

TOWN OF SEEKONK, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2011

**TOWN OF SEEKONK, MASSACHUSETTS
 REPORT ON EXAMINATION OF
 BASIC FINANCIAL STATEMENTS
 JUNE 30, 2011**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor’s Report	1 – 2
Management’s Discussion and Analysis	3 – 9
Basic Financial Statements	
Statement of Net Assets	10
Statement of Activities	11 – 12
Governmental Funds – Balance Sheet	13
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances	14
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Assets	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	17
Proprietary Fund – Statement of Net Assets	18
Proprietary Fund – Statement of Revenues, Expenses, and Changes in Fund Net Assets	19
Proprietary Fund – Statement of Cash Flows	20
Fiduciary Funds – Statement of Fiduciary Net Assets	21
Fiduciary Funds – Statement of Changes in Fiduciary Net Assets	22
Notes to Basic Financial Statements	23 – 51
Required Supplementary Information:	
Other Post Employment Benefits – Schedules of Funding Progress and Employer Contributions	52– 53

R. E. BROWN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
25 CEMETERY STREET – P.O. BOX 230
Mendon, Massachusetts 01756

Phone: (508) 478-3941

Fax: (508) 478-1779

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, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of 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, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in **Note 14** to the financial statements, the Town of Seekonk, Massachusetts adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2012, 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 26, 2012

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, 2011. 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 \$38.1 million (*net assets*). Of this amount, \$14.1 million is considered unrestricted (*unrestricted net assets*).
- The unrestricted net assets of the Town's governmental activities are \$13.8 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 \$288 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 \$1.406 million or 4% in fiscal 2011. Within this total, net assets of governmental activities decreased by \$1.46 million, a 4% decrease from fiscal 2010. Net assets of business-type activities increased by \$54,830 or 14% from fiscal 2010.
- At June 30, 2011, the Town's governmental funds had a combined ending fund balance of \$9.53 million. The combined governmental funds balance increased by \$18,980 or .2% from the prior year's ending fund balance. A total of \$4.097 million is considered unassigned at June 30, 2011.
- The Town's general fund reported a total fund balance of \$5.57 million at the end of fiscal 2011. The unassigned fund balance for the general fund was \$4.114 million or 9.0% of total general fund expenditures and transfers to other funds. There was a \$205 thousand decrease in total general fund fund balance for the year.
- The total cost of all Town services for fiscal 2011 was \$50.159 million; \$49.164 million of which was for governmental activities, and \$995 thousand of which was for business-type activities.
- The Town's total bonded debt decreased by \$1.984 million or 7% 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 \$38,131,903 at the close of fiscal year 2011. 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 investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets is \$19,053,039 or 50% of net assets. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. It is important to note that other resources are needed to repay the debt because the capital assets cannot be used to finance these liabilities.

A modest amount of the Town’s net assets totaling \$4,984,019 or 13%, are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets totaling \$14,094,845 or 37% may be used to meet the government’s ongoing obligations to citizens and creditors.

The Town decreased its total liabilities by \$995 thousand over fiscal year 2010, while total assets decreased by \$2,401,629, or 3%. Total assets of the governmental activities decreased by \$2,426,393 a 3% decrease from fiscal 2010. Total assets of the business-type activities increased by \$24,764, or 5% from fiscal 2010.

