

THE TOWN OF SEEKONK, MASSACHUSETTS

Incorporated in 1812, the Town is governed by an open town meeting form of government and is located in Bristol County approximately 37 miles from the City of Boston and 4 miles from the City of Providence, Rhode Island. The Town covers an area of approximately 18.3 square miles and is bordered by the City of Attleboro on the north, the Town of Rehoboth on the east, the City of Pawtucket, Rhode Island on the northwest and the City of East Providence, Rhode Island on the southwest.

GOVERNING BODIES AND OFFICERS

Local legislative decisions are made by an open town meeting. Subject to the legislative decisions made by Town Meeting, the affairs of the Town are generally administered by a board of five selectmen, elected for staggered three-year terms on an at-large basis. Local taxes are assessed by a board of three assessors elected for staggered three-year terms. The affairs of the schools are generally administered by a School Committee of 5 members, elected for staggered three-year terms on an at-large basis.

The following are the principal executive officers:

<u>Office</u>	<u>Name</u>	<u>Manner of Selection and Term</u>	<u>Term Expires</u>
Selectmen	David Andrade, Chair	Elected/3 years	2020
	Nelson Almeida, Vice Chair	Elected/3 years	2020
	David F. Viera, Clerk	Elected/3 years	2018
	Michelle Hines	Elected/3 years	2019
	David S. Parker	Elected/3 years	2018
Town Administrator	Shawn E. Cadime	Appointed/Board of Selectmen	2018
Finance Director/ Accountant	Bruce N. Alexander	Appointed/3 years	2020
Treasurer/Tax Collector	Christine DeFontes	Appointed/3 years	2018
Town Clerk	Florice Craig	Elected/3 years	2020
Town Counsel	KP Law	Appointed/Indefinite	N/A

SERVICES

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, public education in grades K through 12, streets, trash collection, parks and recreation. The principal services provided by Bristol County are space for courts, a jail and house of correction, registry of deeds, an agricultural school and a tourist information center.

AUTHORIZATION OF GENERAL OBLIGATION BONDS AND NOTES

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

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

DEBT LIMITS

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

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

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

TYPES OF OBLIGATIONS

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

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

payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

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

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as “tax credit bonds” to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

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

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

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

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities, for projects financed under the Commonwealth’s Water Pollution Abatement or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy. The Town does not have an electric department.

DEBT (1)

The following shows the direct debt outstanding as of March 1, 2018:

Long-Term Indebtedness (2) (3)

Within General Debt Limit:

Schools	\$1,815,000	
Other Building	<u>6,145,000</u>	
Total Within the General Debt Limit		\$ 7,960,000

Outside General Debt Limit

Schools	\$ 93,000	
Other Outside General (4)	<u>1,020,187</u>	<u>1,113,187</u>
Total Long-Term Indebtedness (3)		9,073,187

Temporary Loans in Anticipation of:

Revenue	0	
Bonds	1,500,000	
Grants	<u>0</u>	
Total Temporary Loans		<u>1,500,000</u>

Total Direct Debt \$10,573,187

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

(2) At the present time the normal general debt limit is \$112,068,040 and the double general debt limit is \$224,136,080.

(3) **\$8,147,997 has been exempted from the provisions of Proposition 2 ½.**

(4) \$925,190 is self-supporting.

Authorized Unissued Debt and Prospective Financing

The Town currently has \$3,966,174 authorized unissued debt. Of this amount, \$950,000 pertains to an animal shelter and \$3,016,174 is for a public safety radio project. Currently, \$1,500,000 is outstanding in bond anticipation notes for the public safety radio project. The Town plans to issue bonds against these authorizations in fiscal 2019/2020.

Five Years Outstanding Debt (1)

	As of June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Within the General Debt Limit:					
Schools	\$ 2,175,000	\$ 2,525,000	\$ 2,875,000	\$ 3,220,000	\$ 3,550,000
Other Building	<u>6,739,192</u>	<u>4,325,000</u>	<u>4,785,491</u>	<u>3,730,000</u>	<u>4,086,000</u>
Total Within the General Debt Limit	<u>\$ 8,914,192</u>	<u>\$ 6,850,000</u>	<u>\$ 7,660,491</u>	<u>\$ 6,950,000</u>	<u>\$ 7,636,000</u>
Outside the General Debt Limit:					
Schools	\$ 216,000	\$ 374,000	\$ 559,000	\$ 774,000	\$ 1,018,000
Other Outside General	<u>1,142,547</u>	<u>1,263,433</u>	<u>1,385,874</u>	<u>1,506,898</u>	<u>1,626,395</u>
Total Outside the General Debt Limit	<u>1,358,547</u>	<u>1,637,433</u>	<u>1,944,874</u>	<u>2,280,898</u>	<u>2,644,395</u>
Total Long-Term Indebtedness	<u>\$10,272,739</u>	<u>\$ 8,487,433</u>	<u>\$ 9,605,365</u>	<u>\$ 9,230,898</u>	<u>\$10,280,395</u>
Short-Term Indebtedness:					
Revenue Anticipation Notes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Grant Anticipation Notes	0	0	0	0	0
Bond Anticipation Notes	<u>0</u>	<u>2,759,645</u>	<u>852,000</u>	<u>1,449,500</u>	<u>52,000</u>
Total Short-Term Indebtedness	<u>0</u>	<u>2,759,645</u>	<u>852,000</u>	<u>1,449,500</u>	<u>52,000</u>
Total Outstanding Indebtedness	<u>\$10,272,739</u>	<u>\$11,247,078</u>	<u>\$10,457,365</u>	<u>\$10,680,398</u>	<u>\$10,332,395</u>

