expense	(23,055)	(90,865)	-	(113,920)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(64,888)	201,668	-	136,780
Cash Flows from Investing Activities:				
Investment Income	20,280	22,519	-	42,799
Net Cash Provided by (Used for) Investing Activities	20,280	22,519	-	42,799
Net Increase (Decrease) in Cash and Cash Equivalents	409,571	685,767	68,778	1,164,116
Cash and Cash Equivalents at Beginning of Year	1,102,054	1,051,012	-	2,153,066
Cash and Cash Equivalents at End of Year	\$ 1,511,625	\$ 1,736,779	\$ 68,778	\$ 3,317,182

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

Operating Income (Loss)	\$ 124,740	\$ 371,273	\$ (729,099)	\$ (233,086)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	48,469	105,296	-	153,765
Change in Assets and Liabilities:				
Increase (Decrease) in Warrants and Accounts Payable	(12,858)	37,956	77,145	102,243
Increase (Decrease) in Accrued Payroll	1,324	2,972	3,943	8,239
Increase (Decrease) in Compensated Absences	9,455	7,203	800	17,458
Increase (Decrease) in OPEB Obligation Payable	11,894	10,061	-	21,955
Decrease (Increase) in User Charges Receivable	11,121	(39,181)	-	(28,060)
Decrease (Increase) in Due From Other Governments	291,170	-	-	291,170
Total Adjustments	360,575	124,307	81,888	566,770
Net Cash Provided by (Used for) Operating Activities	\$ 485,315	\$ 495,580	\$ (647,211)	\$ 333,684

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

**TOWN OF LONGMEADOW, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2009**

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 290,872
Cash In Custody of Trustees	36,208	-
Investments	17,429	-
Total Assets	53,637	290,872
LIABILITIES		
Warrants Payable	300	-
Escrows & Deposits	-	400
Due to Student Groups	-	290,472
Total Liabilities	300	290,872
NET ASSETS		
Held in Trust for Other Purposes	\$ 53,337	\$ -

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

**TOWN OF LONGMEADOW, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

	Private Purpose Trust Funds
Additions	
Contributions:	
Private Donations	\$ 273
Total Contributions	273
Investment Income:	
Interest	1,054
Total Investment Income	1,054
Total Additions	1,327
Deductions:	
Educational Scholarships	7,095
Total Deductions	7,095
Change in Net Assets	(5,768)
Net Assets at Beginning of Year	59,105
Net Assets at End of Year	\$ 53,337

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

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Longmeadow, Massachusetts (the Town) was incorporated in 1783 under the laws of the Commonwealth of Massachusetts. The Town is governed by an elected five member Select Board.

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 2009, it was determined that no entities met the required GASB-14 criteria for component units.

The Town is responsible for electing the governing board and/or committee members of the 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:

Longmeadow Housing Authority - A public housing agency that provides housing assistance to eligible and qualified low and moderate income elderly, handicap and families. 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.

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (e.g., statement of net assets 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,

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

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*.

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

Fiduciary funds are reported by fund type.

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

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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The government reports the following major governmental funds:

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

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 *stabilization fund* is a special revenue fund used to account for the accumulation of resources to provide general and/or capital reserves, and planning and development's ongoing and future operations.

The government reports the following major proprietary funds:

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

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

The *solid waste fund* is used to account for the solid waste and recycling activities.

Additionally, the government reports the following fund types:

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

The *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 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 funds 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.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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 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.

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

F. Receivables

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

Property Taxes, Deferred Property Taxes and Tax Liens

Property taxes are based on assessments as of January 1, 2008 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The Town has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the Town sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever is later. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The Town mailed preliminary tax bills for the fiscal year 2009 on June 27, 2008, that were due on August 1, 2008 and November 3, 2008 and actual bills on December 31, 2008 that were due on February 2, 2009 and May 1, 2009.

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 2009 is \$37,107,514 consisting of a base of \$35,865,410 and a debt exclusion of \$1,242,104. The total amount raised by taxation was \$37,103,554.

Excise Taxes

Excise taxes consist of motor vehicle excise. Excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair value of those vehicles.

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

The tax calculation is the fair value of the vehicle multiplied by the \$25 per \$1,000 of value.

The allowance for uncollectibles 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 and 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 ambulance, health claims, and off-duty details.

The allowance for uncollectibles relate to ambulance bills and are based upon historical trends. The other departmental receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

Special Assessments

Special assessments in the governmental funds consists of the street, sidewalk, sewer and septic repair program 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

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

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 \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

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

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

H. Interfund Transfers

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

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

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

I. Deferred 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 Assets and Fund Equity

Net assets are reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net assets have been "restricted for" the following:

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

“Capital projects” represents amounts restricted for capital purposes.

