

TOWN OF SEEKONK, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2009

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Selectmen
Town of Seekonk, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Seekonk, Massachusetts as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Seekonk, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2010, on our consideration of the Town of Seekonk, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages **3** through **9**, and other post employment benefits information: schedules of funding progress and employer contributions on pages **52** through **53** are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it

R. E. Brown & Company

June 30, 2010

TOWN OF SEEKONK, MASSACHUSETTS

Management's Discussion and Analysis

As management of the Town of Seekonk (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2009. We encourage readers to consider this information in addition to the statements and notes.

The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). GASB is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Users of these financial statements, such as investors and rating agencies, rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users can assess the financial condition of one government compared to others.

Financial Highlights:

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$41.6 million (*net assets*). Of this amount, \$20.1 million is considered unrestricted (*unrestricted net assets*).
- The unrestricted net assets of the Town's governmental activities are \$19.8 million, and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net assets of the Town's business-type activities are \$247 thousand and may be used to meet the ongoing obligations of the Town's Curbside Trash Collection and Recycling business-type activities.
- The government's total net assets decreased by \$4.9 million or 11% in fiscal 2009. Within this total, net assets of governmental activities decreased by \$5.0 million, an 11% decrease from fiscal 2008. Net assets of business-type activities increased by \$67,643 or 21% from 2008.
- At June 30, 2009, the Town's governmental funds had a combined ending fund balance of \$8.67 million. The combined governmental funds balance decreased by \$391 thousand or 4% from the prior year's ending fund balance. A total of \$8.030 million is considered unreserved at June 30, 2009.
- The Town's general fund reported a total fund balance of \$3.079 million at the end of fiscal 2009. The unreserved fund balance for the general fund was \$2.669 million or 6% of total general fund expenditures and transfers to other funds. There was a \$448 thousand increase in total general fund unreserved fund balance for the year. A total of \$137 thousand of the unreserved fund balance was designated for funding the fiscal year 2010 budget.
- The total cost of all Town services for fiscal 2009 was \$49.495 million; \$48.518 million of which was for governmental services, and \$977 thousand of which was for business-type activities.
- The Town's total bonded debt decreased by \$5.745 million or 16% during the year.

Overview of the Financial Statements:

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components:

- 1) Government-wide Financial Statements
- 2) Fund Financial Statements
- 3) Notes to the Basic Financial Statements.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the cash flows*. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions and activities of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions and activities that are intended to recover all or a significant portion of their costs through user fees or charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, human services, culture and recreation, conservation, employee benefits, debt service, and state/county assessments. The business-type activities include sanitation services.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluation of a government's near-term financing requirements.

Because the focus of governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Seekonk adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance within this budget.

Proprietary funds: *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town has one enterprise fund:

- *Trash (Sanitation) Enterprise Fund* – accounts for the trash collection and disposal activities of the Town.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statements because the resources of the funds are not available to support the Town’s own functions and activities. The accounting used for fiduciary funds is much like that used for proprietary funds.

- *Private-purpose trust funds* and *agency funds* are each reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions “private purpose trust funds” and “agency funds”, respectively.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis:

The chart on the following page summarizes key financial components of the Town’s financial statements.

As noted earlier, assets exceeded liabilities by \$41,667,964 at the close of fiscal year 2009. The Town is able to report positive balances in all categories of net assets, both government as a whole, and for its separate governmental and business-type activities.

The largest component of the Town’s total net assets are its unrestricted net assets totaling \$20,107,352 (48%), which may be used to meet the government’s ongoing obligations to its citizens and creditors.

The Town’s investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets, is \$17,186,699 or 41% of net assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in the Town’s capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Town decreased its total liabilities by \$4.202 million over fiscal year 2008, while total assets decreased by \$9,141,696, or 10%. Total assets of the governmental activities decreased by \$9,221,277, a 10% decrease from fiscal 2008. Total assets of the business-type activities increased by \$79,581, or 24 % from fiscal 2008.

Town of Seekonk - Financial Highlights

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008
Assets:						
Current assets	\$ 15,055,341	\$ 15,545,928	\$ 270,815	\$ 332,309	\$ 15,326,156	\$ 15,878,237
Noncurrent assets (excluding capital)	18,088,757	26,151,558	-	-	18,088,757	26,151,558
Capital assets	46,774,253	47,442,142	141,075	-	46,915,328	47,442,142
Total assets	79,918,351	89,139,628	411,890	332,309	80,330,241	89,471,937
Liabilities:						
Current liabilities (excluding debt)	5,012,357	4,762,164	23,829	11,891	5,036,186	4,774,055
Noncurrent liabilities (excluding debt)	2,937,627	2,419,499	-	-	2,937,627	2,419,499
Current debt	2,223,351	2,145,714	-	-	2,223,351	2,145,714
Noncurrent debt	28,465,113	33,525,274	-	-	28,465,113	33,525,274
Total liabilities	38,638,448	42,852,651	23,829	11,891	38,662,277	42,864,542
Net Assets:						
Capital assets net of related debt	17,045,624	11,956,760	141,075	-	17,186,699	11,956,760
Restricted	4,373,913	4,493,396	-	-	4,373,913	4,493,396
Unrestricted	19,860,366	29,836,821	246,986	320,418	20,107,352	30,157,239
Total net assets	\$ 41,279,903	\$ 46,286,977	\$ 388,061	\$ 320,418	\$ 41,667,964	\$ 46,607,395
Revenues						
<i>Program Revenues:</i>						
Charges for services	\$ 1,892,987	\$ 2,040,156	\$ 1,090,973	\$ 1,091,077	\$ 2,983,960	\$ 3,131,233
Operating grants and contributions	8,971,799	9,354,656	-	-	8,971,799	9,354,656
Capital grants and contributions	463,531	13,500	-	-	463,531	13,500
<i>General Revenues:</i>						
Real Estate and personal property taxes	27,972,578	26,313,054	-	-	27,972,578	26,313,054
Tax Liens	267,524	406,414	-	-	267,524	406,414
Motor vehicle and other excise taxes	1,715,942	1,910,757	-	-	1,715,942	1,910,757
Hotel/Motel Tax	343,129	368,074	-	-	343,129	368,074
Penalties and Interest on Taxes	123,411	103,708	-	-	123,411	103,708
Nonrestricted grants and contributions	1,462,501	1,602,322	-	-	1,462,501	1,602,322
Unrestricted investment income	232,931	342,823	-	-	232,931	342,823
Other revenues	19,243	22,705	-	-	19,243	22,705
Total Revenues	43,465,576	42,478,169	1,090,973	1,091,077	44,556,549	43,569,246
Expenses:						
General Government	2,367,273	1,743,047	-	-	2,367,273	1,743,047
Public Safety	5,844,258	5,406,841	-	-	5,844,258	5,406,841
Education	23,651,849	21,762,227	-	-	23,651,849	21,762,227
Public Works	1,258,015	1,184,991	-	-	1,258,015	1,184,991
Human Services	536,476	612,404	-	-	536,476	612,404
Conservation	29,526	40,366	-	-	29,526	40,366
Culture and Recreation	1,026,814	871,238	-	-	1,026,814	871,238
Employee Benefits	12,103,772	9,606,932	-	-	12,103,772	9,606,932
State and County Assessments	328,788	310,945	-	-	328,788	310,945
Interest	1,371,241	1,517,318	-	-	1,371,241	1,517,318
Sanitation	-	-	977,968	984,145	977,968	984,145
Total Expenses	48,518,012	43,056,309	977,968	984,145	49,495,980	44,040,454
Increase (decrease) in Net Assets before transfers	(5,052,436)	(578,140)	113,005	106,932	(4,939,431)	(471,208)
Transfers	45,362	42,040	(45,362)	(42,040)	-	-
Change in Net Assets	(5,007,074)	(536,100)	67,643	64,892	(4,939,431)	(471,208)
Net Assets - beginning	46,286,977	46,823,077	320,418	255,526	46,607,395	47,078,603
Net Assets - ending	\$ 41,279,903	\$ 46,286,977	\$ 388,061	\$ 320,418	\$ 41,667,964	\$ 46,607,395

Financial Analysis of Governmental Funds:

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

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

The general fund is the chief operating fund of the Town. At June 30, 2009, unreserved fund balance of the general fund was \$2,669,605, while the total fund balance was \$3,079,677. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 6% of total general fund expenditures, while total fund balance 7% of the same amount.