Town of Seekonk - Financial Highlights

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010
Assets:						
Current assets	\$ 15,275,086	\$ 15,505,727	\$ 335,349	\$ 337,735	\$ 15,610,435	\$ 15,843,462
Noncurrent assets (excluding capital)	15,310,997	16,699,877	-	-	15,310,997	16,699,877
Capital assets	44,999,880	45,806,752	153,375	126,225	45,153,255	45,932,977
Total assets	75,585,963	78,012,356	488,724	463,960	76,074,687	78,476,316
Liabilities:						
Current liabilities (excluding debt)	3,782,317	3,619,345	47,520	77,586	3,829,837	3,696,931
Noncurrent liabilities (excluding debt)	7,684,191	6,398,370	-	-	7,684,191	6,398,370
Current debt	2,042,121	2,310,773	-	-	2,042,121	2,310,773
Noncurrent debt	24,386,635	26,532,292	-	-	24,386,635	26,532,292
Total liabilities	37,895,264	38,860,780	47,520	77,586	37,942,784	38,938,366
Net Assets:						
Capital assets net of related debt	18,899,664	17,916,607	153,375	126,225	19,053,039	18,042,832
Restricted	4,984,019	4,493,261	-	-	4,984,019	4,493,261
Unrestricted	13,807,016	16,741,708	287,829	260,149	14,094,845	17,001,857
Total net assets	\$ 37,690,699	\$ 39,151,576	\$ 441,204	\$ 386,374	\$ 38,131,903	\$ 39,537,950
Revenues						
<i>Program Revenues:</i>						
Charges for services	\$ 2,079,431	\$ 2,020,085	\$ 1,212,922	\$ 1,179,223	\$ 3,292,353	\$ 3,199,308
Operating grants and contributions	10,726,570	10,470,180	-	-	10,726,570	10,470,180
Capital grants and contributions	535,588	470,570	-	-	535,588	470,570
<i>General Revenues:</i>						
Real Estate and personal property taxes	29,775,534	28,829,971	-	-	29,775,534	28,829,971
Tax Liens	203,458	323,954	-	-	203,458	323,954
Motor vehicle and other excise taxes	1,747,305	1,679,518	-	-	1,747,305	1,679,518
Hotel/Motel Tax	913,437	472,569	-	-	913,437	472,569
Penalties and Interest on Taxes	122,632	139,367	-	-	122,632	139,367
Nonrestricted grants and contributions	1,338,799	1,435,590	-	-	1,338,799	1,435,590
Unrestricted investment income	67,793	131,185	-	-	67,793	131,185
Other revenues	21,941	33,647	-	-	21,941	33,647
Total Revenues	47,532,488	46,006,636	1,212,922	1,179,223	48,745,410	47,185,859
Expenses:						
General Government	2,246,759	2,138,580	-	-	2,246,759	2,138,580
Public Safety	5,986,333	5,994,472	-	-	5,986,333	5,994,472
Education	23,606,083	22,377,057	-	-	23,606,083	22,377,057
Public Works	993,673	1,308,775	-	-	993,673	1,308,775
Human Services	652,652	577,598	-	-	652,652	577,598
Conservation	64,895	32,571	-	-	64,895	32,571
Culture and Recreation	984,027	952,451	-	-	984,027	952,451
Employee Benefits	13,259,703	13,431,159	-	-	13,259,703	13,431,159
State and County Assessments	329,905	321,834	-	-	329,905	321,834
Interest	1,040,530	1,108,236	-	-	1,040,530	1,108,236
Sanitation	-	-	994,547	1,078,140	994,547	1,078,140
Total Expenses	49,164,560	48,242,733	994,547	1,078,140	50,159,107	49,320,873
Increase (decrease) in Net Assets before Contributions to Permanent Endowments and Transfers	(1,632,072)	(2,236,097)	218,375	101,083	(1,413,697)	(2,135,014)
Contributions to permanent endowments	7,650	5,000	-	-	7,650	5,000
Transfers	163,545	102,770	(163,545)	(102,770)	-	-
Change in Net Assets	(1,460,877)	(2,128,327)	54,830	(1,687)	(1,406,047)	(2,130,014)
Net Assets - beginning	39,151,576	41,279,903	386,374	388,061	39,537,950	41,667,964
Net Assets - ending	\$ 37,690,699	\$ 39,151,576	\$ 441,204	\$ 386,374	\$ 38,131,903	\$ 39,537,950

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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town. At June 30, 2011, unassigned fund balance of the general fund was \$4,114,660 while the total fund balance was \$5,557,512. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 9 % of total general fund expenditures, while total fund balance 12% of the same amount.

General fund revenues increased by \$1,177,687, and the fund balance of the general fund decreased by \$204,908. This result is the product of management's conservative planning and budgeting and the use of unassigned fund balance to maintain the Town's services.

The stabilization funds have accumulated fund balances of \$2,166,381, which represents 5% of general fund expenditures.

General Fund Budget Highlights

There was an increase of \$178,830 between the original and final budget of the Town approved at Town Meeting. The Town budgeted \$40.054 million in revenues and \$41.572 million in expenses, drawing on fund balance (\$1,008,830) 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, 2011, amounts to \$45,153,255. 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 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010
Land	\$ 4,511,754	\$ 4,354,657	\$ -	\$ -	\$ 4,511,754	\$ 4,354,657
Buildings	33,202,146	34,353,314	-	-	33,202,146	34,353,314
Capital Improvements (other than buildings)	1,681,326	1,823,185	-	-	1,681,326	1,823,185
Machinery and Equipment	1,172,887	1,339,173	153,375	126,225	1,326,262	1,465,398
Vehicles	1,440,021	1,463,887	-	-	1,440,021	1,463,887
Infrastructure	2,932,508	2,342,048	-	-	2,932,508	2,342,048
Construction in Progress	59,238	130,488	-	-	59,238	130,488
Total Capital Assets	\$ 44,999,880	\$ 45,806,752	\$ 153,375	\$ 126,225	\$ 45,153,255	\$ 45,932,977

The governmental activities capital assets had additions of \$ 1,629,835 during the current fiscal year. Total depreciation was \$ 2,436,707 resulting in a net decrease to capital assets of \$806,872.

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, 2011, totaled \$26,100,216. Total debt consists of the following:

Outstanding Debt at Year End

Governmental Activities	Outstanding June 30, 2011	Outstanding June 30, 2010
School Construction	\$ 19,438,000	\$ 20,805,000
MWPAT Septic loan	213,846	234,560
Police & Fire Facility	4,801,000	5,159,000
Landfill	1,647,370	1,885,525
Total Governmental Activities	\$ 26,100,216	\$ 28,084,085
Business-type Activities	Outstanding June 30, 2011	Outstanding June 30, 2010
Sanitation	\$ -	\$ -

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 2012 budget:

- ***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, 2011**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 7,908,172	\$ 238,517	\$ 8,146,689
INVESTMENTS	3,879,185	-	3,879,185
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	526,357	-	526,357
TAX LIENS	438,864	-	438,864
MOTOR VEHICLE EXCISE TAXES	100,589	-	100,589
USER FEES	7,841	96,832	104,673
DEPARTMENTAL AND OTHER	185,319	-	185,319
INTERGOVERNMENTAL	2,228,759	-	2,228,759
NONCURRENT:			
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
INTERGOVERNMENTAL	15,310,997	-	15,310,997
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	44,999,880	153,375	45,153,255
TOTAL ASSETS	<u>75,585,963</u>	<u>488,724</u>	<u>76,074,687</u>
<u>LIABILITIES</u>			
CURRENT:			
ACCOUNTS PAYABLE	2,967,021	47,520	3,014,541
OTHER LIABILITIES	38,347	-	38,347
ACCRUED INTEREST	423,130	-	423,130
LANDFILL POSTCLOSURE CARE COSTS	43,000	-	43,000
COMPENSATED ABSENCES	310,819	-	310,819
CAPITAL LEASES PAYABLE	185,377	-	185,377
BONDS AND NOTES PAYABLE	1,856,744	-	1,856,744
NONCURRENT:			
LANDFILL POSTCLOSURE CARE COSTS	952,000	-	952,000
COMPENSATED ABSENCES	775,617	-	775,617
POSTEMPLOYMENT BENEFITS	5,956,574	-	5,956,574
CAPITAL LEASES PAYABLE	143,163	-	143,163
BONDS AND NOTES PAYABLE	24,243,472	-	24,243,472
TOTAL LIABILITIES	<u>37,895,264</u>	<u>47,520</u>	<u>37,942,784</u>
<u>NET ASSETS</u>			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	18,899,664	153,375	19,053,039
RESTRICTED FOR:			
STREETS	682,840	-	682,840
PERMANENT FUNDS:			
EXPENDABLE	15,467	-	15,467
NONEXPENDABLE	251,103	-	251,103
OTHER PURPOSES	4,034,609	-	4,034,609
UNRESTRICTED	13,807,016	287,829	14,094,845
TOTAL NET ASSETS	<u>\$ 37,690,699</u>	<u>\$ 441,204</u>	<u>\$ 38,131,903</u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2011**

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		<u>NET (EXPENSE) REVENUE</u>	
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>		<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 2,246,759	\$ 169,358	\$ 180,600	\$ -	\$ (1,896,801)
PUBLIC SAFETY	5,986,333	1,004,071	249,187	2,211	(4,730,864)
EDUCATION	23,606,083	566,850	5,875,939	-	(17,163,294)
PUBLIC WORKS	993,673	10,850	34,685	522,410	(425,728)
HUMAN SERVICES	652,652	186,577	54,401	10,967	(400,707)
CONSERVATION	64,895	23,487	141	-	(41,267)
CULTURE & RECREATION	984,027	118,238	30,881	-	(834,908)
EMPLOYEE BENEFITS	13,259,703	-	4,300,736	-	(8,958,967)
STATE & COUNTY ASSESSMENTS	329,905	-	-	-	(329,905)
INTEREST	1,040,530	-	-	-	(1,040,530)
TOTAL GOVERNMENTAL ACTIVITIES	49,164,560	2,079,431	10,726,570	535,588	(35,822,971)
BUSINESS-TYPE ACTIVITIES:					
NON-MAJOR	994,547	1,212,922	-	-	218,375
TOTAL PRIMARY GOVERNMENT	\$ 50,159,107	\$ 3,292,353	\$ 10,726,570	\$ 535,588	\$ (35,604,596)

See accompanying notes to the basic financial statements

(continued)

**TOWN OF SEEKONK, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2011**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CHANGES IN NET ASSETS:			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (35,822,971)	\$ 218,375	\$ (35,604,596)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	29,775,534	-	29,775,534
TAX LIENS	203,458	-	203,458
MOTOR VEHICLE AND OTHER EXCISE TAXES	1,747,305	-	1,747,305
HOTEL/MOTEL TAX	913,437	-	913,437
PENALTIES AND INTEREST ON TAXES	122,632	-	122,632
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	1,338,799	-	1,338,799
UNRESTRICTED INVESTMENT INCOME	67,793	-	67,793
MISCELLANEOUS	21,941	-	21,941
CONTRIBUTIONS TO PERMANENT FUNDS	7,650	-	7,650
TRANSFERS, NET	163,545	(163,545)	-
TOTAL GENERAL REVENUES AND TRANSFERS	<u>34,362,094</u>	<u>(163,545)</u>	<u>34,198,549</u>
CHANGE IN NET ASSETS	(1,460,877)	54,830	(1,406,047)
NET ASSETS:			
BEGINNING OF YEAR	<u>39,151,576</u>	<u>386,374</u>	<u>39,537,950</u>
END OF YEAR	<u><u>\$ 37,690,699</u></u>	<u><u>\$ 441,204</u></u>	<u><u>\$ 38,131,903</u></u>

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF SEEKONK, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2011**

<u>ASSETS</u>	<u>GENERAL</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
CASH AND SHORT-TERM INVESTMENTS	\$ 5,840,255	\$ 2,067,917	\$ 7,908,172
INVESTMENTS	2,280,451	1,598,734	3,879,185
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	526,357	-	526,357
TAX LIENS	438,864	-	438,864
MOTOR VEHICLE EXCISE TAXES	100,589	-	100,589
USER FEES	7,841	-	7,841
DEPARTMENTAL AND OTHER	10,510	174,809	185,319
INTERGOVERNMENTAL	16,699,877	839,879	17,539,756
TOTAL ASSETS	\$ 25,904,744	\$ 4,681,339	\$ 30,586,083
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ 2,773,215	\$ 193,806	\$ 2,967,021
OTHER LIABILITIES	38,037	310	38,347
DEFERRED REVENUES	17,535,980	516,229	18,052,209
TOTAL LIABILITIES	20,347,232	710,345	21,057,577
FUND BALANCES:			
NONSPENDABLE	-	251,103	251,103
RESTRICTED	-	3,737,146	3,737,146
COMMITTED	28,560	-	28,560
ASSIGNED	1,414,292	-	1,414,292
UNASSIGNED	4,114,660	(17,255)	4,097,405
TOTAL FUND BALANCES	5,557,512	3,970,994	9,528,506
TOTAL LIABILITIES AND FUND BALANCES	\$ 25,904,744	\$ 4,681,339	\$ 30,586,083