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

“Permanent funds – expendable” 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.

Fund balances are reserved for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designations of fund balances represent tentative management plans that are subject to change. Fund balances have been “reserved for” the following:

“Encumbrances and continuing appropriations” represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.

“Payment of debt” represents school building assistance funds that were received to be reserved for future years’ debt service on the schools.

“Designated for subsequent years’ expenditures” represents the amount of fund balance appropriated to be used for expenditures in the subsequent year’s budget. The Town includes the following in the reserve:

Major Fund:	
General Fund -	
Undesignated fund balance (free cash)	\$ 661,250
Payment of debt	356,524
	<u>1,017,774</u>

K. Long-term Debt

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

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

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

provided for a maximum of 100 days or 800 hours depending on the union contract and a maximum dollar amount of \$1,000 through \$3,000 based upon their weekly salary. 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% share of insurance premiums in the general fund in the fiscal year paid. For the fiscal year ending June 30, 2009, the expense/expenditure totaled approximately \$1,543,421. There were approximately 396 participants eligible to received benefits at June 30, 2009.

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.

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

- Within a time fixed by by-law before the start of the fiscal year, the town manager shall submit to the select board a total town proposed budget for the next fiscal year with an accompanying budget message and supporting documents.
- Upon the adoption of the proposed budget by the select board, the town manager shall forward the proposed budget to the finance committee.
- The town manager shall simultaneously submit a general summary of the

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

- proposed budget to a local newspaper of general circulation in Longmeadow and other media forms of communications including the town web site.
- The finance committee shall consider in public meetings the detailed expenditures for each town agency as proposed by the town manager and select board and may confer with representatives of any agency in connection with such considerations.
 - After the public hearings on the proposed budget, the finance committee shall file a report of its recommendations with the select board and the town clerk in sufficient time to be included in the warrant.
 - The budget is legally enacted by vote at the annual Town meeting.

Massachusetts law requires cities and towns to provide for 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 2009, the Town incurred a final budget deficit of \$2,504,918 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 votes	\$ 840,828
Reserved for debt	382,111
Prior year's encumbrances	1,281,979
	\$ 2,504,918

B. Deficit Fund Equity

The following funds had deficits at June 30, 2009 as measured by the balances of unreserved fund balance.

- The school lunch program account has a deficit of \$1,849. The deficit will be eliminated upon the future receipts of funds.
- The police off duty account has a deficit of \$13,059. The deficit will be eliminated upon the future receipts of funds.
- The Center School refinancing fund has a deficit of \$2,084. The deficit will be eliminated upon the allocation of additional funds.

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

- The Greenwood Center roof replacement fund has a deficit of \$233,593. The deficit will be eliminated upon the issuance of permanent debt.
- The Longmeadow High School feasibility study fund has a deficit of \$26,346. The deficit will be eliminated upon the issuance of permanent debt.
- The Longmeadow High School roof replacement fund has a deficit of \$91,561. The deficit will be eliminated upon the issuance of permanent debt.

3. DETAILED NOTES

A. Cash, Investments and Cash in Custody of Others

State and local statutes place certain limitations on the nature of deposits and investments to the Town. Deposits, including demand deposits, money market and certificates of deposit in any one financial institution, may not exceed certain levels unless collateralized by the financial institution involved. Generally, the treasurer of the Town is authorized to invest in the following investments: national banks, savings banks or banking companies, obligations issued or unconditionally guaranteed by the United States government or agency thereof and having a maturity from date of purchase of one year or less, with certain other limitations, or units in the Commonwealth Treasurer's Investment Pool. The pool is administered by the Massachusetts Municipal Depository Trust, (MMDT), which was established by the Treasurer of the Commonwealth who serves as trustee. The fair value of the position in the pool is the same as the value of the pool shares. The Town policy is to follow the state statutes.

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, 2009 were \$12,562,167. Of these, \$628,926 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 notes proceeds in term deposits and certificate of deposits 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.

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

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, 2009, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 to 5
Debt Securities:			
U. S. government agencies	\$ 2,390,707	\$ 177,703	\$ 2,213,004
Corporate bonds	201,791	-	201,791
Money market mutual fund	98,697	98,697	-
Bond mutual fund	91,404	91,404	-
	<u>2,782,599</u>	<u>276,400</u>	<u>2,414,795</u>
Other Investments:			
MMDT	232,824		
Certificates of deposit	651,922		
	<u>\$ 3,667,345</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 \$3,667,345 in investments none 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.