General fund revenues increased by \$1,112,969, and the fund balance of the general fund decreased by \$9,519. This result is the product of management's conservative planning and budgeting and the use of unreserved fund balance to maintain the Town's services.

The stabilization funds have accumulated fund balances of \$2,014,762, which represents 5% of general fund expenditures.

General Fund Budget Highlights

There was a decrease of \$279,027 between the original and final budget of the Town approved at Town Meeting. The Town budgeted \$38.971 million in revenues and \$40.199 million in expenses, drawing on transfers (\$1.228 million) to finance the difference.

Capital Asset and Debt Administration

Capital Assets – In conjunction with the operating budget, the Town annually prepares a capital budget for the upcoming fiscal year.

The Town’s investment in capital assets (net of depreciation) for governmental and business-type activities as of June 30, 2009, amounts to \$46,915,328. The investment in capital assets includes land, buildings, capital improvements (other than buildings), machinery and equipment, vehicles, infrastructure, and construction in progress.

Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008
Land	\$ 4,354,657	\$ 4,354,657	\$ -	\$ -	\$ 4,354,657	\$ 4,354,657
Buildings	35,930,694	37,334,881	-	-	35,930,694	37,334,881
Capital Improvements (other than buildings)	1,785,479	1,712,980	-	-	1,785,479	1,712,980
Machinery and Equipment	1,304,934	1,532,612	141,075	-	1,446,009	1,532,612
Vehicles	1,572,704	1,133,233	-	-	1,572,704	1,133,233
Infrastructure	1,699,081	1,314,541	-	-	1,699,081	1,314,541
Construction in Progress	126,704	59,238	-	-	126,704	59,238
Total Capital Assets	\$ 46,774,253	\$ 47,442,142	\$ 141,075	\$ -	\$ 46,915,328	\$ 47,442,142

The governmental activities capital assets had additions of \$1,624,398 during the current fiscal year. Total depreciation was \$2,292,287, resulting in a net decrease to capital assets of \$667,889.

Long term debt – The Town’s debt burden is reasonable in relation to other communities its size. Outstanding long-term debt, as of June 20, 2009, totaled \$29,925,274. Total debt consists of the following:

Outstanding Debt at Year End

Governmental Activities	Outstanding June 30, 2009	Outstanding June 30, 2008
Education buildings	\$ -	\$ 8,810,000
School Construction	22,160,000	20,905,000
MWPAT Septic loan	255,274	275,988
Police & Fire Facility	5,517,000	5,680,000
Landfill	1,993,000	-
Total Governmental Activities	\$ 29,925,274	\$ 35,670,988
Business-type Activities	Outstanding June 30, 2009	Outstanding June 30, 2008
Sanitation	\$ -	\$ -
Total Business-type Activities	\$ -	\$ -

Please refer to Notes 5 and 9 for further discussion of the major capital and debt activities.

Economic Factors and Next Year’s Budget and Rates

The following factors were considered in preparing the Town’s fiscal year 2010 budget:

- *Wage Settlements*
- *Pension Costs*
- *Health Insurance*
- *Regional Economic Decline*
- *State Aid Projections*

Request for Information

This financial report is designed to provide a general overview of the Town’s finances for all of those with an interest in the Town’s finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to: Director of Finance, Town of Seekonk, 100 Peck Street, Seekonk, MA 02771.

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

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 8,007,642	\$ 211,243	\$ 8,218,885
INVESTMENTS	2,537,359	-	2,537,359
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	546,125	-	546,125
TAX LIENS	502,799	-	502,799
MOTOR VEHICLE EXCISE TAXES	98,875	-	98,875
USER FEES	7,937	59,572	67,509
DEPARTMENTAL AND OTHER	151,040	-	151,040
INTERGOVERNMENTAL	3,203,564	-	3,203,564
NONCURRENT:			
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
INTERGOVERNMENTAL	18,088,757	-	18,088,757
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	46,774,253	141,075	46,915,328
TOTAL ASSETS	79,918,351	411,890	80,330,241
<u>LIABILITIES</u>			
CURRENT:			
ACCOUNTS PAYABLE	2,856,375	23,829	2,880,204
OTHER LIABILITIES	33,565	-	33,565
ACCRUED INTEREST	468,560	-	468,560
LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS	225,500	-	225,500
COMPENSATED ABSENCES	314,286	-	314,286
POSTEMPLOYMENT BENEFITS	1,114,071	-	1,114,071
CAPITAL LEASES PAYABLE	382,162	-	382,162
BONDS AND NOTES PAYABLE	1,841,189	-	1,841,189
NONCURRENT:			
LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS	1,429,500	-	1,429,500
COMPENSATED ABSENCES	570,734	-	570,734
POSTEMPLOYMENT BENEFITS	937,393	-	937,393
CAPITAL LEASE PAYABLE	381,028	-	381,028
BONDS AND NOTES PAYABLE	28,084,085	-	28,084,085
TOTAL LIABILITIES	38,638,448	23,829	38,662,277
<u>NET ASSETS</u>			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	17,045,624	141,075	17,186,699
RESTRICTED FOR:			
STREETS	1,972,674	-	1,972,674
PERMANENT FUNDS:			
EXPENDABLE	89,814	-	89,814
NONEXPENDABLE	238,453	-	238,453
OTHER PURPOSES	2,072,972	-	2,072,972
UNRESTRICTED	19,860,366	246,986	20,107,352
TOTAL NET ASSETS	\$ 41,279,903	\$ 388,061	\$ 41,667,964

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2009**

<u>FUNCTIONS/PROGRAMS</u>	<u>PROGRAM REVENUES</u>				<u>NET (EXPENSE) REVENUE</u>
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 2,367,273	\$ 215,345	\$ 2,277	\$ -	\$ (2,149,651)
PUBLIC SAFETY	5,844,258	811,930	258,725	-	(4,773,603)
EDUCATION	23,651,849	573,323	4,646,729	-	(18,431,797)
PUBLIC WORKS	1,258,015	22,100	13,952	450,744	(771,219)
HUMAN SERVICES	536,476	177,323	70,314	12,787	(276,052)
CONSERVATION	29,526	-	-	-	(29,526)
CULTURE & RECREATION	1,026,814	92,966	38,473	-	(895,375)
EMPLOYEE BENEFITS	12,103,772	-	3,941,329	-	(8,162,443)
STATE & COUNTY ASSESSMENTS	328,788	-	-	-	(328,788)
INTEREST	1,371,241	-	-	-	(1,371,241)
TOTAL GOVERNMENTAL ACTIVITIES	48,518,012	1,892,987	8,971,799	463,531	(37,189,695)
BUSINESS-TYPE ACTIVITIES:					
NON-MAJOR	977,968	1,090,973	-	-	113,005
TOTAL BUSINESS-TYPE ACTIVITIES	977,968	1,090,973	-	-	113,005
TOTAL PRIMARY GOVERNMENT	\$ 49,495,980	\$ 2,983,960	\$ 8,971,799	\$ 463,531	\$ (37,076,690)

See accompanying notes to the basic financial statements

(continued)

**TOWN OF SEEKONK, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2009**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CHANGES IN NET ASSETS:			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (37,189,695)	\$ 113,005	\$ (37,076,690)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	27,972,578	-	27,972,578
TAX LIENS	267,524	-	267,524
MOTOR VEHICLE AND OTHER EXCISE TAXES	1,715,942	-	1,715,942
HOTEL/MOTEL TAX	343,129	-	343,129
PENALTIES AND INTEREST ON TAXES	123,411	-	123,411
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	1,462,501	-	1,462,501
UNRESTRICTED INVESTMENT INCOME	232,931	-	232,931
MISCELLANEOUS	19,243	-	19,243
TRANSFERS, NET	45,362	(45,362)	-
TOTAL GENERAL REVENUES AND TRANSFERS	32,182,621	(45,362)	32,137,259
CHANGE IN NET ASSETS	(5,007,074)	67,643	(4,939,431)
NET ASSETS:			
BEGINNING OF YEAR	46,286,977	320,418	46,607,395
END OF YEAR	\$ 41,279,903	\$ 388,061	\$ 41,667,964