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, 2011**

	<u>GENERAL</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES:</u>			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 29,976,969	\$ -	\$ 29,976,969
MOTOR VEHICLE AND OTHER EXCISE TAXES	1,771,680	-	1,771,680
INTERGOVERNMENTAL	11,172,380	2,415,384	13,587,764
HOTEL/MOTEL OCCUPANCY TAX	463,388	-	463,388
PENALTIES & INTEREST ON TAXES	122,632	-	122,632
CHARGES FOR SERVICES	-	1,334,874	1,334,874
INVESTMENT INCOME	52,179	25,674	77,853
CONTRIBUTIONS & DONATIONS	-	50,970	50,970
DEPARTMENTAL AND OTHER	1,412,760	437,738	1,850,498
TOTAL REVENUES	<u>44,971,988</u>	<u>4,264,640</u>	<u>49,236,628</u>
<u>EXPENDITURES:</u>			
CURRENT:			
GENERAL GOVERNMENT	2,565,069	248,976	2,814,045
PUBLIC SAFETY	5,429,813	226,758	5,656,571
EDUCATION	20,298,776	1,978,977	22,277,753
PUBLIC WORKS	1,315,226	890,224	2,205,450
HUMAN SERVICES	506,937	144,342	651,279
CONSERVATION	37,309	27,586	64,895
CULTURE & RECREATION	818,376	101,271	919,647
EMPLOYEE BENEFITS	11,548,360	-	11,548,360
STATE & COUNTY ASSESSMENTS	329,905	-	329,905
DEBT SERVICE			
PRINCIPAL	1,846,704	-	1,846,704
INTEREST	1,066,584	-	1,066,584
TOTAL EXPENDITURES	<u>45,763,059</u>	<u>3,618,134</u>	<u>49,381,193</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(791,071)</u>	<u>646,506</u>	<u>(144,565)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
OPERATING TRANSFERS IN	596,163	10,000	606,163
OPERATING TRANSFERS OUT	(10,000)	(432,618)	(442,618)
TOTAL OTHER FINANCING SOURCES (USES)	<u>586,163</u>	<u>(422,618)</u>	<u>163,545</u>
NET CHANGE IN FUND BALANCES	(204,908)	223,888	18,980
FUND BALANCES AT BEGINNING OF YEAR	<u>5,762,420</u>	<u>3,747,106</u>	<u>9,509,526</u>
FUND BALANCES AT END OF YEAR	<u>\$ 5,557,512</u>	<u>\$ 3,970,994</u>	<u>\$ 9,528,506</u>

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, 2011**

TOTAL GOVERNMENTAL FUND BALANCES	\$ 9,528,506
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS	44,999,880
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS	18,052,209
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE	(423,130)
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	(26,100,216)
CAPITAL LEASES PAYABLE	(328,540)
COMPENSATED ABSENCES	(1,086,436)
POSTEMPLOYMENT BENEFITS	(5,956,574)
LANDFILL POSTCLOSURE CARE COSTS	<u>(995,000)</u>
NET EFFECT OF REPORTING LONG-TERM LIABILITIES	<u>(34,466,766)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 37,690,699</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, 2011**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 18,980
<p>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.</p>		
CAPITAL OUTLAY	1,629,835	
DEPRECIATION EXPENSE	<u>(2,436,707)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		(806,872)
<p>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</p>		
		(1,696,490)
<p>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.</p>		
DEBT SERVICE PRINCIPAL PAYMENTS	<u>1,846,704</u>	
NET EFFECT OF REPORTING LONG-TEM DEBT		1,846,704
<p>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.</p>		
NET CHANGE IN COMPENSATED ABSENCES ACCRUAL	(218,449)	
NET CHANGE IN POSTEMPLOYMENT BENEFITS ACCRUAL	(1,492,894)	
NET CHANGE IN CAPITAL LEASES	430,440	
NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL	431,650	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>26,054</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>(823,199)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ (1,460,877)</u>