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, 2009 is as follows:

Related Debt Instruments	Fair Value	Moody's Quality Ratings		
		Aaa	Aa2	Not Rated
Debt Securities:				
U. S. government agencies	\$ 2,390,707	\$ 2,390,707	\$ -	\$ -
Corporate bonds	201,791	-	201,791	-
Money market mutual fund	98,697	-	-	98,697
Bond mutual fund	91,404	-	-	91,404
	<u>\$ 2,782,599</u>	<u>\$ 2,390,707</u>	<u>\$ 201,791</u>	<u>\$ 190,101</u>

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in one issuer. More than 5 percent of the Town's investments are Federal Home Loan Mortgage Company, Government National Mortgage Association, Federal Home Loan Bank and a corporate bond amounting to 13.59%, 25.91%, 22.96% and 5.50%, respectively, of the Town's total investments.

Cash in Custody of Trustees

Cash in custody of trustees consists of bank accounts that are currently held by trustees and are not currently in the custody of the Town Treasurer. The accounts consist of the following:

William Goldthwait Trustees:	
William Goldthwait Fund	<u>\$ 36,208</u>

B. Receivables

At June 30, 2009, receivables for the individual major governmental funds, non-major governmental funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 430,952	\$ (3,256)	\$ 427,696
Deferred property taxes	18,807	-	18,807
Tax liens	68,857	-	68,857
Excise taxes	71,462	(25,000)	46,462
Departmental	268,339	(126,963)	141,376
Special assessments	35,682	-	35,682
Due from other governments	756,211	-	756,211
	<u>\$ 1,650,310</u>	<u>\$ (155,219)</u>	<u>\$ 1,495,091</u>

At June 30, 2009, receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Water	\$ 185,303	\$ (2,500)	\$ 182,803
Sewer	238,390	(2,500)	235,890
	<u>\$ 423,693</u>	<u>\$ (5,000)</u>	<u>\$ 418,693</u>

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

The composition of amounts due from other governments as of June 30, 2009 for governmental funds is as follows:

Governmental Funds:	
Nonmajor Governmental Funds:	
<i>U. S. Department of Agriculture</i>	
School Lunch	\$ 10,452
Commonwealth of Massachusetts:	
Massachusetts Department of Elementary and Secondary Education:	
School Lunch	1,251
Special Education Reimbursement Fund	283,319
Massachusetts Highway Department:	
Chapter 90 funded projects	461,189
	<u>\$ 756,211</u>

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, 2009 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 \$264,578.

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

General Fund:	
Deferred property taxes	\$ 18,807
Tax liens	68,621
Excise taxes	46,462
Departmental	11,055
Special assessments	22,906
	<u>\$ 167,851</u>
Nonmajor Governmental Funds:	
Tax liens	236
Departmental	87,924
Special assessments	12,776
Due from other governments	436,755
	<u>\$ 537,691</u>
	<u>\$ 705,542</u>

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

C. Capital Assets

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 10,353,736	49,141	-	\$ 10,402,877
Construction in progress	233,245	881,488	(115,850)	998,883
Total capital assets not being depreciated	10,586,981	930,629	(115,850)	11,401,760
Capital assets being depreciated:				
Buildings and Renovations	54,107,682	984,995	-	55,092,677
Machinery, equipment and other	4,146,112	568,061	(129,445)	4,584,728
Infrastructure	6,773,154	15,000	-	6,788,154
Total capital assets being depreciated	65,026,948	1,568,056	(129,445)	66,465,559
Less accumulated depreciation for:				
Buildings and Renovations	25,269,883	1,239,456	-	26,509,339
Machinery, equipment and other	2,290,278	440,507	(129,445)	2,601,340
Infrastructure	4,855,658	175,008	-	5,030,666
Total accumulated depreciation	32,415,819	1,854,971	(129,445)	34,141,345
Total capital assets being depreciated, net	32,611,129	(286,915)	-	32,324,214
Total governmental activities capital assets, net	\$ 43,198,110	\$ 643,714	\$ (115,850)	\$ 43,725,974