See accompanying notes to the basic financial statements

(concluded)

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

<u>ASSETS</u>	<u>GENERAL</u>	<u>MUNICIPAL CAPITAL STABILIZATION</u>	<u>STABILIZATION</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
CASH AND SHORT-TERM INVESTMENTS	\$ 5,411,692	\$ 853,266	\$ -	\$ 1,742,684	\$ 8,007,642
INVESTMENTS	137,723	-	1,161,496	1,238,140	2,537,359
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:					
REAL ESTATE AND PERSONAL PROPERTY TAXES	546,125	-	-	-	546,125
TAX LIENS	502,799	-	-	-	502,799
MOTOR VEHICLE EXCISE TAXES	98,875	-	-	-	98,875
USER FEES	7,937	-	-	-	7,937
DEPARTMENTAL AND OTHER	10,270	-	-	140,770	151,040
INTERGOVERNMENTAL	19,477,637	-	-	1,814,684	21,292,321
TOTAL ASSETS	\$ 26,193,058	\$ 853,266	\$ 1,161,496	\$ 4,936,278	\$ 33,144,098
 <u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
ACCOUNTS PAYABLE	\$ 2,631,425	\$ -	\$ -	\$ 224,950	\$ 2,856,375
OTHER LIABILITIES	33,565	-	-	-	33,565
DEFERRED REVENUES	20,448,391	-	-	1,127,107	21,575,498
TOTAL LIABILITIES	23,113,381	-	-	1,352,057	24,465,438
FUND BALANCES:					
RESERVED FOR:					
ENCUMBRANCES AND CONTINUING APPROPRIATIONS	410,072	-	-	-	410,072
PERPETUAL PERMANENT FUNDS	-	-	-	238,453	238,453
UNRESERVED					
DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES	137,735	430,258	-	-	567,993
UNDESIGNATED, REPORTED IN:					
GENERAL FUND	2,531,870	-	-	-	2,531,870
SPECIAL REVENUE FUNDS	-	423,008	1,161,496	3,059,309	4,643,813
CAPITAL PROJECTS FUNDS	-	-	-	196,645	196,645
PERMANENT FUNDS	-	-	-	89,814	89,814
TOTAL FUND BALANCES	3,079,677	853,266	1,161,496	3,584,221	8,678,660
TOTAL LIABILITIES AND FUND BALANCES	\$ 26,193,058	\$ 853,266	\$ 1,161,496	\$ 4,936,278	\$ 33,144,098

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2009**

	<u>GENERAL</u>	<u>MUNICIPAL CAPITAL STABILIZATION</u>	<u>STABILIZATION</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:					
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 28,293,106	\$ -	\$ -	\$ -	\$ 28,293,106
MOTOR VEHICLE AND OTHER EXCISE TAXES	1,795,182	-	-	-	1,795,182
INTERGOVERNMENTAL	11,709,797	-	-	2,423,097	14,132,894
HOTEL/MOTEL OCCUPANCY TAX	343,129	-	-	-	343,129
PENALTIES & INTEREST ON TAXES	123,411	-	-	-	123,411
CHARGES FOR SERVICES	-	-	-	996,382	996,382
INVESTMENT INCOME	152,167	20,033	24,029	44,545	240,774
CONTRIBUTIONS & DONATIONS	-	-	-	48,818	48,818
DEPARTMENTAL AND OTHER	928,785	-	-	244,311	1,173,096
TOTAL REVENUES	43,345,577	20,033	24,029	3,757,153	47,146,792
EXPENDITURES:					
CURRENT:					
GENERAL GOVERNMENT	2,197,969	18,517	-	28,028	2,244,514
PUBLIC SAFETY	5,233,167	163,367	-	380,727	5,777,261
EDUCATION	19,918,598	234,613	-	2,149,436	22,302,647
PUBLIC WORKS	1,042,645	53,587	-	699,020	1,795,252
HUMAN SERVICES	490,929	96,081	-	1,628,093	2,215,103
CONSERVATION	29,526	-	-	-	29,526
CULTURE & RECREATION	795,541	233,326	-	47,531	1,076,398
EMPLOYEE BENEFITS	9,984,134	-	-	-	9,984,134
STATE & COUNTY ASSESSMENTS	328,788	-	-	-	328,788
DEBT SERVICE					
PRINCIPAL	2,145,714	-	-	-	2,145,714
INTEREST	1,328,922	-	-	-	1,328,922
TOTAL EXPENDITURES	43,495,933	799,491	-	4,932,835	49,228,259
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(150,356)	(779,458)	24,029	(1,175,682)	(2,081,467)
OTHER FINANCING SOURCES (USES)					
PROCEEDS FROM BONDS AND NOTES	-	-	-	1,700,000	1,700,000
PROCEEDS FROM REFUNDING BONDS AND STATE GRANT	8,038,160	-	-	-	8,038,160
PREMIUM FROM ISSUANCE OF REFUNDING BONDS	25,413	-	-	-	25,413
PAYMENTS TO REFUNDED BOND ESCROW AGENT	(8,119,159)	-	-	-	(8,119,159)
OPERATING TRANSFERS IN	503,675	307,252	-	-	810,927
OPERATING TRANSFERS OUT	(307,252)	-	-	(458,313)	(765,565)
TOTAL OTHER FINANCING SOURCES (USES)	140,837	307,252	-	1,241,687	1,689,776
NET CHANGE IN FUND BALANCES	(9,519)	(472,206)	24,029	66,005	(391,691)
FUND BALANCES AT BEGINNING OF YEAR	3,089,196	1,325,472	1,137,467	3,518,216	9,070,351
FUND BALANCES AT END OF YEAR	\$ 3,079,677	\$ 853,266	\$ 1,161,496	\$ 3,584,221	\$ 8,678,660

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS
FISCAL YEAR ENDED JUNE 30, 2009**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 8,678,660
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		46,774,253
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		21,575,498
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(468,560)
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS		
BONDS AND NOTES PAYABLE	(29,925,274)	
CAPITAL LEASES PAYABLE	(763,190)	
COMPENSATED ABSENCES	(885,020)	
POSTEMPLOYMENT BENEFITS	(2,051,464)	
LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS	<u>(1,655,000)</u>	
NET EFFECT OF REPORTING LONG-TERM LIABILITIES		<u>(35,279,948)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 41,279,903</u></u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2009**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (391,691)

GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE.

CAPITAL OUTLAY	1,624,398	
DEPRECIATION EXPENSE	<u>(2,292,287)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		(667,889)

REVENUES IN THE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE FULLY DEFERRED IN THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES. THEREFORE, THE RECOGNITION OF REVENUE FOR VARIOUS TYPES OF ACCOUNTS RECEIVABLE (I.E. REAL ESTATE AND PERSONAL PROPERTY, MOTOR VEHICLE EXCISE, ETC.) DIFFER BETWEEN THE TWO STATEMENTS. THIS AMOUNT REPRESENTS THE NET CHANGE IN DEFERRED REVENUE (9,019,376)

THE ISSUANCE OF LONG-TERM DEBT (E.G., BONDS) PROVIDES CURRENT FINANCIAL RESOURCES TO GOVERNMENTAL FUNDS, WHILE THE REPAYMENT OF THE PRINCIPAL OF LONG-TERM DEBT CONSUMES THE FINANCIAL RESOURCES OF GOVERNMENTAL FUNDS. NEITHER TRANSACTION, HOWEVER, HAS ANY EFFECT ON NET ASSETS. ALSO, GOVERNMENTAL FUNDS REPORT THE EFFECT OF ISSUANCE COSTS, PREMIUMS, DISCOUNTS, AND SIMILAR ITEMS WHEN DEBT IS FIRST ISSUED, WHEREAS THESE AMOUNTS ARE DEFERRED AND AMORTIZED IN THE STATEMENT OF ACTIVITIES.