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, 2011**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGETARY AMOUNTS</u>	<u>VARIANCE OVER(UNDER)</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>		
<u>REVENUES:</u>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 29,941,675	\$ 29,941,675	\$ 29,976,970	\$ 35,295
MOTOR VEHICLE AND OTHER EXCISE TAXES	1,650,000	1,650,000	1,771,680	121,680
PENALTIES & INTEREST ON TAXES	115,000	115,000	122,632	7,632
INTERGOVERNMENTAL	6,804,899	6,804,899	6,860,909	56,010
HOTEL/MOTEL OCCUPANCY TAX	650,000	650,000	463,388	(186,612)
INVESTMENT INCOME	40,000	40,000	40,144	144
DEPARTMENTAL AND OTHER	853,000	853,000	1,412,760	559,760
	<u>40,054,574</u>	<u>40,054,574</u>	<u>40,648,483</u>	<u>593,909</u>
TOTAL REVENUES				
<u>EXPENDITURES:</u>				
CURRENT:				
GENERAL GOVERNMENT	2,365,495	2,395,682	2,327,707	67,975
PUBLIC SAFETY	5,557,825	5,555,715	5,343,413	212,302
EDUCATION	20,056,029	20,056,029	20,034,755	21,274
PUBLIC WORKS	1,075,522	1,280,467	1,246,242	34,225
HUMAN SERVICES	538,534	544,342	496,873	47,469
CONSERVATION	37,926	37,926	37,309	617
CULTURE & RECREATION	845,156	845,156	816,283	28,873
EMPLOYEE BENEFITS	7,674,448	7,614,448	7,246,383	368,065
STATE & COUNTY ASSESSMENTS	326,517	326,517	329,905	(3,388)
DEBT SERVICE:				
PRINCIPAL	1,846,704	1,846,704	1,846,704	-
INTEREST	1,069,618	1,069,618	1,055,617	14,001
	<u>41,393,774</u>	<u>41,572,604</u>	<u>40,781,191</u>	<u>791,413</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,339,200)</u>	<u>(1,518,030)</u>	<u>(132,708)</u>	<u>1,385,322</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
OPERATING TRANSFERS IN	519,200	519,200	596,163	76,963
OPERATING TRANSFERS OUT	(10,000)	(10,000)	(10,000)	-
	<u>509,200</u>	<u>509,200</u>	<u>586,163</u>	<u>76,963</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCE	(830,000)	(1,008,830)	453,455	1,462,285
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	<u>2,816,653</u>	<u>2,816,653</u>	<u>2,816,653</u>	<u>-</u>
BUDGETARY FUND BALANCE, END OF YEAR	<u>\$ 1,986,653</u>	<u>\$ 1,807,823</u>	<u>\$ 3,270,108</u>	<u>\$ 1,462,285</u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF NET ASSETS
 JUNE 30, 2011**

	BUSINESS-TYPE ACTIVITIES
<u>ASSETS</u>	NON MAJOR ENTERPRISE FUND
CURRENT:	
CASH AND SHORT-TERM INVESTMENTS	\$ 238,517
USER FEES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:	96,832
TOTAL CURRENT ASSETS	335,349
NONCURRENT:	
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	153,375
TOTAL ASSETS	488,724
 <u>LIABILITIES</u>	
CURRENT:	
ACCOUNTS PAYABLE	47,520
 <u>NET ASSETS</u>	
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	153,375
UNRESTRICTED	287,829
TOTAL NET ASSETS	\$ 441,204

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, 2011**

	BUSINESS-TYPE ACTIVITIES
	NON MAJOR ENTERPRISE FUND
<u>OPERATING REVENUES:</u>	
CHARGES FOR SERVICES	\$ 1,212,922
<u>OPERATING EXPENSES:</u>	
GENERAL SERVICES	976,897
DEPRECIATION	17,650
TOTAL OPERATING EXPENSES	994,547
OPERATING INCOME (LOSS)	218,375
<u>NON-OPERATING REVENUES (EXPENSES):</u>	
INCOME (LOSS) BEFORE OPERATING TRANSFERS	-
<u>OPERATING TRANSFERS:</u>	
OPERATING TRANSFERS OUT	(163,545)
CHANGE IN NET ASSETS	54,830
NET ASSETS AT BEGINNING OF YEAR	386,374
NET ASSETS AT END OF YEAR	\$ 441,204

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FISCAL YEAR ENDED JUNE 30, 2011**

	BUSINESS-TYPE ACTIVITIES
	NON MAJOR ENTERPRISE FUND
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
RECEIPTS FROM CUSTOMERS AND USERS	\$ 1,194,440
PAYMENTS TO SUPPLIERS	(904,544)
PAYMENTS TO EMPLOYEES	(102,419)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	187,477
 <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
OPERATING TRANSFERS IN (OUT)	(163,545)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(163,545)
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(44,800)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	(44,800)
NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	(20,868)
CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR	259,385
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	\$ 238,517
 <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>	
OPERATING INCOME (LOSS)	\$ 218,375
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
DEPRECIATION	17,650
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	(18,482)
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	(30,066)
TOTAL ADJUSTMENTS	(30,898)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 187,477

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011**

	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>		
CASH AND SHORT-TERM INVESTMENTS	\$ 2,500	\$ 269,606
INVESTMENTS	65,754	-
DEPARTMENTAL AND OTHER	-	92,715
	<u>68,254</u>	<u>362,321</u>
TOTAL ASSETS	<u>68,254</u>	<u>362,321</u>
<u>LIABILITIES</u>		
ACCOUNTS PAYABLE	-	46,737
OTHER LIABILITIES	-	315,584
	<u>-</u>	<u>362,321</u>
TOTAL LIABILITIES	<u>-</u>	<u>362,321</u>
<u>NET ASSETS</u>		
HELD IN TRUST FOR OTHER PURPOSES	<u>\$ 68,254</u>	<u>\$ -</u>