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 64,721	\$ -	\$ -	64,721
Construction in Progress	4,682,155	622,540	(4,227,545)	1,077,150
Total capital assets not being depreciated	4,746,876	622,540	(4,227,545)	1,141,871
Capital assets being depreciated:				
Machinery, equipment and other	752,999	349,806	(36,963)	1,065,842
Infrastructure	8,917,826	4,227,545	-	13,145,371
Total capital assets being depreciated	9,670,825	4,577,351	(36,963)	14,211,213
Less accumulated depreciation for:				
Machinery, equipment and other	416,681	87,392	(36,963)	467,110
Infrastructure	8,809,289	66,373	-	8,875,662
Total accumulated depreciation	9,225,970	153,765	(36,963)	9,342,772
Total capital assets being depreciated, net	444,855	4,423,586	-	4,868,441
Total business-type activities capital assets, net	\$ 5,191,731	\$ 5,046,126	\$ (4,227,545)	\$ 6,010,312

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

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

Governmental Activities:

General government	\$ 10,370
Public safety	240,111
Public works	321,774
Education	1,168,792
Culture and recreation	113,924
Total depreciation expense - governmental activities	<u>\$ 1,854,971</u>

Business-Type Activities:

Water fund	\$ 48,469
Sewer fund	105,296
Total depreciation expense - business-type activities	<u>\$ 153,765</u>

D. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2009, are summarized as follows:

Transfers Out:	Transfers In:				Total
	General fund	Stabilization fund	Nonmajor governmental funds	Business-type activity funds	
General fund	\$ -	\$ 123,275	\$ 15,771	\$ 650,853	\$ 789,899
Stabilization fund	89,989	-	-	-	89,989
Nonmajor governmental funds	865,572	-	-	-	865,572
Total transfers out	<u>\$ 955,561</u>	<u>\$ 123,275</u>	<u>\$ 15,771</u>	<u>\$ 650,853</u>	<u>\$ 1,745,460</u>

E. Short-Term Financing

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

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

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

Purpose	Interest Rate	Final Maturity Date	Balance June 30, 2008	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2009
Bond anticipation notes:						
Municipal Purpose	2.75%	06/15/09	\$ -	\$ 490,000	\$ 490,000	\$ -
Municipal Purpose	1.69%	12/15/09	-	560,000	-	560,000
			<u>\$ -</u>	<u>\$ 1,050,000</u>	<u>\$ 490,000</u>	<u>\$ 560,000</u>

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

Purpose	Interest Rate	Final Maturity Date	Balance June 30, 2008	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2009
Water fund:						
Bond anticipation note:						
Water mains	1.69%	12/15/09	\$ -	\$ 203,000	\$ -	\$ 203,000
			-	203,000	-	203,000
Sewer fund:						
Bond anticipation note:						
Sewer mains	2.75%	06/15/09	-	255,000	255,000	-
Sewer mains	1.69%	12/15/09	-	442,500	-	442,500
Sewer jet cleaner	1.69%	12/15/09	-	255,000	-	255,000
			-	952,500	255,000	697,500
Total Business-type Activities			<u>\$ -</u>	<u>\$ 1,155,500</u>	<u>\$ 255,000</u>	<u>\$ 900,500</u>

F. 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:

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2009
Inside Debt:					
Longmeadow High School repairs Blueberry Hill and Wolf Swamp Road	3.80%	12/15/01	06/15/14	3,370,000	\$ 900,000
School	4.07%	01/15/03	06/15/22	5,630,000	4,405,000
Blueberry Hill and Wolf Swamp Road School	3.55%	05/15/03	06/15/22	5,000,000	3,835,000
School refunding bonds	3.41%	12/15/05	05/15/10	1,565,000	100,000
Total Inside Debt					<u>9,240,000</u>
Outside Debt:					
Massachusetts Water Pollution Abatement Trust:					
Title V septic repair program	N/A	08/01/01	08/01/19	23,227	14,182
Total governmental type debt					<u>\$ 9,254,182</u>

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, 2009
Inside Debt:					
Sewer Fund:					
<i>Massachusetts Water Pollution Abatement Trust:</i>					
Replacement of Wheelmeadow Brook interceptor	2.00%	12/14/06	07/15/26	3,919,089	\$ 3,600,019
Replacement of Wheelmeadow Brook interceptor	3-3.20%	02/01/08	06/15/17	277,000	237,000
					<u>3,837,019</u>
Outside Debt:					
Water Fund:					
Water mains	3-3.20%	02/01/08	06/15/17	600,000	480,000
Water mains	3-3.20%	02/01/08	06/15/17	263,000	183,000
					<u>663,000</u>
Total business-type debt					<u>\$ 4,500,019</u>

Future Debt Service

The annual principal and interest payments to retire all general obligation long-term debt outstanding as of June 30, 2009, are as follows:

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

Governmental	Principal	Interest	Total
2010	\$ 886,292	\$ 359,419	\$ 1,245,711
2011	806,301	327,527	1,133,828
2012	626,301	298,285	924,586
2013	656,301	275,664	931,965
2014	676,301	250,287	926,588
2015-2019	3,276,409	889,690	4,166,099
2020-2022	2,326,277	199,864	2,526,141
	<u>\$ 9,254,182</u>	<u>\$ 2,600,736</u>	<u>\$ 11,854,918</u>

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2009, are as follows:

Business Type	Principal	Interest	Total
2010	\$ 292,828	\$ 95,522	\$ 388,350
2011	296,219	90,381	386,600
2012	299,677	83,173	382,850
2013	303,206	75,894	379,100
2014	281,806	68,544	350,350
2015-2019	1,265,631	243,719	1,509,350
2020-2024	1,067,191	123,559	1,190,750
2025-2027	693,461	20,989	714,450
	<u>\$ 4,500,019</u>	<u>\$ 801,781</u>	<u>\$ 5,301,800</u>

Summary of the changes in governmental activities long term debt during the year is as follows:

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Amounts Due within One Year
Governmental activities:					
<i>Bond Payable:</i>					
General obligation bonds	\$ 10,430,000	\$ -	\$ 1,190,000	\$ 9,240,000	\$ 885,000
Massachusetts Water Pollution Abatement Trust bonds	15,474	-	1,292	14,182	1,292
<i>OPEB Obligation Payable</i>	-	1,247,736	-	1,247,736	-
<i>Compensated absences</i>	502,469	71,216	25,755	547,930	109,585
Governmental activity Long-term liabilities	<u>\$ 10,947,943</u>	<u>\$ 1,318,952</u>	<u>\$ 1,217,047</u>	<u>\$ 11,049,848</u>	<u>\$ 995,877</u>
Business type activities:					
General obligation bonds	\$ 1,040,000	\$ -	\$ 140,000	\$ 900,000	\$ 125,000
Massachusetts Water Pollution Abatement Trust bonds	3,764,524	-	164,505	3,600,019	167,828
<i>OPEB Obligation Payable</i>	-	21,955	-	21,955	-
<i>Compensated absences</i>	20,792	17,458	-	38,250	7,650
Business-type activity long term Long-term liabilities	<u>\$ 4,825,316</u>	<u>\$ 39,413</u>	<u>\$ 304,505</u>	<u>\$ 4,560,224</u>	<u>\$ 300,478</u>

Advance Refunding

On December 15, 2005, the Town advance refunded a general obligation bond issue with a general obligation refunding note. Of this issue, the Town issued \$1,565,000 of general obligation refunding bonds to refund bonds issued November 20, 1995. The refunded bonds achieved a net present value savings of \$117,428. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the general obligation long-term debt.

Massachusetts Water Pollution Abatement Trust (MWPAT)

The Town has borrowed funds from the MWPAT Bond Resolution (Pool Loan Program). Under this program the borrower shall receive, as a credit against the loan repayment then due on this bond, the loan subsidy amounts (earnings on the equity of the trust).

The Town currently has two loans as long term debt. The description of the long term debt is as follows:

- a gross obligation of \$35,101 representing the gross principal and interest repayments amounts; of this loan subsidy amounts consists of \$11,874 resulting in a net loan repayment of \$23,227
- a gross obligation of \$4,763,001 representing the gross principal and interest repayments amounts

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

The following is a summary of the activity of the Water Pollution Abatement Project Bond Resolution:

No. 97-1190				Less: Loan Subsidy Amount	Net Loan Repayments
	Principal	Interest	Total		
Initial Loan Obligation	\$ 23,227	\$ 11,874	\$ 35,101	\$ 11,874	\$ 23,227
Repayments:					
Fiscal year 2002	-	594	594	594	-
Fiscal year 2003	1,293	1,169	2,462	1,169	1,293
Fiscal year 2004	1,292	1,115	2,407	1,115	1,292
Fiscal year 2005	1,292	1,059	2,351	1,059	1,292
Fiscal year 2006	1,292	1,002	2,294	1,002	1,292
Fiscal year 2007	1,292	939	2,231	939	1,292
Fiscal year 2008	1,292	871	2,163	871	1,292
Fiscal year 2009	1,292	806	2,098	806	1,292
	<u>\$ 14,182</u>	<u>\$ 4,319</u>	<u>\$ 18,501</u>	<u>\$ 4,319</u>	<u>\$ 14,182</u>

No. CW 05-050				Less: Loan Subsidy Amount	Net Loan Repayments
	Principal	Interest	Total		
Initial Loan Obligation	\$ 3,919,089	\$ 843,912	\$ 4,763,001	-	\$ 4,763,001
Repayments:					
Fiscal year 2008	154,565	83,586	238,151	-	238,151
Fiscal year 2009	164,505	73,645	238,150	-	238,150
	<u>\$ 3,600,019</u>	<u>\$ 686,681</u>	<u>\$ 4,286,700</u>	<u>\$ -</u>	<u>\$ 4,286,700</u>

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, 2009 totaled \$13,077,019.