PROCEEDS FROM BONDS AND NOTES	(1,700,000)	
PROCEEDS FROM REFUNDING BONDS	(2,700,000)	
PREMIUM FROM ISSUANCE OF REFUNDING BONDS	(25,413)	
PAYMENTS TO REFUNDED BOND ESCROW AGENT	8,025,413	
DEBT SERVICE PRINCIPAL PAYMENTS	<u>2,145,714</u>	
NET EFFECT OF REPORTING LONG-TERM DEBT		5,745,714

SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS.

NET CHANGE IN COMPENSATED ABSENCES ACCRUAL	(68,174)	
NET CHANGE IN POSTEMPLOYMENT BENEFITS ACCRUAL	(2,051,464)	
NET CHANGE IN CAPITAL LEASES	(191,875)	
NET CHANGE IN LANDFILL CLOSURE AND POSTCLOSURE CARE ACCRUAL	1,680,000	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>(42,319)</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>(673,832)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ (5,007,074)**

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2009**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGETARY AMOUNTS</u>	<u>VARIANCE OVER(UNDER)</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>		
REVENUES:				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 27,931,116	\$ 27,931,116	\$ 28,293,106	\$ 361,990
MOTOR VEHICLE AND OTHER EXCISE TAXES	1,700,000	1,700,000	1,795,182	95,182
PENALTIES & INTEREST ON TAXES	90,000	90,000	123,411	33,411
INTERGOVERNMENTAL	8,378,656	7,894,369	7,756,151	(138,218)
HOTEL/MOTEL OCCUPANCY TAX	360,000	360,000	343,129	(16,871)
INVESTMENT INCOME	100,000	100,000	152,167	52,167
DEPARTMENTAL AND OTHER	896,200	896,200	928,785	32,585
TOTAL REVENUES	<u>39,455,972</u>	<u>38,971,685</u>	<u>39,391,931</u>	<u>420,246</u>
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	2,347,671	2,352,753	2,195,841	156,912
PUBLIC SAFETY	5,430,117	5,586,253	5,242,441	343,812
EDUCATION	19,968,879	19,484,592	19,478,008	6,584
PUBLIC WORKS	944,864	1,072,852	1,049,405	23,447
HUMAN SERVICES	539,564	550,635	474,694	75,941
CONSERVATION	24,505	29,678	29,526	152
CULTURE & RECREATION	787,731	799,996	792,377	7,619
EMPLOYEE BENEFITS	6,357,123	6,244,668	6,043,275	201,393
STATE & COUNTY ASSESSMENTS	325,596	325,596	328,788	(3,192)
DEBT SERVICE:				
PRINCIPAL	2,299,929	2,299,929	2,189,714	110,215
INTEREST	1,452,405	1,452,405	1,327,721	124,684
TOTAL EXPENDITURES	<u>40,478,384</u>	<u>40,199,357</u>	<u>39,151,790</u>	<u>1,047,567</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,022,412)</u>	<u>(1,227,672)</u>	<u>240,141</u>	<u>1,467,813</u>
OTHER FINANCING SOURCES (USES):				
OPERATING TRANSFERS IN	458,313	458,313	503,675	45,362
OPERATING TRANSFERS OUT	-	(307,252)	(307,252)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>458,313</u>	<u>151,061</u>	<u>196,423</u>	<u>45,362</u>
NET CHANGE IN FUND BALANCE	(564,099)	(1,076,611)	436,564	1,513,175
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	<u>2,220,968</u>	<u>2,220,968</u>	<u>2,220,968</u>	<u>-</u>
BUDGETARY FUND BALANCE, END OF YEAR	<u>\$ 1,656,869</u>	<u>\$ 1,144,357</u>	<u>\$ 2,657,532</u>	<u>\$ 1,513,175</u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF NET ASSETS
 JUNE 30, 2009**

	BUSINESS-TYPE ACTIVITIES
<u>ASSETS</u>	NON MAJOR ENTERPRISE FUND
CURRENT:	
CASH AND SHORT-TERM INVESTMENTS	\$ 211,243
USER FEES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:	59,572
TOTAL CURRENT ASSETS	270,815
NONCURRENT:	
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	141,075
TOTAL ASSETS	411,890
 <u>LIABILITIES</u>	
CURRENT:	
ACCOUNTS PAYABLE	23,829
 <u>NET ASSETS</u>	
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT UNRESTRICTED	141,075 246,986
TOTAL NET ASSETS	\$ 388,061

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FISCAL YEAR ENDED JUNE 30, 2009**

	BUSINESS-TYPE ACTIVITIES
	NON MAJOR ENTERPRISE FUND
<u>OPERATING REVENUES:</u>	
CHARGES FOR SERVICES	\$ 1,090,973
<u>OPERATING EXPENSES:</u>	
GENERAL SERVICES	970,543
DEPRECIATION	7,425
TOTAL OPERATING EXPENSES	977,968
OPERATING INCOME (LOSS)	113,005
<u>NON-OPERATING REVENUES (EXPENSES):</u>	
INCOME (LOSS) BEFORE OPERATING TRANSFERS	-
INCOME (LOSS) BEFORE OPERATING TRANSFERS	113,005
<u>OPERATING TRANSFERS:</u>	
OPERATING TRANSFERS OUT	(45,362)
CHANGE IN NET ASSETS	67,643
NET ASSETS AT BEGINNING OF YEAR	320,418
NET ASSETS AT END OF YEAR	\$ 388,061

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FISCAL YEAR ENDED JUNE 30, 2009**

	BUSINESS-TYPE ACTIVITIES
	NON MAJOR ENTERPRISE FUND
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
RECEIPTS FROM CUSTOMERS AND USERS	\$ 1,080,082
PAYMENTS TO SUPPLIERS	(861,288)
PAYMENTS TO EMPLOYEES	(97,317)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	121,477
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
OPERATING TRANSFERS IN (OUT)	(45,362)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(45,362)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(148,500)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	(148,500)
NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	(72,385)
CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR	283,628
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	\$ 211,243
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>	
<u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>	
OPERATING INCOME (LOSS)	\$ 113,005
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
DEPRECIATION	7,425
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	(10,891)
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	11,938
TOTAL ADJUSTMENTS	8,472
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 121,477

See accompanying notes to the basic financial statements

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

	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>		
CASH AND SHORT-TERM INVESTMENTS	\$ 70,922	\$ 177,486
DEPARTMENTAL	-	66,346
TOTAL ASSETS	70,922	243,832
<u>LIABILITIES</u>		
ACCOUNTS PAYABLE	-	26,501
OTHER LIABILITIES	-	217,331
TOTAL LIABILITIES	-	243,832
<u>NET ASSETS</u>		
HELD IN TRUST FOR OTHER PURPOSES	\$ 70,922	\$ -

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FISCAL YEAR ENDED JUNE 30, 2009**

	<u>PRIVATE PURPOSE TRUST FUNDS</u>
<u>ADDITIONS:</u>	
CONTRIBUTIONS:	
PRIVATE DONATIONS	\$ 1,000
NET INVESTMENT INCOME (LOSS):	
INVESTMENT INCOME	<u>1,470</u>
TOTAL ADDITIONS	<u>2,470</u>
 <u>DEDUCTIONS:</u>	
EDUCATIONAL SCHOLARSHIPS	<u>1,000</u>
CHANGE IN NET ASSETS	1,470
 NET ASSETS AT BEGINNING OF YEAR	 <u>69,452</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 70,922</u></u>

See accompanying notes to the basic financial statements

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Primary Government

The Town is a municipal corporation that is governed by a five member Board of Selectmen (the Board). The Board is responsible for appointing a Town Administrator whose responsibility is to manage the day to day operations. For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units, blended or discretely presented, for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. It has been determined that there are no component units (blended or discretely presented) for inclusion in the primary government’s financial reporting entity.

