

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be prohibited by or in violation of applicable laws or regulations. The receipt of this Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be prohibited by or in violation of applicable laws or regulations.

NEW ISSUE

Moody's Investors Service:
(See "Rating")

NOTICE OF SALE AND PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 4, 2011

In the opinion of Edwards Wildman Palmer LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code"). Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on the Bonds. **The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.** (See "Tax Exemption" and Appendix C.)

\$17,719,200
TOWN OF LONGMEADOW
MASSACHUSETTS
GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2011 BONDS

Dated: Date of Delivery

Due: February 1, 2013-2033

MATURITIES

<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price/Yield</u>	<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price/Yield</u>
2013	\$ 454,200			2024	\$1,050,000		
2014	495,000			2025	1,100,000		
2015	505,000			2026	1,150,000		
2016	515,000			2027	1,200,000		
2017	515,000			2028	1,250,000		
2018	515,000			2029	1,250,000		
2019	535,000			2030	1,250,000		
2020	555,000			2031	1,250,000		
2021	565,000			2032	1,250,000		
2022	555,000			2033	1,200,000		
2023	560,000						

Principal of the Bonds will be payable February 1 of the years in which the Bonds mature. Interest from the date of the Bonds will be payable on February 1, 2012, and semi-annually thereafter on each August 1 and February 1. The Bonds will be subject to redemption prior to their stated dates of maturity as described herein.

The Bonds are issuable only in fully registered form without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof, with one denomination of \$4,200 of the Bonds that will mature in 2013. (See "Book-Entry Transfer System" herein.)

The legality of the Bonds will be approved by Edwards Wildman Palmer LLP, Boston, Massachusetts, Bond Counsel to the Town. UniBank Fiscal Advisory Services, Inc., Whitinsville, Massachusetts, serves as financial advisor to the Town. It is expected that the Bonds, in definitive form, will be delivered to DTC, or its custodial agent, on or about October 25, 2011, against payment in federal reserve funds.

Electronic and Sealed Bids Received
11:00 A.M. (Local Time)
Thursday, October 13, 2011



UniBank Fiscal Advisory Services, Inc.

* Preliminary, subject to change.

Table of Contents

	<u>Page</u>		<u>Page</u>
Issue Summary Statement.....	ii	Largest Taxpayers.....	23
Notice of Sale.....	iii	Tax Levies.....	23
Official Statement.....	1	Levy - General.....	23
Introduction.....	1	Taxation to Meet Deficits.....	24
Part I. The Bonds.....	2	Tax Limitations.....	24
Description of the Bonds.....	2	Calculation of Tax Levies	
Record Date.....	2	and Levy Limits.....	26
Book-Entry Transfer System.....	3	Tax Collections and Abatements.....	27
DTC Practices.....	4	Town Finances.....	28
Authorization and Use of Proceeds.....	5	Budget and Appropriation Process.....	28
Optional Redemption.....	5	Budget Comparison.....	29
Mandatory Redemption.....	5	State Aid.....	29
Security and Remedies.....	6	State School Building Assistance	
Opinion of Bond Counsel.....	8	Program.....	30
Tax Exemption.....	8	Community Preservation Act.....	31
Rating.....	10	Motor Vehicle Excise.....	32
Continuing Disclosure.....	10	Other Taxes.....	33
Part II. The Town.....	11	Tax Increment Financing	
Services.....	11	for Development Districts.....	33
Governing Bodies and Officers.....	12	Investments.....	33
Authorization of General Obligation		Undesignated Fund Balance	
Bonds and Notes.....	12	and Free Cash.....	33
Debt Limits.....	12	Stabilization Fund.....	34
Types of Obligations.....	13	Collective Bargaining.....	34
Debt.....	15	Physical and Economic Characteristics.....	35
Authorized Unissued Debt and		Principal Employers.....	37
Prospective Financing.....	15	Employment by Industry.....	37
Five Years Outstanding Debt.....	16	Building Permits.....	38
Bonded Debt vs. Population,		School Enrollment.....	38
Valuations and Income.....	16	Other Data.....	38
Revenue Anticipation Borrowing.....	17	Litigation.....	42
Annual Debt Service.....	17	Appendix A. Excerpts from Financial	
Contracts.....	18	Statements.....	A-1
Overlapping Debt.....	19	Appendix B. 2010 Audited	
Retirement Plan.....	19	Financial Statements.....	B-1
Other Post Employment Benefits.....	21	Appendix C. Form of Legal Opinion	
Property Taxation.....	21	Of Bond Counsel.....	C-1
Valuations.....	22	Appendix D. Form of Continuing	
Classification of Property.....	22	Disclosure Certificate.....	D-1
Tax Rates.....	23	Appendix E. Bid Form.....	E-1

The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

ISSUE SUMMARY STATEMENT

Issuer: Town of Longmeadow, Massachusetts

Date of Sale: Thursday, October 13, 2011, until 11:00 a.m. (local time)

Method of Sale: Sealed and Electronic Bids

Location of Sale: UniBank Fiscal Advisory Services, Inc., 49 Church St., Whitinsville, MA

Issue: \$17,719,200 General Obligation Municipal Purpose Loan of 2011 Bonds, Book-Entry Only (See "Book-Entry Transfer System", herein.)

Dated Date of Bonds: Date of delivery.

Maturity Date of Bonds: Serially on February 1, 2013 through 2033, as detailed herein.

Credit Rating: Moody's Investors Services Inc. rating is pending.

Redemption: The Bonds are subject to redemption prior to their stated dates of maturity as described herein.

Security: The Bonds are valid general obligations of the Town of Longmeadow, Massachusetts, and the principal of and interest on the Bonds are payable from ad valorem taxes which may be levied upon all taxable property within the territorial limits of the Town and taxable by it subject to the limits imposed by Chapter 59, Section 21C of the General Laws (Proposition 2½) on \$248,200 of the Bonds, **and without limit as to rate or amount on \$17,471,000 of the Bonds**, except as provided under Chapter 44, Section 20 of the General Laws.

Basis of Award: Lowest true interest cost (TIC) as of the dated date.

Tax Exemption: Refer to Tax Exemption and Appendix C – "Proposed Form of Legal Opinion of Bond Counsel" herein.

Continuing Disclosure: Refer to Continuing Disclosure and Appendix D – "Proposed Form of Continuing Disclosure Certificate" herein.

Bank Qualification: **The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.**

Paying Agent: U.S. Bank National Association, Boston, Massachusetts

Legal Opinion: Edwards Wildman Palmer LLP, Boston, Massachusetts

Delivery and Payment: It is expected that the Bonds will be delivered to The Depository Trust Company, or the office of its custodial agent, against payment to the account of the Town in federal reserve funds on or about October 25, 2011.

Issue Contacts: Mary D. Pequignot, Collector / Treasurer, Town of Longmeadow,
Telephone number (413) 567-1066
Clark H. Rowell, Vice President, UniBank Fiscal Advisory Services, Inc.,
Telephone number (508) 849-4224
Richard A. Manley, Jr., Esq., Edwards Wildman Palmer LLP, Boston, MA,
Telephone number (617) 239-0384

Additional Information: Refer to the Preliminary Official Statement dated October 4, 2011.

NOTICE OF SALE

**TOWN OF LONGMEADOW
Massachusetts**

\$17,719,200

GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2011 BONDS

The Town of Longmeadow, Massachusetts, will receive electronic and sealed proposals until 11:00 A.M. (Local Time), on

October 13, 2011

at UniBank Fiscal Advisory Services, Inc., Whitinsville, Massachusetts, for the purchase of the following described Bonds:

\$17,719,200 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2011 BONDS payable February 1 of the years and in the amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2013	\$ 454,200	2024	\$1,050,000
2014	495,000	2025	1,100,000
2015	505,000	2026	1,150,000
2016	515,000	2027	1,200,000
2017	515,000	2028	1,250,000
2018	515,000	2029	1,250,000
2019	535,000	2030	1,250,000
2020	555,000	2031	1,250,000
2021	565,000	2032	1,250,000
2022	555,000	2033	1,200,000
2023	560,000		

** Preliminary, subject to change.*

The Bonds will be dated as of their date of delivery. Interest from the date of the Bonds will be payable on February 1, 2012, and semi-annually thereafter on each August 1 and February 1. Principal of and interest on the Bonds will be paid as described below. The Bonds maturing in the years 2013 through 2020, inclusive, are not subject to redemption prior to their stated dates of maturity.

The Bonds maturing on and after February 1, 2021, are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after February 1, 2020 either in whole or in part at any time, and if in part, by lot within a maturity, at par plus accrued interest to the date set for redemption.

For Bonds maturing on and after February 1, 2021, bidders may specify that all of the principal amount of such Bonds having any two or more consecutive maturities, may in lieu of having separate maturity dates, be combined to comprise Term Bonds, and shall be subject to mandatory redemption or mature at par as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule. Each mandatory redemption shall be allocated to the payment of the Term Bond having the nearest subsequent maturity date.

Term Bonds, if any, shall be subject to mandatory redemption on February 1 in the year or years immediately prior to the stated maturity of such Term Bonds (the particular Bonds of such maturity to be redeemed to be selected by lot), as indicated in the foregoing maturity schedule at the principal amount thereof plus accrued interest to the redemption date, without premium.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York, (DTC), and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with one denomination of \$4,200 of the Bonds that will mature in 2013, with transfers of ownership affected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. Neither the Town nor the Paying Agent will be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The legality of the Bonds will be approved by Edwards Wildman Palmer LLP, Boston, Massachusetts, whose opinion will be furnished to the original purchaser without charge.

Electronic proposals will be submitted through *i-Deal*[®]. If any provisions in this Notice of Sale conflict with information provided by *i-Deal*[®], this Notice of Sale shall control. Further information about *i-Deal*[®], including any fees charged, may be obtained from *i-Deal*[®] at (212) 849-5000. The Town assumes no responsibility or liability for bids submitted through *i-Deal*[®]. An electronic bid made in accordance with this Notice of Sale shall be deemed an irrevocable offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

Other bids, including bids by delivered telegram, should be sealed, marked "Proposal for Bonds" and addressed to **Ms. Marv D. Peguignot, Treasurer, Town of Longmeadow, c/o UniBank Fiscal Advisory Services, Inc., 49 Church St., Whitinsville, Massachusetts 01588.** Proposals delivered as specified will be accepted. Blank bid forms with signature may be sent to UniBank Fiscal Advisory Services, Inc. or faxed to (508) 234-1938 prior to submitting the bids, with actual bids telephoned to (508) 849-4224 at least one-half hour prior to the 11:00 A.M. (local time) sale. UniBank Fiscal Advisory Services, Inc. will act as agent for the bidder in submitting the bid but neither UniBank Fiscal Advisory Services, Inc., nor the Town is responsible for any errors with respect to bids submitted in this manner. A good faith deposit is not required.

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/8th or 1/20th of 1% but shall not state (a) more than one interest rate for any Bonds having a like maturity, and (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3%.

No bid of less than the par amount of the Bonds plus accrued interest to date of delivery will be considered.

The Town reserves the right to adjust the principal amount of each maturity following the opening of bids to result in certain intended amounts of annual debt service. The principal amount of each maturity, except for the amount scheduled to mature on February 1, 2033, will not be increased or decreased by more than 10 percent. The amount of the February 1, 2033, maturity will be increased or decreased as much as required, including possibly fully eliminating the 2033 maturity, as prior maturities are adjusted.

The successful bidder may not withdraw its bid or change the interest rates bid or the initial reoffering prices or yields as a result of any changes made to the principal maturities. The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments made to the principal maturities. Such adjusted dollar bid amount will not change the bidder's compensation per \$1,000 of par amount of the Bonds, excluding any pro rata fees for bond insurance, from that which would have resulted from the bid submitted. The interest rates specified by the successful bidder for each maturity will not change.