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, 2011**

	PRIVATE PURPOSE TRUST FUNDS
<u>ADDITIONS:</u>	
NET INVESTMENT INCOME (LOSS):	
INVESTMENT INCOME	\$ 574
<u>DEDUCTIONS:</u>	
EDUCATIONAL SCHOLARSHIPS	4,000
CHANGE IN NET ASSETS	(3,426)
NET ASSETS AT BEGINNING OF YEAR	71,680
NET ASSETS AT END OF YEAR	\$ 68,254

See accompanying notes to the basic financial statements

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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	\$ 714,864

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, 2011

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, 2011

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 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, 2011

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 *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, 2011

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide, proprietary fund, and fiduciary funds financial statements to the extent that those standards do not conflict with or contradict guidance of the *Governmental Accounting Standards Board*. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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, 2011

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, 2011

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, 2011

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, 2011

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)

The Town uses the following criteria for fund balance classification:

- For *nonspendable* fund balance: includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- For *restricted* fund balance: when constraints placed on the use of the resources are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- For *committed* fund balance: (1) the government’s highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment.
- For *assigned* fund balance: (1) the body or official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which the authorization is given.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

- For *unassigned* fund balance: is the residual classification for the general fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The Town uses the following criteria for fund balance policies and procedures:

- When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the unrestricted amount will be considered to have been spent.
- When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the least restricted amount will be considered to have been spent.

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, 2011.

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).

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011 is recorded in the governmental fund financial statements.

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.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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.

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 2011 approved budget authorized \$41,393,774 in current year appropriations and other amounts to be raised. Supplemental appropriations of \$178,830 were approved at one Special Town Meeting for fiscal year 2011.

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, 2011

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, 2011, is presented below:

Net change in fund balance - budgetary basis	\$ 453,455
Basis of accounting differences:	
Increase in revenue for on-behalf payments - MTRS	4,300,504
Increase in expenditures for on-behalf payments - MTRS	(4,300,504)
Increase in revenue for the MWPAT subsidy	10,967
Increase in expenditures for the MWPAT subsidy	(10,967)
Adjustment for encumbrances and continuing appropriations	334,264
Adjustment for expenditures from prior year authorizations	(605,026)
Net stabilization fund activity	<u>(387,601)</u>
Net change in fund balance - GAAP basis	<u>\$ (204,908)</u>

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2011, actual expenditures exceeded appropriations for the fiber optic cable network expense account. This over-expenditure will be funded by available funds during fiscal year 2012.

D. Deficit Fund Balances

Several individual fund deficits exist within the special revenue funds. These individual deficits will be eliminated through subsequent fiscal year budget transfers, grants and proceeds of long-term debt during fiscal year 2012.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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.

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, 2011:

Total bank balances		<u>\$ 7,956,037</u>
Bank balances covered by deposit insurance		
Depositor's Insurance Fund (DIF)	5,060,379	
Federal Deposit Insurance Corporation (FDIC)	<u>1,350,000</u>	
Total bank balances covered by deposit insurance		6,410,379
Balances subject to custodial credit risk		
Bank balances collateralized with securities held by the pledging financial institution's trust department or agent not in the Town's name	996,527	
Bank balances uninsured & uncollateralized	<u>549,131</u>	
Total bank balances subject to custodial credit risk		<u>1,545,658</u>
Total bank balances		<u>\$ 7,956,037</u>

On October 3, 2008, FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2013.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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.

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	\$ 2,262,332	N/A	\$ 2,262,332	\$ -	\$ -	\$ -
Corporate Bonds	279,681	N/A	-	213,976	65,705	-
Certificate of Deposit	457,424	N/A	-	-	-	457,424
Money Market Mutual Funds	758,316	N/A	-	-	-	758,316
Bond Mutual Funds	187,186	N/A	-	-	-	187,186
Total Investments	\$ 3,944,939		\$ 2,262,332	\$ 213,976	\$ 65,705	\$ 1,402,926

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.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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.

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	\$ 2,262,332	\$ -	\$ 2,262,332
Corporate Bonds	279,681	-	279,681
Bond Mutual Funds	187,186	187,186	-
Total - Debt related securities	\$ 2,729,199	\$ 187,186	\$ 2,542,013
<i>Other Investments:</i>			
Certificate of Deposit	457,424	-	457,424
Money Market Mutual Funds	758,316	758,316	-
Total Other Investments	1,215,740	758,316	457,424
Total Investments	\$ 3,944,939	\$ 945,502	\$ 2,999,437

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
General Electric Cap Corp - Corporate Bond	5.38%

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – RECEIVABLES

The receivables at June 30, 2011 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	\$ 494,075	\$ -	\$ 494,075
Personal property taxes	98,282	(66,000)	32,282
Real Estate and personal property taxes	592,357	(66,000)	526,357
Tax liens	438,864	-	438,864
Motor vehicle and other excise taxes	163,881	(63,292)	100,589
Departmental and other	716,622	(438,588)	278,034
Intergovernmental	17,539,756	-	17,539,756
User Fees	7,841	-	7,841
Total	<u>\$ 19,459,321</u>	<u>\$ (567,880)</u>	<u>\$ 18,891,441</u>