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, 2009

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

Equalized Valuation-Real Estate and Personal Property (2008)		\$ 2,290,813,600
Debt Limit: 5 % of Equalized value		<u>\$ 114,540,680</u>
Total Debt Outstanding	\$ 13,754,201	
Less: Debt Outside Debt Limit	<u>(677,182)</u>	<u>13,077,019</u>
Inside Debt Excess Borrowing Capacity at June 30, 2009		<u>\$ 101,463,661</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, 2009 and are not reflected in the Town's financial statements are as follows:

<u>Date of Town Meeting Authorization</u>	<u>Purpose</u>	<u>Amount</u>
04/29/08	Sewer jet cleaner	\$ 255,000
04/29/08	High school roof repairs	100,000
04/29/08	Greenwood roof repairs	240,000
10/28/08	Longmeadow high school feasibility study	750,000
04/28/09	Replace Maple Road sewer lines	442,500
04/28/09	Replace Maple Road water lines	203,000
		<u>\$ 1,990,500</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.

At June 30, 2009, \$2,320,207 has been set aside in a stabilization fund, which is classified as a major fund in the governmental funds financial statements.

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

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. Town Meeting – Fiscal Year 2010

The Town of 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, 2009 do not reflect the fiscal year 2010 Town Meeting action, with the exception of Unreserved Fund Balance-Designated for Subsequent Years' Expenditures as disclosed below. The Annual Town Meeting on April 28, 2009 authorized a fiscal year 2010 operating and capital budget as follows:

From the tax levy	\$	47,336,708
From ambulance receipts		467,657
From water receipts		1,768,198
From sewer receipts		1,905,400
From solid waste receipts		285,398
From other available funds: (Designated for Subsequent Years' Expenditures)		
Major Funds:		
General Fund:		
Undesignated fund balance (free cash)	\$	661,250
Reserved for payment of debt		356,524
		1,017,774
		\$ 52,781,135

C. 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, 2009, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2009.

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

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

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.

D. Other Post Employment Benefits Payable

GASB Statement No. 45

The cost of post employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The Town adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2009, 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

-The Town provides the following plan types, HNE HMO, BCBS Network Blue of NE, Tufts HMO, Blue Cross Elect PPO, Medex 3, Tufts Medicare Complement, HNE Medwrap Plan, Managed Blue for Seniors, Medicare HMO Blue and Tufts Medicare Preferred. The Town belongs to the Scantic Valley Regional Health Trust.

-An employee in Group 1 shall become eligible to retire under this plan upon meeting one of the following conditions:

1. Retirement at age 55 with 10 years of creditable service.
2. Retirement at any age with 20 years of creditable service.

-Employees will pay 50% of premiums in retirement.

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 2009 fiscal year, total Town premiums plus implicit costs for the retiree medical program are \$1,528,134 consisting of \$1,501,710 for governmental activities and \$26,424 for the business-type activities.

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)

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

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:

	Governmental Activities	Business-type Activities	Total
Annual required contribution	\$ 2,749,446	\$ 48,379	\$ 2,797,825
Interest on net OPEB obligation	-	-	-
Adjustment to annual required contribution	-	-	-
Annual OPEB cost (expense)	2,749,446	48,379	2,797,825
Contributions made during the fiscal year	1,501,710	26,424	1,528,134
Increase in net OPEB obligation	1,247,736	21,955	1,269,691
Net OPEB Obligation - beginning of year	-	-	-
Net OPEB Obligation - end of year	<u>\$ 1,247,736</u>	<u>\$ 21,955</u>	<u>\$ 1,269,691</u>

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2009 fiscal year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/07	N/A	N/A	N/A
06/30/08	N/A	N/A	N/A
06/30/09	\$ 2,797,825	54.62%	\$ 1,269,691

Funded Status and Funding Process

As of December 31, 2007, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$44,949,997, consisting of \$44,149,887 for the governmental activities and \$800,110 for the business-type activities and the actuarial value of assets was 0.0 million, resulting in a total unfunded actuarial accrued liability (UAAL) of \$44,949,997. The covered payroll (annual payroll of active employees covered by the plan) was \$30,335,248, and the ratio of the UAAL to the covered payroll was 148.18%.