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the Town. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of October 25, 2011, discounts semi-annually all future payments on account of principal and interest to the price bid, not including interest accrued to the date of delivery, which accrued interest shall be paid by the successful bidder.

The award of the Bonds to the winning bidder will not be effective until the bid has been approved by the Treasurer and the Select Board of the Town.

On or prior to the date of delivery of the Bonds, the successful bidder shall furnish to the Town a certificate acceptable to Bond Counsel generally to the effect that (i) as of October 13, 2011 (the "Sale Date"), the Purchaser had offered or reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices set forth in such certificate, plus accrued interest, if any, (ii) such prices represent fair market prices of the Bonds as of the Sale Date, and (iii) as of the date of such certificate, all of the Bonds have been offered to the general public in a bona fide offering at the prices set forth in such certificate, and at least 10% of each maturity of the Bonds actually has been sold to the general public at such prices. To the extent the certifications described in the preceding sentence are not factually accurate with respect to the reoffering of the Bonds, Bond Counsel should be consulted by the bidder as to alternative certifications that will be suitable to establish the "issue price" of the Bonds for federal tax law purposes. If a municipal bond insurance policy or similar credit enhancement is obtained with respect to the Bonds by the successful bidder, such bidder will also be required to certify as to the net present value savings on the Bonds resulting from payment of insurance premiums or other credit enhancement fees.

The Town has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for the issuance of any such policy or commitment therefore, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of the contractual obligations arising from the acceptance of a proposal for the purchase of the Bonds. Should the successful bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the bidder, except for

the fee paid to Moody's Investors Service, Inc. for the rating on the Bonds. Any such fee paid to Moody's Investors Service, Inc. would be borne by the Town.

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that the bidder shall be furnished, without cost, with (a) the approving opinion of the firm of Edwards Wildman Palmer LLP of Boston, Massachusetts, substantially in the form of Appendix C of the Preliminary Official Statement dated October 4, 2011 included herein, (see "Tax Exemption" and Appendix C in the Preliminary Official Statement), (b) a certificate in form satisfactory to said firm dated as of the date of delivery of the Bonds and receipt of payment consequently to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Town Treasurer to the effect that, to the best of her knowledge and belief, both as of the date of sale and of the date of delivery of the Bonds, the Preliminary Official Statement referred to above does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate to be dated as of the date of the Bonds and incorporated by reference in the Bonds.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond, nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Continuing Disclosure: In order to assist bidders in complying with Rule 15c2-12 (b)(5) promulgated by the Securities and Exchange Commission, the Town will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement.

The Bonds, in definitive form, will be delivered to the purchaser at DTC, or the offices of its custodial agent, on or about October 25, 2011, against payment in federal reserve funds.

Additional information concerning the Town of Longmeadow and the Bonds is contained in the Preliminary Official Statement dated October 4, 2011, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Such Preliminary Official Statement is deemed final by the Town except for the omission of the reoffering prices, interest rates and any other items of the Bonds depending on such matters and the identity of the underwriters. Copies of the Preliminary Official Statement and a suggested form of proposal for the Bonds may be obtained from Clark H. Rowell, Vice President, UniBank Fiscal Advisory Services, Inc., 49 Church St., Whitinsville, Massachusetts, telephone (508) 849-4224. Within seven (7) business days following award of the Bonds in accordance herewith, 100 copies of the Final Official Statement will be furnished to the successful bidder. Additional copies may be obtained at the purchaser's expense.

The right is reserved to reject any or all bids and to reject any bid not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

**TOWN OF LONGMEADOW,
MASSACHUSETTS**

/s/ Mary D. Pequignot
Treasurer

Dated: October 4, 2011

OFFICIAL STATEMENT

**TOWN OF LONGMEADOW
MASSACHUSETTS**

\$17,719,200

GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2011 BONDS

INTRODUCTION

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Longmeadow, Massachusetts (the "Town") in connection with the sale of the \$17,719,200 General Obligation Municipal Purpose Loan of 2011 Bonds dated as of their date of delivery (the "Bonds") of the Town.

The Bonds are being offered for sale at public bidding and a Notice of Sale dated October 4, 2011, has been furnished to prospective bidders. Reference is hereby made to the Notice of Sale for the terms and conditions of bidding.

The Bonds will be general obligations of the Town for which its full faith and credit are pledged. They are not guaranteed by The Commonwealth of Massachusetts (the "Commonwealth") or any other entity. The security for the Bonds is more fully described under the captions Security and Remedies and Opinion of Bond Counsel herein.

Questions regarding information contained in this Official Statement or other matters should be directed to Mary D. Pequignot, Treasurer, Town of Longmeadow, (413) 567-1066, Clark H. Rowell, Vice President, UniBank Fiscal Advisory Services, Inc. (508) 849-4224, or Richard A. Manley, Jr., Esq., Edwards Wildman Palmer LLP (617) 239-0384.

The information contained herein has been obtained from the sources indicated or from the Town.

PART I
THE BONDS

DESCRIPTION OF THE BONDS

The Bonds will be dated as of their date of delivery and will mature on February 1 of the years and in the principal amounts as follows:

<u>Due</u> <u>February 1</u>	<u>Principal</u> <u>Amount*</u>	<u>Due</u> <u>February 1</u>	<u>Principal</u> <u>Amount*</u>
2013	\$ 454,200	2024	\$1,050,000
2014	495,000	2025	1,100,000
2015	505,000	2026	1,150,000
2016	515,000	2027	1,200,000
2017	515,000	2028	1,250,000
2018	515,000	2029	1,250,000
2019	535,000	2030	1,250,000
2020	555,000	2031	1,250,000
2021	565,000	2032	1,250,000
2022	555,000	2033	1,200,000
2023	560,000		

* Preliminary, subject to change.

The Bonds will bear interest at the rate or rates per annum specified by the successful bidder.

Principal and semi-annual interest will be paid by U.S. Bank National Association, Boston, Massachusetts, or its successor acting as paying agent (the "Paying Agent"). Interest from the date of the Bonds will be payable on February 1, 2012, and semi-annually thereafter on each August 1 and February 1. So long as The Depository Trust Company ("DTC"), New York, New York or its nominee, Cede & Co., is the Bondowner, such payments of principal and interest on the Bonds will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds are issuable only in fully registered form without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for DTC. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof, with one denomination of \$4,200 of the Bonds that will mature in 2013. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owner shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See Book-Entry Transfer System herein.)

RECORD DATE

The record date for each payment of interest is the fifteenth business day of the month preceding the interest payment date, provided that, under certain circumstances, the Paying Agent may establish a special record date.

The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the bondholders at least ten (10) days before the special record date.

BOOK-ENTRY TRANSFER SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully registered form and registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Director Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtc.com and www.dtc.org.

Purchases of securities under the DTC system must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the securities held by DTC, except in the event that use of the book-entry system for the securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the

actual Beneficial Owners of the securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent to vote with respect to securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on book-entry securities held by DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of the securities or its paying agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of the securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of the securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or its Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners. The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

DTC PRACTICES

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

AUTHORIZATION AND USE OF PROCEEDS

The Bonds will constitute general obligations of the Town and are authorized for the following purposes:

\$17,471,000 of a total authorization of \$77,969,388, authorized pursuant to Chapter 44, Section 7(3A) and Chapter 70B of the Massachusetts General Laws, as amended, and votes of the Town on May 25, 2010 (Article 1) and June 8, 2010 (Question 1), to design, construct, furnish and equip a new Town of Longmeadow high school. **Debt service on this portion of the Bonds is exempt from the limitations of Proposition 2½.**

The Town expects to receive a grant from the Massachusetts School Building Authority for approximately 52% of eligible project costs. The Town issued \$26,600,000 bonds against this authorization, as part of an issue of \$29,662,940 general obligation bonds, dated December 15, 2010, to partially fund the project. The Town currently expects the two issues to fully fund the Town's share of total project costs. The project is under construction and is expected to be complete by September 2013.

\$ 248,200 authorized pursuant to Chapter 44, Section 8(7), of the Massachusetts General Laws, as amended, and a vote of the Town on May 10, 2011 (Article 13) to design and construct water main extensions in the Town. **Debt service on this portion of the Bonds is expected to be paid from water service revenues.**

In addition, simultaneously with the issue of the Bonds, the Town will complete a private sale of \$29,000 general obligation bonds. The debt service on this private sale of general obligation bonds is exempt from the limitations of Proposition 2½.

OPTIONAL REDEMPTION

Bonds maturing in the years 2013 through 2020, inclusive, are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after February 1, 2021, are subject to redemption prior to maturity, at the option of the Town, on and after February 1, 2020, either in whole or in part at any time, and if in part, by lot within a maturity, at par plus accrued interest to the date set for redemption.

So long as DTC is the registered owner of the Bonds, notice of any redemption of Bonds, prior to their maturities, specifying the Bonds (or portions thereof) to be redeemed shall be mailed to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the DTC Participants of the redemption or failure on the part of the DTC Participants or of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner shall not affect the validity of the redemption. If moneys for the redemption are held by the Paying Agent on the redemption date and if notice of the redemption shall have been duly mailed, then from and after the redemption date interest on the Bonds (or portions thereof) called for redemption shall cease to accrue.

MANDATORY REDEMPTION

If the successful bidder designates principal amounts of the Bonds to be combined into Term Bonds which may be done only for principal amounts in consecutive years and only for the years after 2020, each such Term Bond will be subject to mandatory redemption on February 1 in each year or years immediately prior to the stated maturity of such Term Bonds (the particular Bonds of such maturity to be redeemed to be selected by lot) as indicated on the

cover page of the Preliminary Official Statement at the principal amount thereof plus accrued interest to the redemption date.

SECURITY AND REMEDIES

Full Faith and Credit. The Bonds will be general obligations of the Town and constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" (see "Serial Bonds and Notes" herein) and setoffs of state distributions (see "State Distributions" herein), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for (and) all amounts necessary to satisfy final judgments". Specific provision is also made for including in the next tax levy payments of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation (see "Tax Limitations" herein.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit. **The Town has voted to exclude the debt service on \$17,471,000 of the Bonds, \$29,000 of the private sale of general obligation bonds (see "Authorization and Use of Proceeds" herein) as well as \$34,160,288 par amount of currently outstanding bonds from the limitations of Proposition 2½, subject to the provisions of Chapter 44, Section 20 of the General Laws.**

Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit (see "Debt Limits" herein). Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

Court Proceedings. Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law (see "Tax Limitations" under "Property Taxation and Valuation" herein). In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds. Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry fee, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system,

telecommunications, sewer, parking, mitigation of ferry service impacts, community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions. State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on "qualified bonds" (see "Serial Bonds and Notes" under "Types of Obligations" herein) and any other sums due and payable by the city or town to the Commonwealth, or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority (the "MBTA") or a regional transit authority) of which it is a member or for costs of the Massachusetts Water Resources Authority (the "MWRA") if the city or town is within the territory served by the Authority, for any debt service due on obligations issued to the Massachusetts School Building Authority, or for charges necessary to meet obligations under the Commonwealth's Water Pollution Abatement or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water treatment services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of Federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not currently authorized by the Massachusetts General Laws to file a petition for bankruptcy under Federal Bankruptcy Laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

OPINION OF BOND COUNSEL

A copy of the legal opinion of the firm of Edwards Wildman Palmer LLP, of Boston, Massachusetts (see Appendix C), will be furnished to the successful bidder. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder.

The scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statements made in this Official Statement other than matters expressly set forth as their opinion and they make no representation that they have independently verified the same.

TAX EXEMPTION

In the opinion of Edwards Wildman Palmer LLP, Bond Counsel to the Town ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the Bonds.

The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Town has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds.

Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel has not opined as to the taxability of the Bonds or the income therefrom under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semi-annually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the value of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

On September 12, 2011, President Obama proposed legislation entitled the "American Jobs Act of 2011" (the "Jobs Act"). As proposed, the Jobs Act includes a provision, which would be effective for tax years beginning after 2012, that could result in additional federal income tax being imposed on certain high income taxpayers who own bonds the interest on which is otherwise excluded from gross income under Section 103 of the Code, including the Bonds. Other tax legislation (either proposed or future), if enacted into law, also could cause interest on the Bonds to be subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. Enactment of the Jobs Act or any other such legislation may also affect the

market price for and the marketability of the Bonds. It is not possible to predict whether the Jobs Act or any other such legislation will be enacted into law. Prospective Bondholders are urged to consult their own tax advisors with respect to the Jobs Act and any other such legislation.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

RATING

Application has been made to Moody's Investors Service, Inc., for a rating on the Bonds. Such rating, if obtained, will reflect only that rating agency's view and will be subject to revision or withdrawal, which could affect the market price of the Bonds.

CONTINUING DISCLOSURE

In order to assist the original purchasers of the Bonds in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule") the Town will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Town by not later than 270 days after the end of each fiscal year (the "Annual Report") and to provide notices of the occurrence of certain significant events. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix D. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds. The Town is the only "obligated person" with respect to the Bonds within the meaning of the Rule.

The Town has never failed to comply, in all material respects, with any previous undertakings to provide annual reports or notices of significant events in accordance with the Rule.

PART II

THE TOWN

The Town of Longmeadow is located in Hampden County approximately 90 miles west of Boston and borders the City of Springfield to the north. The Town is also bordered by the Town of East Longmeadow to the east, the Town of Agawam to the west, and the Town of Enfield, Connecticut, to the south. The principal highways serving the area are Interstate Route 91 and State Route 5. The Town also enjoys close proximity to the Massachusetts Turnpike, to Amtrak service in Springfield, and to Bradley Airport, approximately half way between Hartford, Connecticut, and Springfield, Massachusetts. It also enjoys close proximity to the employment and economic opportunities that exist between Hartford and Springfield.

The Town was originally settled in 1636 as part of a large parcel of land at the confluence of the Agawam and Connecticut rivers purchased from the Agawam Indians. The site of the future City of Springfield was chosen as an ideal location to establish a trading post and a Puritan "plantation". A portion of the land purchased was meadowlands know as "Masacksic" by the Native Americans, or "long meddowe".

When the settlers of Springfield established the compact for their economic enterprise, the "long meddowe" to the south of the settlement was set aside as a common pasture land, to be used equally by all residents. In 1644, residences were developed on the "long meddowe", and there was progressively more interest amongst the inhabitants to split from Springfield. Finally, after the disastrous floods of 1695, the Springfield Town Meeting in 1703 allowed the residents to "build upon the hill eastward" around the present-day Town Green. The Town received its autonomy from Springfield in 1713.

SERVICES

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, sewer and water services, streets, parks and recreation. The Town provides education in grades Kindergarten through 12. The Town receives its water supply from the Springfield Water and Sewer Commission by contractual agreement, and it participates in the City of Springfield's regional wastewater treatment and disposal facility. The Town also contracts for solid waste disposal at the City's waste-to-energy facility.

Legislation was enacted in 1997 abolishing the county governments of Franklin and Middlesex counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The abolishment of the Middlesex County government was in part response to a default by the County in the payment of general obligation notes. The legislation also abolished the county governments of Hampden and Worcester counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex, and Berkshire counties as of January 1, 1999, July 1, 1999, and July 1, 2000, respectively. The legislation also required the state secretary for administration and finance to establish a plan to recover the Commonwealth's expenditures for the liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the state treasurer shall assess upon each city and town within the jurisdiction of an abolished county an amount equal to the county tax paid by each such city and town for the fiscal year immediately prior to the abolishment of the county (or two years prior in the case of Essex County) until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county governments in other counties.

GOVERNING BODIES AND OFFICERS

Local legislative decisions are made by an open town meeting consisting of all registered voters in the Town. Subject to the legislative decisions made by Town Meeting, the affairs of the Town are generally administered by a board of five selectmen elected for staggered three-year terms on an at-large basis and assisted by a Town Manager. Local taxes are assessed by a board of three assessors appointed for staggered three-year terms. Local school affairs are administered by a school committee of seven persons elected for staggered three-year terms.

The following are the principal executive officers:

<u>Office</u>	<u>Name</u>	<u>Manner of Selection and Term</u>	<u>Term Expires</u>
Select Board	Mark P. Gold, Chair	Elected / 3 years	2013
	Christine L. Swanson, Vice Chair	Elected / 3 years	2013
	Marie Angelides, Clerk	Elected / 3 years	2014
	Robert H. Aseltine, Jr.	Elected / 3 years	2012
	Paul P. Santaniello	Elected / 3 years	2012
Town Manager	Robin L. Crosbie	Appointed / 3 years	2012
Finance Director	Paul J. Pasterczyk	Appointed / 3 years	2012
Town Collector / Treasurer	Mary D. Pequignot	Appointed / 3 years	2014
Town Accountant	Sandra M. Choquette	Appointed / 3 years	2012
Town Clerk	Katherine Ingram	Appointed / 3 years	2014
Town Counsel	David J. Martel	Appointed / 1 year	2012

AUTHORIZATION OF GENERAL OBLIGATION BONDS AND NOTES

Serial bonds and notes are authorized by a two-thirds vote of the town meeting. Refunding bonds and notes are authorized by the selectmen. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary loans in anticipation of the revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the Treasurer with the approval of the Selectmen.

DEBT LIMITS

General Debt Limit. The General Debt Limit of a city or town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. A city or town can authorize debt up to this amount without state approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the State Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes, emergency loans, loans exempted by special laws, certain school bonds, sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financings; and subject to special debt limits, bonds for water (limited to 10 percent of equalized valuation), housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems and telecommunications systems (subject to separate limits). Revenue bonds are not subject to these debt limits. The General Debt Limit and the special debt limit for water bonds apply at the time the debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years. (See "Taxation to Meet Deficits" herein). In any event, the period from an original borrowing to its final maturity cannot exceed one year.

TYPES OF OBLIGATIONS

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue ("DOR"). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public works improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as "qualified bonds" with the approval of the State Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service from state aid or other state

payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as "tax credit bonds" to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual instalments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature note later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed five years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. They must generally mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities, for projects financed under the Commonwealth's Water Pollution Abatement or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition to general obligation bonds and notes, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy.

DEBT (1)

The following shows the direct debt to be outstanding as of October 25, 2011, including the Bonds and the private sale of \$29,000 general obligation bonds:

General Obligation Bonds:

Within General Debt Limit (2)		
Sewers and Drains (3)	\$ 3,539,045	
Schools (4)	<u>7,450,000</u>	
Total Within the General Debt Limit		\$10,989,045
Outside General Debt Limit:		
Water (3)	\$ 2,860,190	
School	26,600,000	
Other	10,288	
The Bonds	17,719,200	
Private Sale	<u>29,000</u>	
Total Outside the General Debt Limit		<u>47,218,678</u>
Total General Obligation Bonds (5)		58,207,723
Temporary Loans in Anticipation of:		
Revenue	\$ 0	
Bonds (6)	527,000	
Grants	<u>0</u>	
Total Temporary Loans		<u>527,000</u>
Total Direct Debt		<u>\$58,734,723</u>

(1) Principal amount only. Excludes lease and instalment purchase obligations, overlapping debt, unfunded pension liability and other post employment benefits liability.

(2) At the present time the normal General Debt Limit is \$112,590,770 and the Double General Debt Limit is \$225,181,540.

(3) Debt service is expected to be paid from water and sewer service revenues.

(4) The Town has grant funds of \$2,091,057 from the Massachusetts School Building Authority to defray a portion of these bonds.

(5) The Town has voted to exempt \$17,471,000 of the Bonds, \$29,000 of the private sale of general obligation bond (see "Authorization and Use of Proceeds" herein) and \$34,160,288 of currently outstanding bonds and the interest thereon from the limitations of Proposition 2½.

(6) Bond anticipation notes are currently payable December 15, 2011. The Town expects to retire these notes through annual appropriations of revenue funds of the Town.

AUTHORIZED UNISSUED DEBT AND PROSPECTIVE FINANCING

Following the issuance of the Bonds, the Town will have \$35,606,987.75 authorized unissued debt.

Of this amount, \$33,869,388 is the balance of the authorization for the school project, which represents the portion of the costs expected to be funded by a grant from the Massachusetts School Building Authority. This is unneeded authorization and is expected to be rescinded at a future Town Meeting. In addition, the Town has \$270,059.75 of remaining authorizations for water and sewer purposes. These are unneeded authorizations and are expected to be rescinded at a future Town Meeting.

Of this amount, \$670,000 was authorized at the 2011 Annual Town Meeting for drainage and water improvements in the Town. The Town expects to borrow against these authorizations before the end of fiscal 2012.

The Town also has \$527,000 of remaining authorizations for various projects around the Town. As of the issuance of the Bonds, the Town has this amount outstanding as bond anticipation notes. It intends to make annual paydown and reissue notes until the amount is fully amortized, expected to be by fiscal 2015.

The Town may consider the construction of a new Department of Public Works facility within the next five years. It is expected that the debt service for the project will be excluded from the provisions of Proposition 2½.

FIVE YEARS OUTSTANDING DEBT (1)

	As of June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Long-Term Indebtedness:					
Within the General Debt Limit					
Sewers & Drains	\$ 3,713,722	\$ 3,627,066	\$ 3,837,019	\$ 4,041,524	\$ 3,919,089
Schools	<u>34,150,000</u>	<u>8,355,000</u>	<u>9,140,000</u>	<u>9,905,000</u>	<u>10,650,000</u>
Total Within the General Debt Limit	<u>\$37,863,722</u>	<u>\$11,982,066</u>	<u>\$12,977,019</u>	<u>\$13,946,524</u>	<u>\$14,569,089</u>
Outside the General Debt Limit:					
Schools	\$ 0	\$ 0	\$ 100,000	\$ 525,000	\$ 935,000
Other Outside General	11,589	12,890	14,182	15,474	16,766
Water	<u>2,860,190</u>	<u>580,125</u>	<u>663,000</u>	<u>763,000</u>	<u>0</u>
Total Outside the General Debt Limit	<u>\$ 2,871,779</u>	<u>\$ 593,015</u>	<u>\$ 777,182</u>	<u>\$ 1,303,474</u>	<u>\$ 951,766</u>
Total Long-Term Indebtedness	<u>\$40,735,501</u>	<u>\$12,575,081</u>	<u>\$13,754,201</u>	<u>\$15,249,998</u>	<u>\$15,520,855</u>
Short Term Indebtedness					
Revenue Anticipation Notes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Grant Anticipation Notes	0	0	0	0	367,175
Bond Anticipation Notes	<u>485,000</u>	<u>2,463,000</u>	<u>1,460,500</u>	<u>0</u>	<u>1,493,911</u>
Total Short-Term Indebtedness	<u>\$ 485,000</u>	<u>\$ 2,463,000</u>	<u>\$ 1,460,500</u>	<u>\$ 0</u>	<u>\$ 1,861,086</u>
Total Outstanding Indebtedness	<u>\$41,220,501</u>	<u>\$15,038,081</u>	<u>\$15,214,701</u>	<u>\$15,249,998</u>	<u>\$17,381,941</u>

(1) *Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post employment benefits liability.*

BONDED DEBT VS. POPULATION, VALUATIONS AND INCOME

	As of June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Amount (000 omitted) (1)	\$40,736	\$12,575	\$13,754	\$15,250	\$15,521
Per Capita (2)	\$2,581	\$797	\$886	\$988	\$981
Percent of Assessed Valuation (3)	1.94%	0.60%	0.63%	0.72%	0.74%
Percent of Equalized Valuation (4)	1.81%	0.55%	0.60%	0.72%	0.73%
Per Capita as a percent of Personal Income Per Capita (2)	6.63%	2.05%	2.27%	2.54%	2.52%

(1) *Excludes lease and installment obligations, overlapping debt, unfunded pension liability, and other post employment benefits liability.*

(2) *Source: U.S. Department of Commerce, Bureau of the Census - Latest applicable actuals or estimates.*

(3) *Source: Board of Assessors - Assessed valuation as of the prior January 1.*

(4) *Source: Massachusetts Department of Revenue - Equalized valuation in effect for that fiscal year.*

REVENUE ANTICIPATION BORROWING

The Town has not borrowed in anticipation of revenue in the last five fiscal years and does not anticipate the need to borrow for this purpose in the future.