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

Bonded Debt vs. Population, Valuations and Income

	As of June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Amount (1)	\$10,272,739	\$8,487,433	\$9,605,365	\$9,230,898	\$10,280,395
Per Capita (2)	\$674	\$578	\$654	\$643	\$716
Percent of Assessed Valuation (3)	0.46%	0.39%	0.46%	0.46%	0.51%
Percent of Equalized Valuation (4)	0.46%	0.41%	0.46%	0.43%	0.48%
Per Capita as a Percent of Personal Income per Capita (2)	1.76%	1.63%	1.85%	1.78%	2.02%

(1) Outstanding principal on general obligation bonds. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post-employment benefits liability.

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

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

(4) Source: Massachusetts Department of Revenue. The equalized valuation used here is the equalized valuation in effect for that fiscal year.

ANNUAL DEBT SERVICE (1)

Fiscal Year	Outstanding as of 03/01/18		Total Debt Service (3)	Cumulative
	Principal (2)	Interest (2)		% of Principal Retired
2018	\$ 0	\$ 17,675	\$ 17,675	0.0%
2019	1,166,864	187,219	1,354,083	12.9
2020	1,036,903	163,289	1,200,192	24.3
2021	1,033,468	141,803	1,175,271	35.7
2022	1,035,066	120,335	1,155,400	47.1
2023	1,026,695	98,385	1,125,080	58.4
2024	658,357	76,652	735,009	65.7
2025	640,636	62,520	703,156	72.7
2026	332,366	51,790	384,154	76.4
2027	334,131	44,125	378,257	80.1
2028	335,932	36,425	372,357	83.8
2029	337,769	28,688	366,457	87.5
2030	145,000	23,360	168,360	89.1
2031	145,000	20,460	165,460	90.7
2032	145,000	17,415	162,415	92.3
2033	140,000	14,280	154,280	93.8
2034	140,000	11,200	151,200	95.4
2035	140,000	8,050	148,050	96.9
2036	140,000	4,830	144,830	98.5
2037	140,000	1,614	141,610	100.0%
	<u>\$9,073,187</u>	<u>\$1,130,109</u>	<u>\$10,203,296</u>	

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

(2) **Principal of \$8,147,997 and interest of \$1,024,640 has been excluded from the provisions of Proposition 2 ½.**

(3) Principal totaling \$925,190 and interest totalling \$105,469 is self-supporting.

REVENUE ANTICIPATION BORROWING

The Town has not borrowed in anticipation of revenue since fiscal 1994. The Town adopted quarterly tax billing effective in fiscal 1995 and does not anticipate issuing revenue anticipation notes in the future.

CONTRACTS

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interest, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There is implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies. The Town has a ten year contract to ABC Disposal for the collection and disposal of recycling and municipal solid waste (refuse) as of July 1, 2014. Pursuant to the contract, the Town will pay \$72.00/ton for year 1, \$73.00/ton for year 2, \$74.00/ton for year 3, \$75.00/ton for year 4 and \$76.00/ton for year 5. The amount of this contract paid for fiscal 2017 was \$633,675 (\$348,521-refuse, \$285,153-recycling). The amount estimated for fiscal 2018 is \$649,517 (\$357,234-refuse, \$292,283-recycling) and the amount for fiscal 2019 is \$665,755 (\$366,165-refuse, \$299,590-recycling).

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

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase of sale of capacity, including contracts requiring payments without regard to the operational status of the facilities. The Town does not have an electric department.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

OVERLAPPING DEBT (1)

The following table sets forth the portion of overlapping debt assessed to the Town:

	<u>Outstanding</u>	<u>Authorized Unissued</u>	Assessments for Operations and Debt Service <u>Fiscal Year 2018</u>
Bristol County (2)	\$863,009	\$0	\$ 246,559
Tri-County Regional Vocational Technical School District (3)	0	0	1,010,557
Greater Attleboro-Taunton Regional Transit Authority (4)	0	0	101,516

(1) Excludes temporary loans in anticipation of revenue. Omits debt of the Commonwealth.

(2) Source: Treasurer, Bristol County. Debt is as of March 1, 2018. Authorized debt includes debt authorized by the County Commissioners under general laws and debt permitted by special enabling acts whether or not yet voted by County Commissioners. County expenses including debt service on County Bonds are assessed upon the Cities and Towns within the County in proportion to their valuations of taxable properties last equalized by the State Commissioner of Revenue. Amounts shown are based on the most recent equalized valuations.