Joint Venture

Municipal joint ventures pool resources to share the costs, risks and rewards of providing services to their participants, the general public or others. The Town is a participant in the following joint venture:

Name	Purpose	Address	Annual Assessment
Tri-County Regional Vocational-Technical School	To provide vocational education services for grades 9-12	147 Pond Street Franklin, MA 02038	\$ 760,058

The Tri-County Regional Vocational Technical School District (the District) is governed by a fourteen (14) member school committee consisting of one (1) elected representative from each participating municipality. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

Major Fund Criteria

A fund is considered major if it is the primary operating fund of the Town or it meets the following criteria:

- a. If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- b. If the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

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

Fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- a. *Charges to customers* or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- b. *Grants and contributions* that are restricted to meeting the operational requirements of a particular function or segment.
- c. *Grants and contributions* that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and the enterprise fund. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when due, and the non current portion of compensated absences, capital leases, landfill closure and post closure care costs, and other post-employment benefits (OPEB) which are recognized when the obligations are expected to be liquidated with current expendable available resources.

In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, moneys must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures incurred. In the other, moneys are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The Town considers property taxes as available if they are due and collected within 60 days after fiscal year-end. Licenses and permits, user charges, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received. Investment earnings are recorded as earned.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

The Town reports the following major governmental funds:

- The *General fund* is the primary operating fund of the Town. It is used to account for all financial resources, except those that are required to be accounted for in another fund.
- The *Municipal Capital Stabilization fund* is a special revenue fund used to account for the accumulation of resources to provide capital reserves.
- The *Stabilization fund* is a special revenue fund used to account for the accumulation of reserves to provide general and/or capital resources.
- The *Nonmajor governmental funds* consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The following describes the general use of these fund types:
 - The *Special Revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.
 - The *Capital Projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and trust funds).
 - The *Permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Proprietary Fund Financial Statements

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following nonmajor proprietary fund is reported:

- The *Sanitation Enterprise fund* is used to account for the operations of the trash collection activities.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

Fiduciary Fund Financial Statements

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

The following fiduciary fund types are reported:

- The *Private-Purpose Trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund (nonmajor governmental funds), under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Agency fund* is used to account for assets held in a purely custodial capacity.

Government-Wide and Fund Financial Statements

For the government-wide financial statements, and proprietary and fiduciary fund accounting, all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, are applied, unless those pronouncements conflict with or contradict GASB pronouncements.

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and short term investments are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

E. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and proprietary and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are based on values assessed as of each January 1 and are normally due on the subsequent August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges. By law, all taxable property in the Commonwealth must be assessed at 100% of fair market value. Once levied, which is required to be at least 30 days prior to the due date, these taxes are recorded as receivables in the fiscal year of levy. Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation statute known as "Proposition 2 ½" limits the amount of increase in property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½ % of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 ½ % of the prior year's levy plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2 ½ can be overridden by a Town-wide referendum.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Motor Vehicle Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

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

Departmental and Other

Departmental and other receivables consist primarily of ambulance receivables and are recorded as receivables in the fiscal year accrued. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Intergovernmental

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

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

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

F. Inventories

Government-Wide and Fund Financial Statements

Inventories of the governmental funds and the sanitation enterprise fund are recorded as expenditures at the time of purchase. Such inventories are not material in total to the basic financial statements, and therefore are not reported.

G. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, vehicles, buildings and improvements, capital improvements, machinery and equipment, infrastructure (roadways and similar items), and construction in progress are reported in the applicable governmental or business-type activities column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets if material.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of five years or greater.

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

<u>Asset Class</u>	<u>Estimated Useful Life (in years)</u>
Buildings and Improvements	10-40
Capital Improvements (other than buildings)	10-20
Machinery and Equipment	5-15
Vehicles	5-15
Infrastructure	40

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

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the fiscal year of purchase for the various funds.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

H. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net assets as "internal balances".

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are not eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

I. Interfund Transfers

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

Government-Wide Financial Statements

Operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

Fund Financial Statements

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

J. Deferred Revenue

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

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

K. Net Assets and Fund Equity

Government-Wide Financial Statements (Net Assets)

Net assets are classified into three components:

- a. *Invested in capital assets, net of related debt* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net assets* – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Net assets have been “restricted” for the following:

- *Streets* represent amounts committed by the Commonwealth of Massachusetts for the repair and/or construction of streets.
 - *Permanent funds -expendable* represents amounts held in trust for which the expenditures are restricted by various trust agreements.
 - *Permanent funds -nonexpendable* represents amounts held in trust for which only investment earnings may be expended.
 - *Other specific purposes* represent restrictions placed on assets from outside parties.
- c. *Unrestricted net assets* – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements (Fund Balances)

- a. *Fund balances* consist of funds that are reserved for amounts, that are not available for appropriation, that are legally restricted by outside parties for a specific future use, and designations of fund balances that represent tentative management plans that are subject to change.

Fund balances have been reserved for the following:

- *Encumbrances and continuing appropriations* represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.
- *Perpetual permanent funds* represent amounts held in trust for which only investment earnings may be expended.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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Fund balances have been designated for the following:

- *Subsequent year's expenditures* represents amounts appropriated for the fiscal year 2010 operating budget.
- b. *Undesignated fund balances* – all other fund balances that do not meet the definition of “reserved” or “designated.”

L. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net assets. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The proprietary fund has no long-term debt outstanding as of June 30, 2009.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

M. Investment Income

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

N. Compensated Absences

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused sick and vacation leave (subject to certain limitations) at their then current rates of pay.

Government-Wide Financial Statements

The total amount to be paid in future years is presented in the governmental activities column of the government-wide statement of net assets. The liability for vacation leave is based on the amount earned but not used; for sick leave, it is based on the amount accumulated at the balance sheet date (vesting method).

Governmental Fund Financial Statements

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2009 is recorded in the governmental fund financial statement.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

O. Post Retirement Benefits

Government-Wide and Fund Financial Statements

In addition to providing pension benefits, health and life insurance coverage is provided for retired employees and their survivors in accordance with, Chapter 32B, of Massachusetts General Laws, under various contributory plans. The cost of providing health and life insurance is recognized by recording the employer's 50% share of insurance premiums in the general fund in the fiscal year paid. All benefits are provided through third-party insurance carriers and health maintenance organizations that administer, assume, and pay all claims.

P. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could vary from estimates that were used.

Q. Total Column

Government-Wide Financial Statements

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

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

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Basis of Accounting

Pursuant to Chapter 44, Section 32 of the Massachusetts General Laws, the Town adopts an annual budget for the general fund as well as for those special revenue funds for which the provisions of Chapter 44, Section 53f1/2 have been adopted. The budgets for all departments and operations of the Town, except that of the public schools, are prepared under the direction of the Town Administrator. The School Department budget is prepared under the direction of the School Committee. The level of expenditures may not legally exceed appropriations for each department or undertaking in the following categories: (1) salaries and wages; (2) ordinary maintenance; and (3) capital outlays.

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. The carryover articles and encumbrances were not included as part of the subsequent fiscal year's original budget.

Original and supplemental appropriations are enacted upon by a Town Meeting vote. Management may not amend the budget without seeking the approval of the governing body. The Town's Finance Committee can legally transfer funds from its reserve fund to other appropriations within the budget without seeking Town Meeting approvals. The original fiscal year 2009 approved budget authorized \$40,478,384 in current year appropriations and other amounts to be raised. Supplemental appropriations of \$205,260 were approved at two Special Town Meetings for fiscal year 2009. The Final budget for intergovernmental revenue was reduced by \$484,287 due to state aid reductions. Correspondingly, the education budget was reduced by \$484,287. In order to offset this state aid reduction, the Town received a federal American Recovery and Reinvestment grant for \$484,287. This grant was used to replace the expenditure budget cuts for education.

The Finance Director has the responsibility to ensure that budgetary controls are maintained and monitored through the accounting system.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

B. Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2009, is presented below:

Net change in fund balance - budgetary basis	\$ 436,564
Basis of accounting differences:	
Increase in revenue for on-behalf payments - MTRS	3,940,859
Increase in expenditures for on-behalf payments - MTRS	(3,940,859)
Adjustment for encumbrances and continuing appropriations	384,054
Increase in revenue for the MWPAT subsidy	12,787
Increase in expenditures for the MWPAT subsidy	(12,787)
Adjustment for expenditures from prior year authorizations	<u>(830,137)</u>
Net change in fund balance - GAAP basis	<u>\$ (9,519)</u>

C. Deficit Fund Balances

Several individual fund deficits exist within the special revenue funds and one capital projects fund. These individual deficits will be eliminated through subsequent fiscal year budget transfers, grants and proceeds of long-term debt during fiscal year 2010.