ANNUAL DEBT SERVICE (1)

The following table presents total projected annual debt service payments payable by the Town as of October 25, 2011, including the Bonds and the private sale of \$29,000 general obligation bonds:

<u>Fiscal Year</u>	<u>Outstanding as of 10/25/11</u>		<u>Current Issue</u>		<u>Total Debt Service</u>	<u>% of Principal Retired (4)</u>
	<u>Principal (2)</u>	<u>Interest (2)</u>	<u>Principal (3)</u>	<u>Interest (3)</u>		
2012	\$ 997,940	\$ 929,025	\$ 0	\$ 189,314	\$ 2,116,279	1.7%
2013	1,879,507	1,517,387	483,200	709,928	4,590,022	5.8
2014	2,058,107	1,460,200	495,000	690,600	4,703,907	10.2
2015	2,006,780	1,398,698	505,000	670,800	4,581,278	14.5
2016	2,065,503	1,338,892	515,000	650,600	4,569,995	18.9
2017	2,139,326	1,276,281	515,000	630,000	4,560,607	23.5
2018	2,103,226	1,191,858	515,000	609,400	4,419,484	28.0
2019	2,167,205	1,118,124	535,000	588,800	4,409,129	32.6
2020	2,241,264	1,030,863	555,000	567,400	4,394,527	37.4
2021	2,094,128	955,406	565,000	545,200	4,159,734	42.0
2022	2,173,353	881,683	555,000	522,600	4,132,636	46.7
2023	1,412,663	802,573	560,000	500,400	3,275,636	50.1
2024	957,060	753,961	1,050,000	478,000	3,239,021	53.5
2025	986,546	720,994	1,100,000	436,000	3,243,540	57.1
2026	1,021,123	686,017	1,150,000	392,000	3,249,140	60.8
2027	1,055,792	648,958	1,200,000	346,000	3,250,750	64.7
2028	845,000	612,160	1,250,000	298,000	2,005,160	68.3
2029	880,000	576,248	1,250,000	248,000	2,954,248	72.0
2030	910,000	538,408	1,250,000	198,000	2,896,408	75.7
2031	940,000	498,595	1,250,000	148,000	2,836,595	79.4
2032	945,000	456,295	1,250,000	98,000	2,749,295	83.2
2033	980,000	412,825	1,200,000	48,000	2,640,825	86.9
2034	1,000,000	367,500	0	0	1,367,500	88.7
2035	1,000,000	320,000	0	0	1,320,000	90.4
2036	1,000,000	272,500	0	0	1,272,500	92.1
2037	1,000,000	225,000	0	0	1,225,000	93.8
2038	1,000,000	177,500	0	0	1,777,500	95.5
2039	1,000,000	130,000	0	0	1,130,000	97.2
2040	1,000,000	80,000	0	0	1,080,000	99.0
2041	600,000	15,000	0	0	615,000	100.0%
	<u>\$40,459,523</u>	<u>\$21,392,950</u>	<u>\$17,748,200</u>	<u>\$9,565,042</u>	<u>\$89,165,715</u>	

(1) Excludes revenue anticipation notes, grant anticipation notes, bond anticipation notes, lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post employment benefits liability.

(2) Principal totalling \$34,060,288 and the interest thereon have been exempted from the provisions of Proposition 2½.

(3) Principal totalling \$17,500,000 and the interest thereon have been exempted from the provisions of Proposition 2½. Interest for the current issue is estimated at 4.00%. Includes the private sale of \$29,000 general obligation bonds (See "Authorization and Use of Proceeds" herein).

(4) Includes the current issue.

CONTRACTS

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interests, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter into long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, (see Constitutional Status and Form of Government herein), cities and towns may also be empowered to make other contracts and leases.

The Town currently is under contract with Allied Waste Services for the collection and transfer of solid waste from the Town. The contract term began July 1, 2010, and expires at the end of fiscal 2015. The Town appropriated \$545,000 in fiscal 2011 for such service and has budgeted \$550,000 in fiscal 2012.

The Town also contracts with Eco/Springfield for the disposal of solid waste at the City of Springfield's waste-to-energy facility. The contract expires at the end of fiscal 2014. The Town appropriated \$276,000 in fiscal 2011 for such service and has budgeted \$280,000 in fiscal 2012.

The Town receives water supply and wastewater disposal services from the Springfield Water and Sewer Commission. The term of such service is indefinite. The Town appropriated \$737,325 and \$731,730, respectively, in fiscal 2011 for such services and has budgeted \$847,839 and \$754,250 for fiscal 2012.

The Town also contracts with Northern Tree Service for tree care in the Town. The contract expired at the end of fiscal 2010, with renewal option for fiscal year 2011 at the discretion of the Town for fiscal year 2011. The Town has chosen to rebid mid-contract and will have a new contract award effective November 17, 2011. The Town appropriated \$80,000 for such service in fiscal 2011 and budgeted \$112,000 for fiscal 2012.

Finally, the Town receives regular and special education school busing from the Lower Pioneer Valley Education Collaborative. There is no set term for this service. The Town appropriated \$883,873 for service in fiscal 2011 and budgeted \$932,208 for fiscal 2012.

OVERLAPPING DEBT (1)

The following table indicates the portion of overlapping debt relating to the Town:

	<u>Outstanding</u>	<u>Authorized Unissued</u>	<u>Estimated Share of Longmeadow</u>	<u>Assessment for Operations and Debt Service Fiscal Year 2012</u>
Pioneer Valley Regional Transit Authority (2)	\$ 0	\$ 0	\$ 0	\$60,440

(1) *Principal amount only. Excludes temporary loans in anticipation of revenue. Omits debt of the Commonwealth.*

(2) *Source. Pioneer Valley Transit Authority. It has been state practice in recent years to provide a portion of the net cost of service of the regional transportation agencies, including debt service on their bonds. In addition to the other sources of funds provided by Massachusetts General Laws Chapter 161B from which the regional transit authorities may obtain monies for the payment of the principal of and interest on their obligations, such payment will be further secured by the Commonwealth, which is required to pay to the regional transit authorities amounts duly certified by the administrator of the authority as necessary to pay any principal or interest due or about to come due for such purpose. The remainder of the net cost of service is assessed upon the member cities and towns in proportion to the amount of the net cost incurred on routes within each city or town. The aggregate amount of such assessments is generally not permitted to increase by more than 2.5 percent per year. (See "Tax Limitations" under "TAX LEVIES" herein.)*

RETIREMENT PLAN

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The Town participates in the retirement system of the Hampden County Regional Board of Retirement.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension

obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 20, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

The Hampden County Regional Board of Retirement has instituted a funding schedule that will fully fund the liability of the system by 2036.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by local retirement board and approval by the local legislative body, which acceptance may not be revoked. Recent legislation provides that upon local acceptance and subject to certain conditions and limitations, a municipality may establish and implement an early retirement incentive program. Any plan for such program had to be submitted to PERAC by September 27, 2010.

The annual contributions of the Town to the retirement system for the most recent fiscal years are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2012 (budgeted)	\$2,082,866
2011 (unaudited)	2,074,086
2010	2,060,095
2009	2,245,392
2008	2,091,671

As of January 1, 2010, the total estimated actuarial liability of the system was \$422,756,972 and its assets were \$220,585,830, leaving an estimated unfunded actuarial liability of \$202,171,142 (Source: The Segal Group, Inc. report on the January 1, 2010, actuarial valuation of the Hampden County Regional Board of Retirement.) The foregoing data do not include the retirement system costs or liabilities attributable to employees of the county or

the retirement system costs or liabilities of any other entity of which the Town is a constituent part.). There is no separate valuation of the Town's share of the liability. Based on the total payments to be made to the System in fiscal 2012 by the member units, the Town of Longmeadow's share was 12.46 percent of the total.

OTHER POST-EMPLOYMENT BENEFITS

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis. The pay-as-you-go cost to the Town for such benefits in recent years and the amount budgeted for fiscal 2012 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2012 (budgeted)	\$1,150,000
2011 (unaudited)	1,083,170
2010	1,101,559
2009	1,014,143
2008	1,043,421

The Governmental Accounting Standards Board ("GASB") recently promulgated its Statement Nos. 43 and 45, which will for the first time require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These new accounting standards do not require pre-funding such benefits, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Although cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims, Massachusetts General Laws do not currently provide cities and towns with general legal authority to establish a trust fund for the purpose of pre-funding this liability in the same manner as traditional pension benefits.

The Town has performed an actuarial valuation of its non-pension, post-employment benefit liability as of December 31, 2009. The unfunded actuarial accrued liability as of June 30, 2010, is \$40,677,000 which results in an annual required contribution of \$2,519,000.

PROPERTY TAXATION

Tax Rate and Valuation - General. Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 per cent of their share of the total valuation. A city or town may also exempt up to 20 per cent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years, or pursuant to a revised schedule as may be issued by the Commissioner. The Town does not impose different tax rates on different classes of property.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes his own redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized value". See Debt Limits herein.

VALUATIONS

The following shows the assessed and equalized valuations for the most recent fiscal years:

	Fiscal Year				
	<u>2011</u>	<u>2010</u>	<u>2009 (1)</u>	<u>2008</u>	<u>2007</u>
Real Property (2)	\$2,069,634,100	\$2,053,494,800	\$2,137,952,981	\$2,092,563,481	\$2,085,571,000
Personal Property (2)	<u>32,431,773</u>	<u>30,972,014</u>	<u>30,577,331</u>	<u>27,506,493</u>	<u>24,969,388</u>
Total	<u>\$2,102,065,873</u>	<u>\$2,084,466,814</u>	<u>\$2,168,530,312</u>	<u>\$2,120,069,974</u>	<u>\$2,110,540,388</u>
Equalized Value (3)	\$2,251,815,400	\$2,290,813,600	\$2,290,813,600	\$2,124,260,600	\$2,124,260,600
Percent of Total Assessed to Equalized Valuation	93.3%	91.0%	94.7%	99.8%	99.4%

(1) Revaluation year. The Town will complete a revaluation for use in fiscal 2012.

(2) As of January 1, 2010, 2009, 2008, 2007 and 2006, respectively.

(3) Based on the equalized valuation in effect for each year as determined biennially by the State Department of Revenue as of January 1 of even numbered years effective for the next two fiscal years.