The sanitation enterprise fund receivables as of June 30, 2011, consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Sanitation</i>			
User fees	<u>\$ 96,832</u>	<u>\$ -</u>	<u>\$ 96,832</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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	\$ 278,299	\$ -	\$ 278,299
Tax Liens	438,864	-	438,864
Motor vehicle excise taxes	100,589	-	100,589
Departmental and other	10,510	174,809	185,319
User fees	7,841	-	7,841
Intergovernmental	16,699,877	341,420	17,041,297
Total	<u>\$ 17,535,980</u>	<u>\$ 516,229</u>	<u>\$ 18,052,209</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 4,354,657	\$ 157,097	\$ -	\$ 4,511,754
Construction in progress	130,488	-	(71,250)	59,238
Total capital assets not being depreciated	4,485,145	157,097	(71,250)	4,570,992
<i>Capital assets being depreciated:</i>				
Buildings and improvements	54,985,533	352,709	71,250	55,409,492
Capital improvements (other than buildings)	2,874,366	-	-	2,874,366
Machinery and equipment	3,579,277	111,024	-	3,690,301
Vehicles	6,279,939	255,717	-	6,535,656
Infrastructure	18,024,010	753,288	-	18,777,298
Total capital assets being depreciated	85,743,125	1,472,738	71,250	87,287,113
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(20,632,218)	(1,575,127)	-	(22,207,345)
Capital improvements (other than buildings)	(1,051,182)	(141,859)	-	(1,193,041)
Machinery and equipment	(2,240,105)	(277,310)	-	(2,517,415)
Vehicles	(4,816,052)	(279,583)	-	(5,095,635)
Infrastructure	(15,681,961)	(162,828)	-	(15,844,789)
Total accumulated depreciation	(44,421,518)	(2,436,707)	-	(46,858,225)
Total capital assets being depreciated, net	41,321,607	(963,969)	71,250	40,428,888
Total governmental activities capital assets, net	\$ 45,806,752	\$ (806,872)	\$ -	\$ 44,999,880

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

Business-Type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets being depreciated:</i>				
Machinery & Equipment	\$ 220,500	\$ -	\$ -	\$ 220,500
Vehicles	130,000	44,800	-	174,800
Total capital assets being depreciated	350,500	44,800	-	395,300
<i>Less accumulated depreciation for:</i>				
Machinery & Equipment	(94,275)	(14,850)	-	(109,125)
Vehicles	(130,000)	(2,800)	-	(132,800)
Total accumulated depreciation	(224,275)	(17,650)	-	(241,925)
Total capital assets being depreciated, net	126,225	27,150	-	153,375
Total business-type activities capital assets, net	\$ 126,225	\$ 27,150	\$ -	\$ 153,375

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

Governmental Activities:	
General government	\$ 28,454
Public safety	456,668
Education	1,670,665
Public works	215,167
Human services	1,373
Culture and recreation	64,380
Total depreciation expense - governmental activities	\$ 2,436,707
Business-Type Activities:	
Sanitation	\$ 17,650

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 – CAPITAL LEASES

The Town has entered into lease agreements as lessee for financing the acquisition of a fire truck, police cruisers, and a fiber optic network. These 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	\$ 555,478
Machinery & Equipment	<u>293,553</u>
Total Assets	849,031
Less: Accumulated depreciation	<u>(257,757)</u>
	 <u><u>\$ 591,274</u></u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2011, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2012	\$ 201,846
2013	<u>149,932</u>
Total minimum lease payments	351,778
Less: amounts representing interest	<u>(23,238)</u>
Present value of minimum lease payments	<u><u>\$ 328,540</u></u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2011, are summarized as follows:

Operating Transfers Out:	Operating Transfers In:		
	General Fund	Non-major Governmental Funds	Total
Nonmajor Governmental Funds	\$ 362,714	\$ -	\$ 362,714 (1)
Nonmajor Governmental Funds	69,904	-	69,904 (4)
Sanitation Enterprise Fund	163,545	-	163,545 (2)
General Fund	-	10,000	10,000 (3)
Total	\$ 596,163	\$ 10,000	\$ 606,163

- (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 bicentennial fund.
- (4) Represents other transfers.

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. There was no short-term financing activity during fiscal year 2011.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2010	Issued	Redeemed	Outstanding at June 30, 2011
MWPAT Sewer Loan	Var.	\$ 234,560	\$ -	\$ 20,714	\$ 213,846
Municipal Purpose	Var.	2,305,000	-	370,000	1,935,000
Landfill	2.00	1,624,525	-	208,155	1,416,370
School Construction	4.03	18,910,000	-	1,050,000	17,860,000
Police & Fire Facility	3.77	5,010,000	-	335,000	4,675,000
Total		<u>\$ 28,084,085</u>	<u>\$ -</u>	<u>\$ 1,983,869</u>	<u>\$ 26,100,216</u>

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2011 are as follows:

Fiscal Year	Principal	Interest	Total
2012	\$ 1,856,744	\$ 995,001	\$ 2,851,745
2013	1,878,077	933,786	2,811,863
2014	1,894,497	852,934	2,747,431
2015	1,911,024	777,546	2,688,570
2016	1,927,441	703,976	2,631,417
2017-2021	9,676,481	2,439,394	12,115,875
2022-2026	6,683,120	529,579	7,212,699
2027-2029	272,832	8,258	281,090
Total	<u>\$ 26,100,216</u>	<u>\$ 7,240,474</u>	<u>\$ 33,340,690</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

Loans Authorized and Unissued

As of June 30, 2011, the Town has loans authorized and unissued as follows:

<u>Description</u>	<u>Date Authorized</u>	<u>Amount</u>
Fire Station	5/27/2009	<u>\$ 775,000</u>

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 \$1,388,880 in FY 2011 from the MSBA for completed school construction projects. .