NOTE 3 – DEPOSITS AND INVESTMENTS

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels unless collateralized by the financial institutions involved.

Deposits

▪ *Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the deposits "in a bank or trust company, or banking company to an amount not exceeding sixty percent (60%) of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." The Town does not have a formal deposit policy for custodial credit risk. The Town carries deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC) and the Depositor's Insurance Fund. The Town also carries deposits that are uninsured, uncollateralized, or collateral held by the pledging bank's trust department not in the Town's name.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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The following table illustrates how much of the Town's bank deposits are insured or collateralized, and how much of the Town's bank deposits are uninsured, uncollateralized, or collateral held by the pledging bank's trust department not in the Town's name as of June 30, 2009:

Total bank balances		<u>\$ 8,258,468</u>
Bank balances covered by deposit insurance		
Depositor's Insurance Fund (DIF)	3,423,573	
Federal Deposit Insurance Corporation (FDIC)	<u>1,353,898</u>	
Total bank balances covered by deposit insurance		4,777,471
Balances subject to custodial credit risk		
Bank balances uninsured & uncollateralized	2,360,004	
Bank balances collateralized with securities held by the pledging financial institution's trust department or agent not in the Town's name	<u>1,120,993</u>	
Total bank balances subject to custodial credit risk		<u>3,480,997</u>
Total bank balances		<u>\$ 8,258,468</u>

On October 3, 2008, FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009. This temporary increase in coverage has recently been extended through December 31, 2013.

Investments

Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreement guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase, and units in the Massachusetts Municipal Depository Trust (MMDT). The Treasurer of the Commonwealth of Massachusetts oversees the financial management of the MMDT, a local investment pool for cities, towns, and other state and local agencies within the Commonwealth. The Town's fair value of its investment in MMDT represents their value of the pool's shares. The Town's Trust Funds have expanded investment powers including the ability to invest in equity securities, corporate bonds, annuities and other specified investments.

The composition of the Town's bank recorded deposits and investments fluctuates depending primarily on the timing of property tax receipts, proceeds from borrowings, collections of state and federal aid, and capital outlays throughout the year.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

a) *Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, Massachusetts General Law Chapter 44, Section 55, limits the Town's investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSROs). Presented below is the actual rating as of year-end for each investment type of the Town.

Investment type	Fair value	Minimum Legal Rating	Rating as of Year End			
			AAA	AA+	A	Unrated
U.S. Government & Agency Securities	\$ 1,498,399	N/A	\$ 1,498,399	\$ -	\$ -	\$ -
Corporate Bonds	264,684	N/A	-	201,818	62,866	-
Certificate of Deposit	563,791	N/A	-	-	-	563,791
Money Market Mutual Funds	148,536	N/A	-	-	-	148,536
Bond Mutual Funds	60,876	N/A	-	-	-	60,876
Common stock	1,073	N/A	-	-	-	1,073
Total Investments	\$ 2,537,359		\$ 1,498,399	\$ 201,818	\$ 62,866	\$ 774,276

b) *Custodial Credit Risk*

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of an outside party. The Town has no custodial credit risk exposure related to the U.S. Government and Agency Securities, corporate bonds, or the common stock because the related securities are registered in the name of the Town. The bond mutual fund and money market mutual fund investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The certificates of deposit are not exposed to custodial credit risk as they are fully insured by the FDIC.

The Town does not have an investment policy for custodial credit risk.

c) *Interest Rate Risk*

Interest rate risk is the risk of changes in market interest rates which will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the risk of its fair value to change with the market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

Investment type	Fair value	Investment maturities (in years)	
		Less than 1	1-5
<i>Debt Related Securities:</i>			
U.S. Government & Agency	\$ 1,498,399	\$ -	\$ 1,498,399
Corporate Bonds	264,684	-	264,684
Bond Mutual Funds	60,876	60,876	-
Total - Debt related securities	<u>\$ 1,823,959</u>	<u>\$ 60,876</u>	<u>\$ 1,763,083</u>
<i>Other Investments:</i>			
Certificate of Deposit	563,791	-	563,791
Money Market Mutual Funds	148,536	148,536	-
Common Stock	1,073	1,073	-
Total Other Investments	<u>713,400</u>	<u>149,609</u>	<u>563,791</u>
Total Investments	<u><u>\$ 2,537,359</u></u>	<u><u>\$ 210,485</u></u>	<u><u>\$ 2,326,874</u></u>

d) Concentration of Credit Risk

The Town places no limit on the amount the government may invest in any one issuer. More than 5% of the Town's investments are in the following securities:

Issuer	Percentage of Total Investments
Federal Home Loan Mortgage Corporation	9.93%
Federal Farm Credit Banks Global	5.91%
Federal National Mortgage Association	7.76%
Federal Home Loan Mortgage Corporation	9.92%
Federal Home Loan Mortgage Corporation	10.10%
General Electric Capital Corporation	7.95%

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 4 – RECEIVABLES

The receivables at June 30, 2009 for the Town’s individual major. nonmajor governmental funds, and the fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate taxes	\$ 500,440	\$ -	\$ 500,440
Personal property taxes	65,585	(19,900)	45,685
Real Estate and personal property taxes	566,025	(19,900)	546,125
Tax liens	502,799	-	502,799
Motor vehicle and other excise taxes	218,131	(119,256)	98,875
Departmental and other	748,014	(530,628)	217,386
Intergovernmental	21,292,321	-	21,292,321
User Fees	7,937	-	7,937
Total	<u>\$ 23,335,227</u>	<u>\$ (669,784)</u>	<u>\$ 22,665,443</u>

The sanitation enterprise fund receivables as of June 30, 2009, consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Sanitation</i>			
User fees	<u>\$ 59,572</u>	<u>\$ -</u>	<u>\$ 59,572</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with revenues that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

Deferred Revenue Analysis

Receivable Type:	General Fund	Nonmajor Governmental Funds	Total
Property Taxes	\$ 350,873	\$ -	\$ 350,873
Tax Liens	502,799	-	502,799
Motor vehicle excise taxes	98,875	-	98,875
Departmental and other	10,270	140,770	151,040
User fees	7,937	-	7,937
Intergovernmental	19,477,637	986,337	20,463,974
Total	<u>\$ 20,448,391</u>	<u>\$ 1,127,107</u>	<u>\$ 21,575,498</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 4,354,657	\$ -	\$ -	\$ 4,354,657
Construction in progress	59,238	67,466	-	126,704
Total capital assets not being depreciated	4,413,895	67,466	-	4,481,361
<u>Capital assets being depreciated:</u>				
Buildings and improvements	54,810,475	175,058	-	54,985,533
Capital improvements (other than buildings)	2,481,947	187,619	-	2,669,566
Machinery and equipment	3,253,724	32,000	-	3,285,724
Vehicles	5,420,202	684,062	-	6,104,264
Infrastructure	16,778,048	478,193	-	17,256,241
Total capital assets being depreciated	82,744,396	1,556,932	-	84,301,328
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	(17,475,593)	(1,579,245)	-	(19,054,838)
Capital improvements (other than buildings)	(768,968)	(115,120)	-	(884,088)
Machinery and equipment	(1,721,113)	(259,678)	-	(1,980,791)
Vehicles	(4,286,969)	(244,591)	-	(4,531,560)
Infrastructure	(15,463,506)	(93,653)	-	(15,557,159)
Total accumulated depreciation	(39,716,149)	(2,292,287)	-	(42,008,436)
Total capital assets being depreciated, net	43,028,247	(735,355)	-	42,292,892
Total governmental activities capital assets, net	\$ 47,442,142	\$ (667,889)	\$ -	\$ 46,774,253