CLASSIFICATION OF PROPERTY

The following table shows the breakdown of the total assessed valuation for fiscal years 2011, 2010 and 2009 by classification:

<u>Class</u>	<u>Fiscal 2011</u> <u>Assessed</u> <u>Valuation</u>	<u>% of Total</u> <u>Assessed</u> <u>Valuation</u>	<u>Fiscal 2010</u> <u>Assessed</u> <u>Valuation</u>	<u>% of Total</u> <u>Assessed</u> <u>Valuation</u>	<u>Fiscal 2009</u> <u>Assessed</u> <u>Valuation</u>	<u>% of Total</u> <u>Assessed</u> <u>Valuation</u>
Residential	\$1,991,281,700	94.7%	\$1,984,497,200	95.2%	\$2,068,963,181	95.4%
Commercial	75,430,200	3.6	66,002,200	3.2	65,994,400	3.1
Industrial	2,922,200	0.1	2,995,400	0.1	2,995,400	0.1
Personal	<u>32,431,773</u>	<u>1.5</u>	<u>30,972,014</u>	<u>1.5</u>	<u>30,577,331</u>	<u>1.4</u>
Total	<u>\$2,102,065,873</u>	<u>100.0%</u>	<u>\$2,084,466,814</u>	<u>100.0%</u>	<u>\$2,168,530,312</u>	<u>100.0%</u>

TAX RATES

The following table shows the actual tax rates per \$1,000 of assessed valuation and the estimated full value rate based on the equalized valuation for the most recent fiscal years:

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actual Tax Rate	\$18.75	\$18.28	\$17.11	\$16.96	\$15.53
Full Value Rate (1)	17.50	16.63	16.20	16.93	15.43

(1) Based on the equalized valuation in effect for each year.

LARGEST TAXPAYERS (1)

The following is a list of the ten largest taxpayers for fiscal 2011. All these taxpayers are current on payment of real estate and personal property taxes to the Town.

<u>Name</u>	<u>Nature of Business</u>	<u>Total Assessed Valuations for Fiscal 2011</u>	<u>Amount of Tax</u>	<u>Percent of Total Levy</u>
Glenmeadow	Congregate Care	\$18,978,500	\$ 355,847	0.903%
GPT Longmeadow Assoc.	Shopping Center	13,579,600	254,618	0.646
Western Mass Electric	Public Utility	13,550,176	254,066	0.645
Longmeadow Country Club	Golf Course	9,324,101	174,827	0.444
Twin Hills Realty Inc.	Golf Course	8,620,086	161,627	0.410
Applewood Professional Park LP	Professional Office	8,194,900	153,654	0.390
Jewish Nursing Home of Western MA	Elderly Housing	7,825,000	146,719	0.372
Longmeadow Mall Lmt. Prtnshp.	Shopping Center	6,658,200	124,841	0.317
Interfaith Homes of Longmeadow	Elderly Housing	6,322,600	118,549	0.301
Bay State Gas Company	Public Utility	5,774,700	108,276	0.275
Total		<u>\$98,827,863</u>	<u>\$1,853,024</u>	<u>4.703%</u>

TAX LEVIES

Levy-General. The principal tax of Massachusetts cities and towns is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits proscribed by law; for a description of those limits see "Tax Limitations" herein. As to the inclusion of debt service and final judgments, see "Security and Remedies" herein.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see "Abatements and Overlay" herein) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits" herein).

Taxation to Meet Deficits. As noted elsewhere (see "Abatements and Overlay" herein) overlay deficits, i.e. tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e. those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

In the opinion of Bond Counsel, cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as "free cash" deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

Tax Limitations. Chapter 59, Section 21C of the General Laws, also known as "Proposition 2½", imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation.

This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the "growth" limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund. The applicable tax limits may also be reduced in any year by a majority of the voters.

The State Commissioner of Revenue may adjust any tax limit "to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year".

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculations of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. As previously noted, debt service on \$17,471,000 principal amount of the Bonds, \$29,000 of the private sale of general obligation bonds (see "Authorization and Use of Proceeds" herein), and \$34,160,288 principal amount of currently outstanding bonds has been excluded from the limitations of Proposition 2½. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance. Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA, and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veteran's districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½, any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

Pledged Taxes. Taxes on certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes.

Initiative Petitions. Various other proposals have been made in recent years for legislative amendments to the Massachusetts Constitution to impose limits on state and local taxes. To be adopted such amendments must be approved by two successive legislatures and then by the voters at a state election.

CALCULATION OF TAX LEVIES AND LEVY LIMITS

The following table shows the calculation of the tax levies for the most recent fiscal years:

	<u>For Fiscal Year (000's omitted)</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Gross Amount to be Raised:					
Appropriations	\$55,024	\$54,691	\$54,370	\$51,618	\$48,734
Other Local Expenditures	668	664	783	1,097	1,009
State & County Charges	155	144	124	108	93
Overlay Reserve	284	128	175	111	121
Total Gross Amount to be Raised	<u>\$56,131</u>	<u>\$55,627</u>	<u>\$55,452</u>	<u>\$52,934</u>	<u>\$49,957</u>
Less Estimated Receipts & Other Revenue:					
Estimated Receipts from State	\$ 5,742	\$ 6,014	\$ 6,736	\$ 6,645	\$ 6,527
Estimated Receipts – Local	8,705	8,551	8,745	8,111	6,905
Available Funds Appropriated:					
Free Cash	1,050	293	682	749	580
Other Available Funds	877	1,152	1,247	1,065	2,300
Free Cash & Other Revenue					
Used to Reduce the Tax Rate	343	1,513	938	408	869
Total Estimated Receipts & Revenue	<u>16,717</u>	<u>17,523</u>	<u>18,348</u>	<u>16,978</u>	<u>17,181</u>
Net Amount To Be Raised (Tax Levy)	<u>\$39,414</u>	<u>\$38,104</u>	<u>\$37,104</u>	<u>\$35,956</u>	<u>\$32,777</u>

The following shows the calculation of levy limits for the most recent fiscal years:

	<u>For Fiscal Year (000's omitted)</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Primary Levy Limit (1)	\$52,552	\$52,111	\$54,213	\$53,002	\$52,764
Prior Fiscal Year Levy Limit	36,942	35,865	34,780	31,622	30,705
2.5% Levy Growth	924	897	869	790	768
New Growth (2)	321	180	216	218	149
Overrides	0	0	2,150	0	0
Growth Levy Limit	38,187	36,942	35,865	34,780	31,622
Debt Exclusions	1,246	1,162	1,242	1,191	1,172
Tax Levy Limit	39,433	38,104	37,107	35,971	32,794
Tax Levy	<u>39,414</u>	<u>38,104</u>	<u>37,104</u>	<u>35,956</u>	<u>32,777</u>
Unused Levy Capacity (3)	\$ 19	\$ 0	\$ 3	\$ 15	\$ 17
Unused Primary Levy Capacity (4)	<u>\$14,365</u>	<u>\$15,169</u>	<u>\$18,348</u>	<u>\$18,222</u>	<u>\$21,143</u>

(1) 2.5% of assessed valuation.

(2) Allowed increase for new valuations certified by the Department of Revenue. The figure for new growth for fiscal 2011 is overstated by approximately \$80,000. This \$80,000 figure is an amount expected to be collected from one of the country clubs in the Town as part of an adjustment to an existing exemption on the value of the property owned by the country club. The Town, however, was not successful and will be required to adjust its 2012 levy accordingly. New growth for fiscal 2012 is estimated to be at least \$100,000.

(3) Tax Levy Limit less the Tax Levy.

(4) Primary Levy Limit less Growth Levy Limit.

TAX COLLECTION AND ABATEMENTS

Payment Dates. The Town has accepted a statute permitting quarterly tax payments. Under that statute, preliminary tax payments are due on August 1 and November 1 with payment of the actual tax bill (after credit is given for the preliminary payments) in installments on October 1 and May 1 if actual tax bills are mailed by December 31. Interest accrues on delinquent taxes at the rate of 14 percent per annum.

Lien. Real property (land and buildings) is subject to a lien for the taxes assessed upon it, subject to any paramount federal lien and subject to bankruptcy and insolvency laws. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment.

Personal Liability. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described in "Taking and Sale" herein.

The following shows the total tax levy, the reserve for abatements, the net levy and the amounts collected during each fiscal year and as of a more recent date for the most recent fiscal year:

	For Fiscal Year				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Total Tax Levy	\$39,413,735	\$38,104,053	\$37,103,554	\$35,956,387	\$32,776,692
Overlay Reserve for Abatements	<u>284,241</u>	<u>144,400</u>	<u>175,368</u>	<u>110,673</u>	<u>121,101</u>
Net Tax Levy (1)	<u>\$39,129,494</u>	<u>\$37,959,653</u>	<u>\$36,928,186</u>	<u>\$35,845,714</u>	<u>\$32,655,591</u>
Amount Collected During Fiscal Year Payable (2)	\$38,826,679	\$37,632,296	\$36,592,273	\$35,450,814	\$31,936,084
Percent of Net Tax Levy Amount Collected	99.2%	99.1%	99.1%	98.8%	97.8%
Through 06/30/11 (2)	\$38,826,679	\$37,873,248	\$36,904,087	\$35,760,299	\$32,532,588
Percent of Net Tax Levy	99.2%	99.8%	99.9%	99.8%	99.6%

(1) Net after deduction of overlay reserve for abatements.

(2) Actual collections of levy less refunds and amounts refundable.

Abatements and Overlay. A city or town is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following shows the abatements granted during the most recent fiscal years as well as through a more recent date for the most recent fiscal years:

	<u>For Fiscal Year</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tax Levy	\$39,413,735	\$38,104,053	\$37,103,554	\$35,956,387	\$32,776,692
Overlay Reserve for Abatements	284,241	144,400	175,368	110,673	121,101
Percent of Tax Levy	0.7%	0.3%	0.5%	0.3%	0.4%
Abatements Granted:					
During Fiscal Year of Levy	\$200,037	\$83,835	\$78,847	\$86,492	\$128,125
Through 06/30/11	\$200,037	\$117,995	\$129,857	\$129,824	\$138,925

Taking and Sale. Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for nonpayment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments), it can be foreclosed by petition to the Land Court. Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes.

Sales of Tax Receivables. Cities and town are authorized to sell delinquent property tax receivables by public sale or auction either individually or in bulk.

Municipal Tax Amnesty. Pursuant to recent legislation, a municipality may establish a municipal tax amnesty program expiring not later than June 30, 2011. Under such program, the municipality may waive, during the amnesty period, certain penalties, fees, charges and accrued interest, provided the taxpayer pays the amount of the tax to which such penalties, fees, charges, and accrued interest relates.

TOWN FINANCES

Budget and Appropriation Process

The annual appropriations of the Town are ordinarily made at the annual meeting which must take place in April or May. Appropriations may also be voted at special meetings. The Town Manager submits a proposed budget to the Select Board and thereafter to the Town Finance Committee which submit reports and recommendations on proposed expenditures at town meetings.

Under certain circumstances and subject to certain limits and requirements, the city council of a city, upon the recommendation of the mayor, may transfer amounts appropriated for the use of one department (except for a municipal light department or a school department) to another appropriation for the same department or for the use of any other department. In a town, town meeting may at any time vote to transfer any amount previously appropriated to any other authorized use by law, and, under certain circumstances and subject to certain limits and requirements, the selectmen of a town, with the concurrence of the finance committee, may transfer amounts appropriated for the use of any department to any other appropriation for the same department or to any other department.