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

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

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

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 initial OPEB actuarial valuation as of December 31, 2007, used the projected unit credit actuarial cost method. The OPEB liability is currently unfunded and the actuarial assumptions include a 4.50% rate of return on invested assets. The actuarial assumptions also include a general inflation of 4.00% per annum and medical/drug cost trend rate at 10.0% graded to 5.00% over 5 years.

The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar amount open basis. The remaining amortization period at June 30, 2009 is 29 years.

Trust Fund

The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. As of June 30, 2009 the trust has not been funded.

E. 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 \$6,143,540 for the fiscal year ending June 30, 2009, and, accordingly, are reported in the General Fund as intergovernmental revenues and employee benefit expenditures.

The Town has approximately 319 employees in the retirement system.

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 1997 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

TOWN OF LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

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.

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, 2009, 2008 and 2007 is shown below, which equaled its required contribution for each fiscal year.

Year Ended June 30	Town's Contribution
2009	\$ 2,245,392
2008	2,091,671
2007	2,000,969

The last actuarial valuation was prepared by Buck Consultants, LLC as of January 1, 2008. 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 8.5% compounded annually, (b) projected salary, including longevity, increases of 4.5% per year per member.

The total unfunded actuarial liability applicable to the entire System's employees at January 1, 2008 is as follows:

Actuarial Accrued Liability	\$ 363,670,449
Assets	241,788,905
Unfunded Actuarial Liability	\$ 121,881,544

The Town's portion of such liability is approximately 13.88% or \$16,917,158.

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 LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	Fund Balances		Revenues	Expenditures	Other Financing Sources (Uses)		Fund Balances June 30, 2009
	July 1, 2008	June 30, 2009			Sources (Uses)	June 30, 2009	
Special Revenue:							
Federal and State Grants:							
School Grants	\$ 38,363	\$ 1,620,138	\$ 1,625,742	\$ -	\$ -	\$ 32,759	
Arts Lottery Council Grant	5,353	4,386	3,403	-	-	6,336	
Council on Aging Grants	-	23,841	22,841	-	-	1,000	
Department of Environmental Protection Grant	889	-	-	-	-	889	
Extended Polling Hours	1,350	2,700	2,292	-	-	1,758	
Health Grant	8,829	5,000	6,511	-	-	7,318	
Highway Grants	-	574,335	560,712	-	-	13,623	
Library Grants	97,407	22,990	9,760	-	-	110,637	
Municipal Recycling Incentive Grants	7,492	64,871	51,346	(14,786)	-	6,231	
Public Safety Grants	30,979	63,609	52,563	-	-	42,025	
Septic Management Grant	14,367	-	-	-	-	14,367	
Smoking Cessation Grant	21,527	83,164	84,247	(6,994)	-	13,450	
Tourism Grant	58,110	-	2,272	-	-	55,838	
Schools:							
School Lunch Program	59,758	913,766	975,373	-	-	(1,849)	
School Lunch Commodities	-	26,078	26,078	-	-	-	
School Choice	584,739	348,735	555,401	-	-	378,073	
School Gifts	19,686	35,777	37,489	-	-	17,974	
School Private Grants	2,313	103,916	102,934	-	-	3,295	
School Revolving Accounts	211,164	760,907	701,910	-	-	270,161	
State Special Education Reimbursement Fund	35,389	1,133,276	1,168,665	-	-	-	
Other:							
Ambulance Fund	213,608	501,417	-	(471,603)	-	243,422	
Community Preservation Fund	751,367	491,524	165,210	-	-	1,077,681	
Damages	15,872	315	4,391	(11,458)	-	338	
Fire Off Duty	-	1,182	-	(1,182)	-	-	
Gifts	57,376	41,652	44,223	-	-	54,805	
Parks and Recreation Revolving	22,131	1,293,131	946,238	(343,778)	-	25,246	
Police Off Duty	(21,395)	111,565	103,229	-	-	(13,059)	
Other Revolving Programs	21,387	20	-	-	-	21,407	
Septic Management Program	1,538	1,968	2,098	-	-	1,408	
Wetlands Protection Fees	8,195	163	1,161	-	-	7,197	
Workers Compensation Audit Refund	3,521	-	3,521	-	-	-	
Group Insurance	449,313	6,524,556	6,095,232	-	-	878,637	
Conservation Commission Fund	10,457	230	-	-	-	10,687	
Total Special Revenue Funds	\$ 2,731,085	\$ 14,755,212	\$ 13,354,842	\$ (849,801)	\$	\$ 3,281,654	