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2011:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds and notes payable	\$ 28,084,085	\$ -	\$ (1,983,869)	\$ 26,100,216	\$ 1,856,744
Compensated absences	867,987	218,449	-	1,086,436	310,819
Landfill postclosure care costs	1,426,650	-	(431,650)	995,000	43,000
Capital leases payable	758,980	52,100	(482,540)	328,540	185,377
Other post-employment benefits	4,463,680	1,492,894	-	5,956,574	-
Total governmental activities long-term liabilities	<u>\$ 35,601,382</u>	<u>\$ 1,763,443</u>	<u>\$ (2,898,059)</u>	<u>\$ 34,466,766</u>	<u>\$ 2,395,940</u>

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

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – 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 2011.

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.

NOTE 11. 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 2011, the estimated total Town premiums plus implicit costs for the retiree medical program are \$1,150,448.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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	\$	2,722,371
Interest on net OPEB obligation		178,547
Adjustment to annual required contribution (ARC)		<u>(257,576)</u>
Annual OPEB cost (expense)		2,643,342
Contributions made		<u>(1,150,448)</u>
Increase in net OPEB obligation		1,492,894
Net OPEB obligation - beginning of year		<u>4,463,680</u>
Net OPEB obligation - end of year	\$	<u><u>5,956,574</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Increase in Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$ 3,165,535	35.19%	\$ 2,051,464	\$2,051,464
6/30/2010	\$ 3,352,841	28.05%	\$ 2,412,216	\$4,463,680
6/30/2011	\$ 2,643,342	43.52%	\$ 1,492,894	\$5,956,574

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the plan was 0.0% funded. The actuarial accrued liability for benefits was \$44.184 million, and the actuarial value of assets was \$0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$44.184 million. The covered payroll (annual payroll of active employees covered by the plan) was 22.059 million, and the ratio of the UAAL to the covered payroll was 200.3%

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011, 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 -1.15% percent graded upward to 6.10% over five years. Both rates included a 2.5% 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, 2011, was 27 years.

NOTE 12 – 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.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011, 2010, and 2009 were \$1,803,196, \$1,773,321, and \$1,581,257 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 \$4,300,504 for fiscal year 2011. 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 13 – 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, 2011, 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.

The Towns three landfills have all been capped. The post-closure monitoring of the sites are eighteen (18) years for two sites and twenty eight (28) years for the third site. The estimated liability has been recorded in the Statement of Net Assets, Governmental Activities. The \$995,000 reported as landfill post-closure liability at June 30, 2011 is based on what it would cost to perform all post-closure care at June 30, 2011. 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, 2011, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2011.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 14 – GASB #54 IMPLEMENTATION AND MAJOR FUND RECLASSIFICATIONS

GASB **Statement #54** *Fund Balance Reporting and Governmental Fund Type Definitions* was implemented in FY2011. The standard clarified the fund definitions which resulted in the reclassification of several formerly special revenue funds to the general fund. As a result, the Major Capital Stabilization Fund and the Major Stabilization Fund were reclassified to the General fund.

Description	Governmental Funds		
	General Fund	Major Capital Stabilization Fund	Major Stabilization Fund
Balances at June 30, 2010, as previously reported	\$ 3,464,438	\$ 1,088,144	\$ 1,209,838
To Reclassify the Major Capital Stabilization Fund to the General fund	1,088,144	(1,088,144)	-
To Reclassify the Major Stabilization Fund to the General fund	<u>1,209,838</u>	<u>-</u>	<u>(1,209,838)</u>
Balances at June 30, 2010, as restated	<u>\$ 5,762,420</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2011, the following GASB pronouncements were implemented:

The GASB issued **Statement #54** *Fund Balance Reporting and Governmental Fund Type Definitions* was implemented in FY2011. This pronouncement required additional disclosure and reclassified some fund balances in the basic financial statements.

Future GASB Pronouncements:

The GASB issued **Statement #57** *OPEB Measurement by Agent Employers and Agent Multiple-Employer Plans* which is required to be implemented in FY2012. Management does not believe that this pronouncement will require additional disclosure or impact the basic financial statements.

The GASB issued **Statement #59** *Financial Instruments Omnibus* which is required to be implemented in FY2012. Management does not believe that this pronouncement will require additional disclosure or impact the basic financial statements.

**TOWN OF SEEKONK, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT 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%
12/31/2011	\$ -	\$ 44,183,629	\$ 44,183,629	0.0%	\$ 22,058,551	200.3%

Schedule of Employer Contributions

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Increase in Net OPEB Obligation	Net OPEB Obligation
2009	\$ 3,165,535	35.19%	\$ 2,051,464	\$ 2,051,464
2010	\$ 3,352,841	28.05%	\$ 2,412,216	\$ 4,463,680
2011	\$ 2,643,342	43.52%	\$ 1,492,894	\$ 5,956,574

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, 2011
Discount Rate	4.00%
Medical Trend	-1.15% grading upward to 6.1% in Year 2016
Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level dollar amount over 30 years at transition
Remaining Amortization Period	27
Mortality	RP-2000 mortality table with projected mortality

**TOWN OF SEEKONK, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS**

Plan Participants:

Current retirees, beneficiaries, and dependants	321
Current active members/participants	<u>304</u>
Total	<u><u>625</u></u>