Water and sewer department expenditures are included in the budgets adopted by town meetings but electric and gas department funds may be appropriated by the municipal light boards. Under certain legislation any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts.

The Town voted to establish Water and Sewer Enterprise Funds for such services commencing July 1, 2008.

The school budget is limited to the total amount appropriated by the town meeting, but the school committee retains full power to allocate the funds appropriated. State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs and may affect the level of State aid to be received for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. From fiscal 1994 through budgeted 2012, the net school spending for the Town exceeded the minimum required local contribution.

State and county assessments, abateements in excess of overlays, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See Property Taxation herein.)

BUDGET COMPARISON

The following table sets forth the final budgets for fiscal years 2008 through 2012:

<u>Fiscal Year</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Government (1)	\$ 1,315,932	\$ 1,488,196	\$ 1,521,849	\$ 1,511,554	\$ 1,412,764
Public Safety	4,376,708	4,172,475	4,216,182	4,292,605	4,104,080
Planning / Community Devel.	167,889	160,161	163,036	160,438	153,527
Education	29,914,763	28,759,202	28,719,837	28,120,311	25,402,689
Public Works	3,010,868	2,842,632	3,020,045	4,011,592	3,844,179
Water, Sewer, Recycling	5,102,888	4,541,441	4,629,966	3,547,635	3,037,203
Community Services	1,411,727	1,450,674	1,481,856	1,439,616	1,350,897
Debt Service	2,536,381	1,519,853	1,546,578	1,592,415	1,600,265
Employee Benefits / Insurance	6,764,089	6,638,230	6,709,850	6,578,000	6,328,856
Total	<u>\$54,601,245</u>	<u>\$51,572,864</u>	<u>\$52,009,199</u>	<u>\$51,254,166</u>	<u>\$47,234,460</u>

(1) The reduction in the fiscal 2012 General Government line item reflects the transfer of the Town's IT Department to the school budget. The IT budget in fiscal 2011 was approximately \$244,000.

STATE AID

In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities.

None of the programs have a termination date under existing law, and while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, both the State Legislature (by statute repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limits the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining law could restrict the amount of state revenues available for state aid to local communities.

The following table shows the actual receipts in each of the most recent fiscal years and the amount budgeted to be received in fiscal 2012:

<u>Fiscal Year</u>	<u>Total From State</u>
2012 (budgeted)	\$5,282,196
2011 (unaudited)	5,322,037
2010	5,613,807
2009	6,490,640
2008	6,512,207

As a result of lower than anticipated state revenues in the prior fiscal year, the state legislature authorized the Governor to make significant reductions in the amount of state aid originally appropriated for cities and towns for the 2009 fiscal year. The amount of state aid originally appropriated to the Town was reduced by \$169,442; such reduction is reflected in the figure above. The Town absorbed the reduction in state aid through its conservative budgeting practice, budget turnbacks, and revenue surpluses helped to offset the reduction in state aid.

STATE SCHOOL BUILDING ASSISTANCE PROGRAM

Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, shall be included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality, eliminating the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs in most cases.

The range of reimbursement rates for new project grant applications submitted to the Authority on or after July 1, 2007 has been reduced to between 40% and 80% of approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

COMMUNITY PRESERVATION ACT

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy and to receive state matching funds for the acquisition, creation, preservation, rehabilitation and restoration of open space, historic resources and affordable housing. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% of the real property tax levy, and it may accept one or more exemptions to the surcharge under the CPA, including an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property, and an exemption for commercial and industrial properties in cities and towns with classified tax rates. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see "Tax Limitations" under "TAX LEVIES" above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge on the real property tax levy. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula which requires that 80% of the amount in the state trust fund be used to match an equal percentage of the amount raised locally by each city and town, and that the remaining 20% of the amount in the

fund be distributed only to those cities and towns that levy the maximum 3% surcharge based on a formula which takes into account equalized property valuation and population, resulting in larger distributions to those communities with low valuations and small populations. The total state distribution made to any city or town may not, however, exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on real property taxes and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The Town voted to accept this legislation to be first used in fiscal 2007. The Town implemented a one percent surcharge, with the first \$100,000 of residential valuation exempt from such surcharge. In fiscal 2012, the Town expects to bill \$282,000 in CPA surtax charges. As of June 30, 2011, the Town has \$1,841,238 in its Community Preservation Fund, of which \$894,523 has been appropriated for use in fiscal 2012.

MOTOR VEHICLE EXCISE

An excise is imposed on the registration of motor vehicles (subject to exemptions) at the rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license or registration by the registrar of motor vehicles. The following table shows the actual receipts in each of the most recent fiscal years and the amount budgeted to be received in fiscal 2012:

<u>Fiscal Year</u>	<u>Receipts (1)</u>
2012 (budgeted)	\$2,000,000
2011 (unaudited)	2,011,277
2010	1,947,767
2009	2,057,586
2008	2,169,726

(1) Net after refunds. Includes receipts for prior years.

OTHER TAXES

Three additional sources of revenue for local governments are the room occupancy excise tax, local meals excise tax, and the aviation fuel tax. All of these taxes take effect only where accepted by individual municipalities. Under the room occupancy excise tax, local governments may tax the provision of hotel, motel, lodging house and bed and breakfast rooms at a rate not to exceed six percent of the cost of renting such rooms. The tax is paid by the operator of each establishment to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located.

The local meals excise tax, effective for sales of restaurant meals on or after October 1, 2009, is a three-fourths percent tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold.

The aviation fuel tax is a five percent tax (with a minimum of five cents per gallon) on the sale or use of jet fuel to or by jet aircraft. The tax is paid by the seller/user of the fuel to the Commissioner of Revenue, who in turn rebates the tax to the municipality in which the fuel being taxed was transferred into an aircraft.

The Town has not implemented any of these other taxes.

TAX INCREMENT FINANCING FOR DEVELOPMENT DISTRICTS

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town's development program for the district. This includes pledging such "tax increments" for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2½.

The Town has not voted to establish any development districts.

INVESTMENTS

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

Trust funds, unless otherwise provided by the donor, may be invested in accordance with section 54 of Chapter 44, which permits a broader range of investments than section 55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by sections 54 and 55 do not apply to city and town retirement systems. (See pages 36 and 37 of the audited financial statements for 2010 in Appendix B for additional information regarding the Town's investments.)

UNDESIGNATED GENERAL FUND BALANCE AND FREE CASH

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue less uncollected and overdue property taxes from prior years. The Town Accountant may certify as available for appropriation an adjusted free cash figure by adding back those uncollected and overdue property taxes which are subsequently collected between July 1 and the following March 31 of any year. The following table sets forth the undesignated general fund balance and certified free cash for the most recent fiscal years:

<u>June 30,</u>	<u>Undesignated General Fund Balance</u>	<u>Free Cash</u>
2011 (unaudited)	\$2,570,947	\$2,116,129
2010	1,549,057	1,455,225
2009	1,733,771	489,350
2008	2,238,327	1,479,918
2007	2,669,148	1,622,489

(1) As estimated by the Town.

STABILIZATION FUND

The Town has maintained a Stabilization Fund for several years. Under Massachusetts statutes, funds may be appropriated from the Fund for any municipal purpose. The following is the balance in the account at the end of the most recent fiscal years:

<u>Fiscal Year</u>	<u>Amount</u>
2011 (unaudited)	\$2,656,553
2010	2,016,344
2009	2,291,822
2008	2,179,421
2007	1,611,583

COLLECTIVE BARGAINING

City and town employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment.

The Town employs approximately 722 full and permanent part-time workers. Approximately 499 employees of the Town are represented by twelve unions.

The following table indicates the status of contracts between the Town and the various unions representing Town employees. The Town is currently in negotiations with the bargaining units for which contracts have expired; the Town expects to successfully complete those negotiations.

<u>Employee Category</u>	<u>Represented By</u>	<u>Employees</u>	<u>Expires (1)</u>
Clerical	Longmeadow Organization of Clerical Workers	9	06/30/09
D.P.W	American Federation of State, County & Municipal Employees, AFL-CIO Local 1364, MA State Council #93	28	06/30/09
Fire	International Association of Firefighters AFL-CIO, CLC, Local Union 1903	21	06/30/12
Police Officers	International Brotherhood of Police Officers, Chapter 370	20	06/30/12
Police Supervisors	Longmeadow Police Supervisors Association	6	06/30/12
Schools:	Longmeadow Education Association		
	Massachusetts Teachers Association:		
Teachers	Unit A	265	08/31/12
Administrators	Unit B	4	08/31/12
Secretaries and Instructional Assistant	Unit D	27	06/30/12
Educational Assistants	Unit F	81	08/31/12
Custodians	Unit H	20	06/30/12
Specialists	Unit E	19	06/30/12

(1) All contracts which have expired are currently in negotiations.

PHYSICAL AND ECONOMIC CHARACTERISTICS

The Town of Longmeadow, located in Hampden County, approximately 90 miles west of Boston, is an affluent suburban town located on the southern edge of the Connecticut River's Pioneer Valley. The Town is bordered on the north by the City of Springfield, on the east by the Town of East Longmeadow, on the west by the City of Agawam, and the south by the state of Connecticut. The Town is ideally located along Interstate 91, which provides direct access to the City of Hartford, Connecticut to the south, the City of Springfield to the immediate north, the cities of Holyoke, Chicopee and Northampton, Massachusetts, and Brattleboro, Vermont to the farther north. This main route provides residents direct access to employers throughout the Pioneer Valley.

Bay Path College, a noted women's school, founded in 1897 offers undergraduate and graduate degrees. Its main campus is located in the Town and is one of the Town's largest employers. The Willie Ross School for the Deaf, Yeshiva Academy and St. Mary's Academy are also located in the Town.

Longmeadow was once an agricultural community which experienced significant growth as Springfield's development pushed south. Currently, the Town has a large percentage of residents working in managerial and professional fields which accounts for the Town having the highest median income in the region.

The Pioneer Valley is a diverse region that contains both the fourth largest New England metropolitan area (Springfield) and the most rural Massachusetts County (Franklin). Employers are concentrated in the south around the urban core and northward along the Interstate 91 corridor. The five communities that have the most jobs are Springfield, Holyoke, Chicopee, Northampton and West Springfield. Both Springfield and Agawam, which border Longmeadow, are regional employment centers which offer residents various employment opportunities in numerous, diverse fields such as financial, manufacturing, commercial and service trades, to name a few. Higher education is also abundant throughout the Pioneer Valley. The main campus of Bay Path

College is located within the Town. Neighboring Springfield is home to the American International College, Springfield College and Western New England College and School of Law. Additionally, the main campuses of the University of Massachusetts, Amherst College, Hampshire College, Mount Holyoke College, Smith College, Elms College and Westfield State College are located in nearby communities.