TOWN OF LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Fund Balances July 1, 2008	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2009
Capital Projects:					
Architectural Services-Town Yard	\$ 50	\$ -	\$ -	\$ -	50
Center School Refinancing	(2,084)	-	-	-	(2,084)
Greenwood Center Roof Replacement	-	-	233,593	-	(233,593)
Longmeadow High School Feasibility Study	-	-	26,346	-	(26,346)
Longmeadow High School Roof Replacement	-	-	91,561	-	(91,561)
Total Capital Projects	(2,034)	-	351,500	-	(353,534)
Permanent Funds:					
Council on Aging Funds:					
Landis Trust	44,310	975	-	-	45,285
Lichtenburg Trust	36,374	800	-	-	37,174
Total Permanent Funds	80,684	1,775	-	-	82,459
Total - Non-Major Governmental Funds	\$ 2,809,735	\$ 14,756,987	\$ 13,706,342	\$ (849,801)	\$ 3,010,579

TOWN OF LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES
AND DEFERRED PROPERTY TAXES AND COMMUNITY PRESERVATION SURCHARGE
JULY 1, 2008 TO JUNE 30, 2009

	Uncollected Taxes July 1, 2008	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2009	Uncollected Taxes Per Detail June 30, 2009
Real Estate Taxes:						
Levy of 2009	\$ -	\$ 36,580,391	\$ 87,138	\$ 36,070,279	\$ 422,974	\$ 422,974
Levy of 2008	409,472	-	95,023	312,573	1,876	1,876
Levy of 2007	(2,941)	-	4,113	(7,054)	-	-
	406,531	36,580,391	186,274	36,375,798	424,850	424,850
Personal Property Taxes:						
Levy of 2009	-	523,448	270	521,974	1,204	1,204
Levy of 2008	2,931	-	-	1,154	1,777	1,777
Levy of 2007	1,312	-	170	223	919	919
Levy of 2006	33	-	33	-	-	-
	4,276	523,448	473	523,351	3,900	3,900
Total Real Estate and Personal Property Taxes	\$ 410,807	\$ 37,103,839	\$ 186,747	\$ 36,899,149	\$ 428,750	\$ 428,750
Deferred Property Taxes	\$ 10,110	\$ 8,697	\$ -	\$ -	\$ 18,807	\$ 18,807
Major Governmental Funds:						
Community Preservation Surcharge:						
Levy of 2009	\$ -	\$ 270,091	\$ 1,247	\$ 266,642	\$ 2,202	\$ 2,202
Levy of 2008	2,083	-	514	1,569	-	-
Levy of 2007	(29)	-	42	(71)	-	-
Total Community Preservation Surcharge	\$ 2,054	\$ 270,091	\$ 1,803	\$ 268,140	\$ 2,202	\$ 2,202

**TOWN OF LONGMEADOW, MASSACHUSETTS
 SCHEDULE OF MOTOR VEHICLE EXCISE TAXES
 JULY 1, 2008 TO JUNE 30, 2009**

	Uncollected Taxes July 1, 2008	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2009	Uncollected Taxes Per Detail June 30, 2009
Motor Vehicle Excise Taxes:						
Levy of 2009	\$ -	\$ 1,787,184	\$ 34,330	\$ 1,725,574	\$ 27,280	\$ 27,280
Levy of 2008	67,872	282,391	20,662	313,804	15,797	15,797
Levy of 2007	23,885	2,104	3,601	11,481	10,907	10,907
Levy of 2006	10,130	-	535	393	9,202	9,202
Levy of 2005	9,846	-	-	1,570	8,276	8,276
Prior Years	-	-	(4,804)	4,804	-	-
Total Motor Vehicle Excise Taxes	\$ 111,733	\$ 2,071,679	\$ 54,324	\$ 2,057,626	\$ 71,462	\$ 71,462

**TOWN OF LONGMEADOW, MASSACHUSETTS
 SCHEDULE OF TAX LIENS
 JULY 1, 2008 TO JUNE 30, 2009**

Uncollected Accounts July 1, 2008	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2009	Uncollected Taxes Per Detail June 30, 2009
\$ 114,769	\$ 101,204	\$ 49,140	\$ 98,212	\$ 68,621	\$ 68,621

Tax Liens