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

<u>Business-Type Activities:</u>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Machinery & Equipment	\$ 72,000	\$ 148,500	\$ -	\$ 220,500
Vehicles	130,000	-	-	130,000
Total capital assets being depreciated	202,000	148,500	-	350,500
<u>Less accumulated depreciation for:</u>				
Machinery & Equipment	(72,000)	(7,425)	-	(79,425)
Vehicles	(130,000)	-	-	(130,000)
Total accumulated depreciation	(202,000)	(7,425)	-	(209,425)
Total capital assets being depreciated, net	-	141,075	-	141,075
Total business-type activities capital assets, net	\$ -	\$ 141,075	\$ -	\$ 141,075

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

<u>Governmental Activities:</u>	
General government	\$ 29,013
Public safety	468,268
Education	1,589,413
Public works	141,543
Human services	1,373
Culture and recreation	62,677
Total depreciation expense - governmental activities	<u>\$ 2,292,287</u>

<u>Business-Type Activities:</u>	
Sanitation	<u>\$ 7,425</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 6 – CAPITAL LEASES

The Town has entered into lease agreements as lessee for financing the acquisition of a fire truck, police cruisers, school busses, school computer equipment and an ambulance. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through the various capital leases are as follows:

	<u>Governmental Activities</u>
Assets:	
Vehicles	\$ 1,045,091
Computer equipment	<u>171,274</u>
Total Assets	1,216,365
Less: Accumulated depreciation	<u>(275,296)</u>
	 <u><u>\$ 941,069</u></u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2009, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2010	\$ 414,758
2011	290,507
2012	57,252
2013	<u>57,252</u>
Total minimum lease payments	819,769
Less: amounts representing interest	<u>(56,579)</u>
Present value of minimum lease payments	<u><u>\$ 763,190</u></u>

**TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 7 – INTERFUND TRANSFERS

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

<u>Operating Transfers Out:</u>	<u>Operating Transfers In:</u>		
	<u>General Fund</u>	<u>Municipal Capital Stabilization Fund</u>	<u>Total</u>
Nonmajor Governmental Funds	\$ 458,313	\$ -	\$ 458,313 (1)
Sanitation Enterprise Fund	45,362	-	45,362 (2)
General Fund	-	307,252	307,252 (3)
 Total	 <u>\$ 503,675</u>	 <u>\$ 307,252</u>	 <u>\$ 810,927</u>

- (1) Represents budgeted transfers to supplement the operating budget
- (2) Represents budgeted transfer from the enterprise fund.
- (3) Represents budgeted transfer from the general fund to the municipal capital stabilization fund.

NOTE 8 – SHORT-TERM FINANCING

Under state law, and with the appropriate authorization, the Town is authorized to borrow funds on a temporary basis as follows:

- To fund current operations prior to the collection of revenues by issuing revenue anticipation notes (RANS).
- To fund grants prior to reimbursement by issuing grant anticipation notes (GANS).
- To fund Capital project costs incurred prior to selling permanent debt by issuing bond anticipation notes (BANS).
- To fund current project costs and other approved expenditures incurred, that are anticipated to be reimbursed by the Commonwealth, through the issuance of State Aid anticipation notes (SAANS).

Short-term loans are general obligations of the Town and maturity dates are governed by statute. Interest expenditures for short-term borrowings are accounted for in the general fund. There was no short-term financing activity during fiscal year 2009.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 9 – LONG-TERM DEBT

The Town is subject to a dual-level, general debt limit: the normal debt limit and the double debt limit. Such limits are equal to 5% and 10%, respectively, of the valuation of taxable property in the Town as last equalized by the Commonwealth's Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit however require the approval of the Commonwealth's Emergency Finance Board. Additionally, there are many categories of general long-term debt which are exempt from the debt limit but are subject to other limitations.

The following is a summary of the changes in long-term debt for the year ended June 30, 2009:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2008	Issued	Redeemed	Outstanding at June 30, 2009
MWPAT Sewer Loan	Var.	\$ 275,988	\$ -	\$ 20,714	\$ 255,274
Municipal Purpose	Var.	8,810,000	-	8,810,000	-
Municipal Purpose	Var.	-	2,700,000	-	2,700,000
Landfill	2.00	-	1,700,000	-	1,700,000
School Construction	4.03	20,905,000	-	980,000	19,925,000
Police & Fire Facility	3.77	5,680,000	-	335,000	5,345,000
Total		\$ 35,670,988	\$ 4,400,000	\$ 10,145,714	\$ 29,925,274

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2009 are as follows:

Fiscal Year	Principal	Interest	Total
2010	\$ 1,841,189	\$ 1,125,612	\$ 2,966,801
2011	1,846,704	1,064,584	2,911,288
2012	1,863,138	997,223	2,860,361
2013	1,884,601	936,336	2,820,937
2014	1,901,152	855,352	2,756,504
2015-2019	9,719,924	3,172,421	12,892,345
2020-2024	10,054,556	1,275,131	11,329,687
2025-2029	814,010	29,717	843,727
Total	\$ 29,925,274	\$ 9,456,376	\$ 39,381,650

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

Loans Authorized and Unissued

As of June 30, 2009, the Town had no loans authorized and unissued.

Massachusetts School Building Authority Reimbursements

Chapter 645 of the Act of 1948 as amended (“Chapter 645”) created a statewide school building assistance program. Pursuant to this program, cities and towns issued bonds for eligible school building projects and were reimbursed over a period of years by the Commonwealth according to a statutory percentage for such city or town.

Legislation enacted as part of the Commonwealth’s Fiscal 2001 budget repealed 645 and created a new school building assistance program codified as Chapter 70B of the Massachusetts General Laws. Among other changes, the new program includes grants for alternatives to construction and calculates grants for each project based on a number of factors. The new legislation does not affect the reimbursement percentages for bonds previously issued under Chapter 645, and the grants for certain “grandfathered” projects will be based on the statutory percentages provided for in Chapter 645.

The Town has been approved for 70% percent state school construction grants through the Massachusetts School Building Authority (MSBA) to cover eligible project costs, including debt service associated with the financing of these projects, subject to annual appropriation by the state legislature. The Town received \$2,056,272 in FY 2009 from the MSBA for completed school construction projects.

During fiscal year 2009, the Town refinanced debt for two school projects. As part of the refinancing, the MSBA contributed \$5,393,746 towards the refunding and eliminating The MSBA’s obligation for the related debt.

Advanced Refunding – Debt Defeasance

On September 15, 2008, the Town advance refunded \$8,000,000 in general obligations bonds originally issued November 15, 2008 for a several school and other projects. The Town issued bonds of \$2,700,000 with an interest an average coupon rate of 3.21%, used grant proceeds of \$5,256,000 received from the Massachusetts School Building Authority (MSBA), and \$44,000 in Town debt service budgets in order to execute this advance refunding. The Town used the note proceeds along with the grant proceeds from the MSBA to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the 1998 series bonds. As a result, the 1998 series bonds are considered defeased, and the Town has removed the liability for those bonds from its accounts.

The advance refunding reduced total debt service payments (principal and interest), over the next 10 years, by approximately \$1,598,435. This results in an economic gain (difference between the net present values of the debt service payments on the old and new debt) of \$397,233.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2009:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 35,670,988	\$ 4,400,000	\$ (10,145,714)	\$ 29,925,274	\$ 1,841,189
Compensated absences	816,846	68,174	-	885,020	314,286
Landfill closure and postclosure care costs	3,335,000	-	(1,680,000)	1,655,000	225,500
Capital leases payable	571,315	440,588	(248,713)	763,190	382,162
Other post-employment benefits	-	2,051,464	-	2,051,464	1,114,071
 Total governmental activities long-term liabilities	 <u>\$ 40,394,149</u>	 <u>\$ 6,960,226</u>	 <u>\$ (12,074,427)</u>	 <u>\$ 35,279,948</u>	 <u>\$ 3,877,208</u>

The governmental activities long-term liabilities are generally liquidated by the general fund.

NOTE 10 – STABILIZATION FUND

At June 30, 2009, \$1,161,496 has been set aside in the stabilization fund, which is classified as a major fund in the governmental funds financial statements. The stabilization fund balance can be used for general and/or capital purposes as approved by Town Meeting vote.