Along with providing residents with a wide variety of choices in higher education, the area also provides a vast amount of employment opportunities. From the educational section to healthcare, industrial to commercial, the area is host to a large employment base, including the following located on or near the Route 91 corridor:

<u>Name of Employer</u>	<u>Location</u>	<u>Nature of Business</u>	<u>Approximate Number of Employees</u>
State of Connecticut	Hartford, CT	State Government	50,000
United Technologies	Hartford, CT	Diversified Manufacturing	25,000
Hartford Financial Services Group	Hartford, CT	Financial Services	12,000
Baystate Health Systems	Springfield, MA	Hospital	10,000
Aetna Inc.	Hartford, MA	Health Insurance	7,300
Bradley International Airport	Windsor Locks, CT	Airport	6,500
Hartford Medical Center	Hartford, CT	Medical Center	5,000
Mass Mutual Financial Group	Springfield, CT	Financial Services	4,300
Northeast Utilities	Hartford, CT	Electric Utility	4,100
University of Connecticut	Storrs, CT	State University	4,000
Hamilton Sunstrand	Windsor Locks, CT	Aerospace Manufacturing	3,800
United States Air Force	Chicopee, MA	Defense	3,600
CIGNA Corp.	Bloomfield, CT	Insurance	3,400
Holyoke Mall at Ingleside	Holyoke, MA	Shopping Mall	3,400
Sisters of Providence Health Systems	Springfield, MA	Hospital	3,300
St. Francis Hospital	Hartford, CT	Hospital	3,000
United Health Group	Hartford, CT	Health Insurance	2,300
Hartford Life	Windsor, CT	Financial Services	2,100
Mass Mutual Insurance	Enfield, CT	Insurance	1,900
Cianbro	Bloomfield, CT	General Contractor	1,900
ING	Windsor, CT	Financial Services	1,800
Cooley Dickinson Hospital	Northampton, MA	Hospital	1,800
Metropolitan Life	Hartford, CT	Insurance	1,700
Alstom Power Systems	Windsor, CT	Engineering Services	1,300
Smith College	Northampton, MA	Higher Education	1,300
Holyoke Medical Center	Holyoke, MA	Medical Center	1,200
Peter Pan Bus Lines	Springfield, MA	Bus Transportation Services	1,100
Mt. Holyoke College	South Hadley, MA	College	1,000
Holyoke Community College	Holyoke, MA	Community College	1,000
Callaway	Chicopee, MA	Sporting Goods	1,000
Big Y Supermarkets	Springfield, MA	Distribution	900
Kaman Corporation	Bloomfield, CT	Diversified Manufacturing	900
Springfield Technical Comm College	Springfield, MA	Community College	900
Hallmark Cards	Enfield, CT	Greeting Cards	700

Source: Bond and Note Official Statements of the respective communities.

The ability for residents to access a variety of employment centers along with higher education has contributed to Longmeadow's reputation as being the most desirable of all Springfield's residential suburbs. Between 1915 and 1940, the Town gained over 4,000 residents and established itself as a residential community.

The Town also has very convenient access to Bradley International Airport, in Windsor Locks, Connecticut.

PRINCIPAL EMPLOYERS (1)

The following are the large employers, other than the Town itself, located in the Town:

<u>Company</u>	<u>Nature of Business</u>	<u>Approximate Number of Current Employees</u>
Jewish Geriatric Services Inc.	Social Assistance	400
Bay Path College	Educational Services	200
Glenmeadow Retirement	Nursing and Residential Care	184
Keller Williams Realty	Real Estate	177
Valley Psychiatric Services	Ambulatory Health Care Services	150
Big Y	Food and Beverage Store	132
Longmeadow Country Club	Recreation Activities	93
Coldwell Banker	Real Estate	93
Twin Hills Country Club	Recreation Activities	87
Willie Ross School for the Deaf	Education Services	50

(1) Source: Pioneer Valley Planning Commission and the Town, August 2011.

Employment and Payrolls

	<u>Calendar Year Average</u>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Construction & Natural Resources	86	96	106	106	92
Trade, Transportation & Utilities	404	408	432	458	457
Financial Activities	256	258	254	267	299
Professional & Business Services	160	143	129	117	138
Education & Health Services	1,703	1,729	1,681	1,662	1,590
Leisure & Hospitality	417	373	413	413	410
Information & Other Services	219	155	139	142	144
Total Employment	3,386	3,353	3,339	3,165	3,130
Number of Establishments	331	317	308	298	320
Total Annual Wage (\$000)	\$117,079	\$114,626	\$116,526	\$112,337	\$111,845
Average Weekly Wage	\$665	\$657	\$671	\$645	\$648

Source: Massachusetts Division of Unemployment Assistance

BUILDING PERMITS

<u>Fiscal Year</u>	<u>Number</u>	<u>Estimated Value</u>
2011	513	\$13,316,635
2010	447	9,815,791
2009	378	13,180,425
2008	381	12,305,585
2007	367	14,720,583

PUBLIC SCHOOL ENROLLMENTS (1)

	<u>Actual</u>				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Grades K-4	1,125	1,090	1,068	1,061	1,025
Grades 5-8	1,026	1,007	997	962	949
Grades 9-12	1,024	1,019	1,020	1,023	989
	<u>3,175</u>	<u>3,116</u>	<u>3,085</u>	<u>3,046</u>	<u>2,963</u>

(1) As of October 1 of each year

Upon the completion of the school project, the Town believes its need for space will be satisfied for the foreseeable future.

OTHER DATA

Unemployment (1)

<u>Year</u>	<u>Longmeadow</u>	<u>Massachusetts</u>	<u>United States</u>
2011 (August)	5.5%	7.0%	9.1%
2010	6.1	8.5	9.6
2009	5.8	8.2	9.3
2008	3.6	5.3	5.8
2007	3.2	4.5	4.6

(1) Massachusetts Department of Employment and Training Full year annual averages except for 2011 which is for the month indicated.

Population (1)

<u>Year</u>	<u>Longmeadow</u>		<u>Hampden County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>
2010 (Preliminary)	15,784	1.0%	463,490	1.6%	6,547,629	3.1%
2000	15,633	1.1	456,228	0.0	6,349,097	5.5
1990	15,467	(5.1)	456,310	3.0	6,016,425	4.9
1980	16,301	4.3	443,018	(3.5)	5,737,037	0.8
1970	15,630		459,050		5,689,170	

(1) Source: U.S. Department of Commerce.

Population Density (1)

<u>Year</u>	<u>Longmeadow</u>		<u>Hampden County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Density (2)</u>	<u>Number</u>	<u>Density</u>	<u>Number</u>	<u>Density</u>
2010 (Preliminary)	15,784	1,749.7	463,490	749.4	6,547,629	835.4
2000	15,633	1,733.0	456,228	737.6	6,175,169	810.0
1990	15,467	1,714.6	456,310	737.7	6,016,425	767.6
1980	16,301	1,807.0	443,018	716.3	5,737,037	732.0
1970	15,630	1,732.6	459,050	742.2	5,689,170	725.8

(1) Source: U.S. Department of Commerce

(2) Based on 9.0 square miles.

Population Composition 2000 (1)

<u>Age</u>	<u>Longmeadow</u>		<u>Hampden County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5 Years	966	6.2%	29,745	6.5%	397,268	6.3%
5 Years to 19 Years	3,527	22.6	102,671	22.5	1,277,845	20.1
20 Years to 64 Years	8,355	53.4	257,561	56.5	3,813,822	60.1
65 Years & Over	2,785	17.8	66,251	14.5	860,162	13.5
Total	15,633	100.0%	456,228	100.0%	6,349,097	100.0%
Median Age	42.9		36.4		36.5	
Median Age (1990)	40.4		33.4		33.6	

(1) Source: U.S. Department of Commerce

Income Levels (1)

Year	Longmeadow		Hampden County		Massachusetts	
	Amount	% Change from Previous Census	Amount	% Change from Previous Census	Amount	% Change from Previous Census
Per Capita-Personal						
1999	\$38,949	33.2%	\$19,541	39.3%	\$25,952	50.7%
1989	29,244	138.0	14,029	108.4	14,389	131.0
1979	12,287		6,731		12,510	
Median Family						
Income (1999)	\$87,742		\$49,257		\$61,664	
Median Household						
Income (1999)	\$75,461		\$39,718		\$50,502	
% Below Poverty						
Level (1999)	2.1%		14.7%		9.3%	

(1) Source: U.S. Department of Commerce.

Family Income Distribution 1999 (1)

Income for Families	Longmeadow		Hampden County		Massachusetts	
	Families	Percent	Families	Percent	Families	Percent
Less than \$10,000	43	1.0%	8,825	7.6%	71,198	4.5%
\$10,000 - \$24,999	149	3.4	17,913	15.4	175,120	11.0
\$25,000 - \$49,999	584	13.1	32,335	27.7	368,418	23.3
\$50,000 - \$74,999	981	22.1	28,338	24.3	359,202	22.6
\$75,000 - \$99,999	789	17.7	15,312	13.1	251,231	15.8
\$100,000 - \$149,999	946	21.3	9,819	8.4	222,234	14.0
\$150,000 or more	954	21.5	4,028	3.5	140,134	8.8
Total	<u>5,738</u>	<u>100.0%</u>	<u>116,570</u>	<u>100.0%</u>	<u>1,587,537</u>	<u>100.0%</u>

(1) Source: U.S. Department of Commerce.

Household Income Distribution 1999 (1)

Income for Households	Longmeadow		Hampden County		Massachusetts	
	Households	Percent	Households	Percent	Households	Percent
Less than \$10,000	263	4.6%	20,917	11.9%	214,700	8.8%
\$10,000 - \$24,999	436	7.6	35,755	20.4	385,395	15.8
\$25,000 - \$49,999	969	16.9	49,884	28.5	608,320	24.8
\$50,000 - \$74,999	1,182	20.6	35,498	20.2	490,998	20.1
\$75,000 - \$99,999	839	14.6	17,911	10.2	312,741	12.8
\$100,000 - \$149,999	1,039	18.1	10,935	6.2	267,300	10.9
\$150,000 or more	<u>1,010</u>	<u>17.6</u>	<u>4,575</u>	<u>2.6</u>	<u>165,134</u>	<u>6.8</u>
Total	<u>5,738</u>	<u>100.0%</u>	<u>175,475</u>	<u>100.0%</u>	<u>2,444,588</u>	<u>100.0%</u>

(1) Source: U.S. Department of Commerce.

Value Distribution Of Specified Owner-Occupied Housing Units 2000 (1)

Units	Longmeadow		Hampden County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
Less than \$100,000	81	1.6%	31,506	34.8%	113,263	9.5%
\$100,000 - \$149,999	727	14.4	34,880	38.6	277,571	23.4
\$150,000 - \$199,999	1,695	33.5	14,268	15.8	273,542	23.0
\$200,000 - \$299,999	1,664	32.9	7,512	8.3	286,599	24.1
\$300,000 - \$499,999	763	15.1	1,994	2.2	170,536	14.4
\$500,000 or more	135	2.7	300	0.3	66,360	5.6
Total	<u>5,065</u>	<u>100.0%</u>	<u>90,460</u>	<u>100.0%</u>	<u>1,187,871</u>	<u>100.0%</u>
Median Value	\$201,600		\$117,400		\$185,700	

(1) Source: U.S. Department of Commerce.

Age Distribution Housing Units 2000 (1)

Year Built	Longmeadow		Hampden County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
1990 to March 2000	399	6.8%	11,973	6.4%	218,407	8.3%
1980 to 1989	329	5.6	17,283	9.3	292,701	11.2
1940 to 1979	3,609	61.4	101,561	54.7	1,205,183	46.0
1939 or Earlier	1,542	26.2	55,059	29.6	905,698	34.5
Total	<u>5,879</u>	<u>100.0%</u>	<u>185,876</u>	<u>100.0%</u>	<u>2,621,989</u>	<u>100.0%</u>

(1) Source: U.S. Department of Commerce.

Housing Unit Inventory 2000 (1)

Units in Structure	Longmeadow		Hampden County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
1, Detached	5,422	92.2%	102,415	55.0%	1,374,479	52.5%
1, Attached	65	1.1	8,182	4.4	104,129	4.0
2 to 4	36	0.6	38,253	20.6	603,917	23.0
5 to 9	0	0.0	11,647	6.3	156,135	6.0
10 to 19	97	1.6	6,267	3.4	113,697	4.3
20 or More	251	4.3	16,189	8.7	244,892	9.3
Mobil Home, Trailer, or Other	8	0.1	2,923	1.6	24,740	0.9
Total	<u>5,879</u>	<u>100.0%</u>	<u>185,876</u>	<u>100.0%</u>	<u>2,621,989</u>	<u>100.0%</u>

(1) Source: U.S. Department of Commerce.

Educational Attainment 2000 (1)

<u>Years of School Completed</u>	<u>Longmeadow</u>		<u>Hampden County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th Grade	134	1.2%	22,138	7.5%	247,556	5.8%
9th to 12th Grade, No Diploma	301	2.8	39,325	13.3	403,537	9.4
High School Graduate	1,474	13.7	96,474	32.6	1,165,489	27.3
Some College, No Degree	1,509	14.0	53,670	18.1	730,135	17.1
Associate's Degree	812	7.5	23,676	8.0	308,263	7.2
Bachelor's Degree	3,288	30.5	37,752	12.8	834,554	19.5
Graduate or Professional Degree	<u>3,248</u>	<u>30.2</u>	<u>22,802</u>	<u>7.7</u>	<u>583,741</u>	<u>13.7</u>
Total	<u>10,766</u>	<u>100.0%</u>	<u>295,837</u>	<u>100.0%</u>	<u>4,273,275</u>	<u>100.0%</u>
High School Graduate or Higher	10,331	96.0%	234,374	79.2%	3,622,182	84.8%
Bachelor's Degree or Higher	6,536	60.7%	60,554	20.5%	1,418,295	33.2%

(1) Source: U.S. Department of Commerce

LITIGATION

At present there are a number of suits pending in which the Town is a defendant. In the opinion of the Town, none of the pending litigation is considered likely to result, either individually or in the aggregate, in final judgments which would materially affect the Town's financial position.

TOWN OF LONGMEADOW
Massachusetts

By: /s/ Mary D. Pequignot
Town Treasurer

Dated: October 4, 2011

APPENDIX A

The following Balance Sheet and Statement of Revenues and Expenditures for fiscal year ending June 30, 2011, have been prepared by the Town Accountant and are unaudited.

The following Balance Sheets for fiscal years ending June 30, 2006 through 2010, and the Comparative Statements of Revenues and Expenditures for fiscal years ending June 30, 2006 through 2010, have been excerpted from the audited financial statements of the Town for those years.

This page intentionally left blank.

**TOWN OF LONGMEADOW
GENERAL FUND BALANCE SHEET (1)
FISCAL YEARS ENDED JUNE 30,**

ASSETS

	<u>2011</u>
Cash and Cash Equivalents	\$30,198,246
Receivables:	
Property Taxes	184,924
Deferred Property Taxes	34,888
Tax Liens	75,722
Excise Taxes	131,837
Departmental	17,533
Due to/from Other Governments	(24,443,364)
Prepaid Expenses	<u>3,708</u>
Total Assets	<u>\$ 6,203,494</u>

LIABILITIES AND FUND EQUITY

Liabilities:	
Accrued Payroll	\$ 224,405
Tax Refund Payable	(2,739)
Other	17,437
Deferred Revenue:	
Property Taxes	75,223
Other	<u>259,980</u>
Total Liabilities	<u>\$ 574,306</u>
Equities and Other Credits:	
Reserved for:	
Encumbrances and	
Continuing Appropriations	\$ 968,904
Reserve for Future Debt	2,091,057
Unreserved	
Other Reserves/Overlay Deficit	(1,720)
Undesignated	<u>2,570,947</u>
Total Fund Equity	<u>\$ 5,629,188</u>
Total Liabilities and Fund Equity	<u>\$ 6,203,494</u>

(1) Unaudited. Prepared by Town Accountant.

**TOWN OF LONGMEADOW
GENERAL FUND BALANCE SHEET (1)
FISCAL YEARS ENDED JUNE 30,**

ASSETS

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Cash and Cash Equivalents	\$5,705,160	\$6,409,377	\$7,260,965	\$5,080,736	\$6,199,103
Investments	258,458	246,326	1,218,048	3,609,296	2,334,160
Receivables:					
Property Taxes	302,520	425,494	410,807	323,642	309,656
Deferred Property Taxes	26,236	18,807	10,110	7,695	5,547
Tax Liens	159,091	68,621	114,769	242,627	320,749
Excise Taxes	63,672	46,462	96,733	97,206	95,153
Departmental	13,113	11,055	10,599	16,455	6,040
Special Assessments	19,567	22,906	26,477	31,589	36,079
Due from Other Governments	30,088	0	4,976	0	0
Prepaid Expenses	<u>5,622</u>	<u>9,734</u>	<u>53,357</u>	<u>610</u>	<u>20,407</u>
Total Assets	<u>\$6,583,527</u>	<u>\$7,258,782</u>	<u>\$9,206,841</u>	<u>\$9,409,856</u>	<u>\$9,326,894</u>

LIABILITIES AND FUND EQUITY

Liabilities:

Warrants Payable	\$ 513,624	\$ 705,182	\$1,008,838	\$ 597,047	\$ 468,585
Accrued Payroll	149,803	577,480	589,061	246,547	142,710
Tax Refund Payable	23,250	74,500	29,100	99,206	116,643
Other	17,637	0	0	0	0
Deferred Revenue:					
Property Taxes	157,217	262,376	251,090	194,520	221,388
Other	<u>281,679</u>	<u>167,851</u>	<u>258,688</u>	<u>395,572</u>	<u>458,021</u>
Total Liabilities	<u>\$1,143,210</u>	<u>\$1,787,389</u>	<u>\$2,136,777</u>	<u>\$1,532,892</u>	<u>\$1,407,347</u>
Equities and Other Credits:					
Reserved for:					
Encumbrances and					
Continuing Appropriations	\$ 572,106	\$ 464,935	\$1,281,980	\$1,805,943	\$1,470,055
Payment of Debt	1,940,322	2,254,913	2,611,437	2,993,548	3,748,423
Unreserved					
Designated for					
Subsequent Years' Expenditures	1,378,832	1,017,774	938,320	408,325	356,052
Undesignated	<u>1,549,057</u>	<u>1,733,771</u>	<u>2,238,327</u>	<u>2,669,148</u>	<u>2,345,017</u>
Total Fund Equity	<u>\$5,440,317</u>	<u>\$5,471,393</u>	<u>\$7,070,064</u>	<u>\$7,876,964</u>	<u>\$7,919,547</u>
Total Liabilities and Fund Equity	<u>\$6,583,527</u>	<u>\$7,258,782</u>	<u>\$9,206,841</u>	<u>\$9,409,856</u>	<u>\$9,326,894</u>

(1) As audited by Thomas J. Scanton, South Deerfield, MA, Certified Public Accountant.

**TOWN OF LONGMEADOW
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
GENERAL FUND (1)
YEAR ENDED JUNE 30,**

	<u>2011</u>
Revenues:	
Property Taxes	\$39,146,387
State Receipts	5,382,367
Excise and Other Taxes	2,015,241
Charges for Services	393,319
Licenses, Permits, Fines	349,988
Interest on Taxes	105,531
Interest on Investments	201,532
Intergovernmental	<u>485,539</u>
Total Revenues	<u>\$48,079,904</u>
Expenditures:	
General Government	\$ 1,723,087
Public Safety	4,136,237
Public Works	3,122,990
Education	28,691,268
Health and Human Services	164,732
Culture and Recreation	1,539,944
Employee Benefits and Insurance	6,196,249
State and County Assessments	161,850
Debt Service - Principal	805,000
Debt Service - Interest	<u>700,426</u>
Total Expenditures	<u>\$47,241,783</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 838,121</u>
Other Financing Sources (Uses):	
Operating Transfers In	2,167,240
Proceeds/Payments of Bonds	0
Operating Transfers (Out)	<u>(2,001,976)</u>
Total Other Financing Sources (Uses)	<u>165,264</u>
Net Change in Fund Balance	1,003,385
Fund Balance, Beginning	<u>4,625,803</u>
Fund Balance, Ending	<u>\$ 5,629,188</u>

(1) Unaudited. Prepared by Town Accountant

**TOWN OF LONGMEADOW
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND (1)
YEAR ENDED JUNE 30,**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues:					
Property Taxes	\$38,086,243	\$36,955,332	\$35,979,974	\$32,705,762	\$32,314,002
State Receipts	5,739,425	5,693,588	6,145,508	6,051,853	5,943,262
Excise and Other Taxes	1,959,106	2,069,023	2,173,350	2,093,670	2,304,943
Charges for Services	142,056	0	0	0	0
Licenses, Permits, Fines	464,810	618,892	1,307,379	1,260,854	1,160,552
Interest on Taxes	108,755	115,760	163,060	121,865	178,688
Interest on Investments	164,285	224,789	553,645	678,435	387,217
Intergovernmental	6,550,773	6,143,540	5,800,907	5,651,445	5,240,645
Total Revenues	<u>\$53,215,453</u>	<u>\$51,820,924</u>	<u>\$52,123,823</u>	<u>\$48,563,884</u>	<u>\$47,529,309</u>
Expenditures:					
General Government	\$ 1,708,297	\$ 1,818,678	\$ 1,631,382	\$ 1,645,905	\$ 1,938,820
Public Safety	4,125,657	4,470,049	4,277,388	4,050,287	3,804,818
Public Works	3,268,925	3,543,540	4,090,158	3,294,864	1,484,574
Education	28,725,324	28,212,027	27,872,829	24,811,132	24,888,538
Health and Human Services	251,741	242,707	230,557	221,796	1,233,575
Culture and Recreation	1,258,666	1,349,977	1,306,693	1,142,703	1,411,645
Employee Benefits and Insurance	12,782,554	12,210,270	11,937,294	11,320,264	10,398,283
State and County Assessments	152,970	140,156	149,529	109,806	88,613
Debt Service - Principal	885,000	1,190,000	1,155,000	2,170,000	1,900,000
Debt Service - Interest	368,137	407,853	448,087	505,296	694,238
Total Expenditures	<u>\$53,527,271</u>	<u>\$53,585,257</u>	<u>\$53,098,917</u>	<u>\$49,272,053</u>	<u>\$47,843,104</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (311,818)</u>	<u>\$ (1,764,333)</u>	<u>\$ (975,094)</u>	<u>\$ (708,169)</u>	<u>\$ (313,795)</u>
Other Financing Sources (Uses):					
Operating Transfers In	\$ 1,318,397	\$ 955,561	\$ 799,130	\$ 1,191,575	\$ 5,450,777
Proceeds/Payments of Bonds	0	0	0	0	558,000
Sale of Foreclosure Property	137,000	0	0	0	0
Operating Transfers (Out)	<u>(1,174,655)</u>	<u>(789,899)</u>	<u>(630,936)</u>	<u>(525,989)</u>	<u>(1,143,902)</u>
Total Other Financing Sources (Uses)	<u>280,742</u>	<u>165,662</u>	<u>\$ 168,194</u>	<u>\$ 665,586</u>	<u>\$ 4,864,875</u>
Net Change in Fund Balance	(31,076)	(1,598,671)	(806,900)	(42,583)	4,551,080
Fund Balance, Beginning	<u>\$ 5,471,393</u>	<u>\$ 7,070,064</u>	<u>\$ 7,876,964</u>	<u>\$ 7,919,547</u>	<u>3,368,467</u>
Fund Balance, Ending	<u>\$ 5,440,317</u>	<u>\$ 5,471,393</u>	<u>\$ 7,070,064</u>	<u>\$ 7,876,964</u>	<u>\$ 7,919,547</u>

(1) As audited by Thomas J. Scanlon, South Deerfield, MA, Certified Public Accountant