NOTE 11 – MUNICIPAL CAPITAL STABILIZATION FUND

At June 30, 2009, \$853,266 has been set aside in the municipal capital stabilization fund, which is classified as a major fund in the governmental funds financial statements. The municipal capital stabilization fund balance can be used for capital purposes as approved by Town Meeting vote.

NOTE 12 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters.

Buildings are fully insured against fire, theft, and natural disaster (except for losses due to earthquake) to the extent that losses exceed \$1,000 per incident. Buildings are fully insured against earthquake damage, to the extent that losses exceed \$50,000 per incident.

The Town is insured for general liability; however, Chapter 258 of the Massachusetts General Laws limits the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal civil rights, eminent domain and breach of contract. Such claims are charged to the general fund. There were no such claims in 2009.

The Town has two contributory health care options for its employees and retirees. The Town contributes 75% of the premium costs for active employees and 50% for retirees for both health care options.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires the following disclosures with regard to the retiree medical, dental, and life insurance benefits:

Plan Description. The Post Retirement Benefits Plan of the Town of Seekonk (The Plan) is a single-employer defined benefit healthcare plan administered by the Town of Seekonk. The Plan provides medical, dental and life insurance benefits to eligible retirees and their spouses. Town meeting vote is the authority to establish and amend benefit provisions to the Town. The Town has accepted various sections of Massachusetts General laws Chapter 32B to provide ½ of the premium cost of retirees' health and life insurance costs.

Funding Policy. The contribution requirements of plan members and the Town are established and may be amended by local by-law. The required contribution is based on projected pay-as-you-go financing requirements. For Fiscal Year 2009, the estimated total Town premiums plus implicit costs for the retiree medical program are \$1,114,071.

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

Annual required contribution	\$ 3,165,535
Interest on net OPEB obligation	-
Adjustment to annual required contribution (ARC)	<u>-</u>
Annual OPEB cost (expense)	3,165,535
Contributions made	<u>1,114,071</u>
Increase in net OPEB obligation	2,051,464
Net OPEB obligation - beginning of year	<u>-</u>
Net OPEB obligation - end of year	<u><u>\$ 2,051,464</u></u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2007	N/A	N/A	N/A
6/30/2008	N/A	N/A	N/A
6/30/2009	\$ 3,165,535	35.19%	\$ 2,051,464

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the plan was 0.0% funded. The actuarial accrued liability for benefits was \$36.243 million, and the actuarial value of assets was \$0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$36.243 million. The covered payroll (annual payroll of active employees covered by the plan) was \$21.062 million, and the ratio of the UAAL to the covered payroll was 172.1%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2009, actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, the normal cost and actuarial liability are both based on an accrual of projected benefits over the period for which benefits are accrued. The normal cost is the actuarial present value of one year's benefit accrual on this basis. The actuarial accrued liability is the actuarial present value of the projected benefit times the ration of past service to total service. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.13% percent graded down to 7.10% over six years. Both rates included a 3.2% inflation assumption. The actuarial value of assets was determined using market value. The UAAL is being amortized as a level dollar amount over 30 years at transition. The remaining amortization period at July 1, 2008, was 30 years.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 14 – PENSION PLANS

A. Plan Descriptions

The Town contributes to the Bristol County Contributory Retirement System (the “System”), a cost sharing, multiple-employer, defined benefit pension plan administered by the Bristol County Retirement Board. Substantially all employees are members of the “System” except for public school teachers and certain school administrators who are members of the Massachusetts Teachers’ Retirement System (MTRS) to which the Town does not contribute.

The “System” and the MTRS are contributory defined benefit plans and membership in both the “System” and the MTRS is mandatory upon commencement of employment for all permanent, full-time employees. The “System” and the MTRS provide retirement, disability and death benefits to plan members and beneficiaries.

Chapter 32 of the Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan, and grant cost-of-living increases, to the State legislature. The “System” issues a publicly available financial report, which can be obtained through the Commonwealth of Massachusetts, Public Employee Retirement Administration Commission (“PERAC”), One Ashburton Place, Boston, Massachusetts 02108.

B. Funding Policies

Bristol County Contributory Retirement System

Plan members are required to contribute to the “System” at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the “System”, its share of the remaining system-wide, actuarially determined, contribution plus administration costs, which are apportioned among the employers, based on active covered payroll. The Commonwealth of Massachusetts reimburses the “system” for a portion of the benefit payments for the cost of living increases. The contributions to the “System” for years ended June 30, 2009, 2008, and 2007 were \$1,581,257, \$1,519,606, and \$1,373,527 respectively, which were equal to its required contributions for each of these years.

Massachusetts Teachers’ Retirement System

Plan members (at varying rates of annual covered compensation) and the Commonwealth of Massachusetts fund contributions to the MTRS. The Commonwealth of Massachusetts contributed “on-behalf” payments to the MTRS totaling \$3,940,859 for fiscal year 2009. In accordance with GASB Statement No. 24, these on-behalf” payments have been recorded in the general fund as intergovernmental revenues and pension expenditures.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2009, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is believed the amount, if any, would not be material.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

The Town has three landfills that are no longer in operation. Two of the landfills have been capped and the third has a liner. During fiscal year 2009, the Town was in the process of capping the third landfill. The post-closure monitoring of the three sites are thirty (30) years, twenty one (21) years and twenty one (21) years.. The estimated liability has been recorded in the Statement of Net Assets, Governmental Activities. The \$1,655,000 reported as landfill closure and post-closure liability at June 30, 2009 is based on what it would cost to perform all closure and post-closure care at June 30, 2009. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2009, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2009.

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2009, the following GASB pronouncements were implemented:

The GASB issued **Statement #45**, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented in Fiscal 2009. This pronouncement requires additional disclosure and does impact the basic financial statements (See Note 13 and required supplementary information (RSI)).

The GASB issued **Statement #49**, *Accounting and Financial Reporting for Pollution Remediation Obligations* was implemented in FY2009. Since the Town does not have any pollution remediation obligations this pronouncement did not impact the basic financial statements.

The GASB issued **Statement #52**, *Land and Other Real Estate Held as Investments by Endowments* was implemented in FY2009. The standards in this statement require all investments in land and real estate in permanent and similar funds to be reported at fair value. Since the Town does not possess any assets covered by this standard, this pronouncement did not impact the basic financial statements.

Future GASB Pronouncements:

The GASB issued **Statement #51**, *Accounting and Financial Reporting for Intangible Assets* which is required to be implemented in FY2010. Management believes this pronouncement will require additional disclosure, but will not have a material impact on the basic financial statements.

The GASB issued **Statement #53**, *Accounting and Financial Reporting for Derivative Instruments* which is required to be implemented in FY2010. The Town does not invest in derivative instruments. Therefore, management believes this pronouncement will not require additional disclosure and will not have a material impact on the basic financial statements.

The GASB issued **Statement #54**, *Fund Balance Reporting and Governmental Fund Type Definitions* which is required to be implemented in FY2011. This standard provides definitions and guidance in order to provided clearer fund balance classifications. Management believes this pronouncement will require additional disclosure and reclassify/redefine some fund balances in the basic financial statements.

**TOWN OF SEEKONK, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS**

Schedules of Funding Progress and Employer Contributions

The following schedules are presented in accordance with GASB Statement No. 45:

Projected Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
12/31/2009	\$ -	\$ 36,243,203	\$ 36,243,203	0.0%	\$ 21,062,375	172.1%

Schedule of Employer Contributions (1):

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed *	Net OPEB Cost
2009	\$3,165,535	35.2%	\$ 2,051,464

(1) A three-year display will be shown on a go forward basis.

* Based on expected premium payments.

The required information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2009
Discount Rate	4.00%
Medical Trend	8.13% grading down to 7.1% in Year 2016
Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level dollar amount over 30 years at transition
Remaining Amortization Period	29
Mortality	Society of Actuaries Group Life 1985-1989 mortality table

**TOWN OF SEEKONK, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS**

Plan Participants:

Current retirees, beneficiaries, and dependants	301
Current active members/participants	<u>311</u>
Total	<u><u>612</u></u>