(3) Source: Tri-County Regional Vocational Technical School District. Debt is as of March 1, 2018. Towns may organize regional school districts to carry out general or specialized educational functions. The operating expenses and debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the district. The other members of the District are the Towns of Franklin, Medfield, Medway, Norfolk, North Attleborough, Plainville, Sherborn, Walpole and Wrentham.

(4) Source: Greater Attleboro-Taunton Regional Transit Authority. Debt is as of March 1, 2018.

UNDERLYING DEBT

Local Districts There are local districts within a number of towns organized for special purposes, such as fire protection, water and sewer. Except to the extent met from betterment assessments or user charges, their debt service is ordinarily assessed, along with operating expenses, on the taxable property within the district.

The Seekonk Water District provides water services to approximately 87% of the Town. The Town has no assessment for the Water District. The debt outstanding and amount of debt authorized and unissued as of March 1, 2018 is as follows:

	<u>Debt Outstanding</u>	<u>Authorized Unissued</u>
Seekonk Water District	\$2,605,953	\$640,000

RETIREMENT PLAN

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

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

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments. The Bristol County Retirement System has approved a funding schedule as of January 1, 2016 showing the System as fully funded by 2029.

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

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

The Town participates in the contributory retirement system of Bristol County. The annual contributions of the Town to the retirement system for the most recent years as well as the 2018 budgeted contribution is set forth below:

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$2,545,846
2017	2,341,829
2016	2,205,798
2015	2,119,049
2014	2,040,507
2013	2,073,517

The foregoing data does not include the retirement system costs or liabilities attributable to employees of the County, or the retirement system costs or liabilities of any other entity of which the Town is a constituent part. More information on the Bristol County Retirement System can be found at <http://www.mass.gov/perac/docs/forms-pub/reports/valuation-reports/bristolval16.pdf>.

As of January 1, 2016, the Town's share of the total estimated unfunded actuarial liability of the system was \$21,056,940 or 6.76% of the Bristol County Retirement System unfunded actuarial liability in the amount of \$311,493,188 using an investment rate of 7.75%.

OTHER POST-EMPLOYMENT BENEFITS

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis.

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

The pay-as-you-go cost to the Town for such benefits in recent years has been as follows:

<u>Year</u>	<u>Total</u>
2017 (unaudited)	\$1,026,551
2016	968,397
2015	1,101,860
2014	1,001,169
2013	1,102,048

The Town implemented the GASB reporting requirements for other post-employment benefits beginning in fiscal year 2009. The Town hired an outside firm to perform an actuarial valuation of its post-employment benefit liability. Using a 4% discount rate, the unfunded actuarial accrued liability of this obligation to the Town of Seekonk, as of June 30, 2017, was estimated to be \$45,137,729. This would require an increase in annual cost to the Town to fully fund this liability of \$2,571,240. The Town voted to establish an OPEB Trust Fund at the November 2010 Special Town Meeting and voted to appropriate funds at the June 2012 Town Meeting with an initial deposit of \$10,000. The Town has transferred the \$800,000 balance from the Town's Health Insurance Trust Fund to the OPEB Trust Fund. The Town has also been allocating funds to this account from the Retiree Drug Subsidy and Free Cash. The unaudited balance in the OPEB Trust Fund as of June 30, 2017 is \$2,159,805. The Town will be determining the best method to complete the transfer of the Health Insurance Trust Fund to the OPEB Trust Fund.

PROPERTY TAXATION AND VALUATION

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

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

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

VALUATIONS (1)

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

	<u>For Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016 (4)</u>	<u>2015</u>	<u>2014</u>
Real Property (2)	\$2,254,131,700	\$2,138,890,600	\$2,088,875,100	\$2,007,429,300	\$1,938,423,638
Personal Property (2)	<u>95,332,520</u>	<u>88,442,470</u>	<u>78,395,720</u>	<u>73,214,100</u>	<u>72,051,830</u>
Total	<u>\$2,349,454,220</u>	<u>\$2,227,333,070</u>	<u>\$2,167,270,820</u>	<u>\$2,080,643,400</u>	<u>\$2,010,475,468</u>
Equalized Value (3)	\$2,241,360,800	\$2,241,360,800	\$2,074,658,800	\$2,074,658,800	\$2,124,851,000
Percent of Total Assessed to Equalized Valuation	104.8%	99.4%	104.5%	100.3%	94.6%

(1) Source: Massachusetts Department of Revenue.

(2) As of January 1 of the prior fiscal year.

(3) The equalized valuations in effect for each year.

(4) Revaluation years.

The following table shows the breakdown of the total assessed valuation for fiscal years 2016 to 2018 by classification:

<u>Class</u>	<u>Fiscal 2018 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Fiscal 2017 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Fiscal 2016 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Residential	\$1,777,141,100	75.6%	\$1,678,299,300	75.4%	\$1,629,888,100	75.2%
Commercial	437,103,800	18.6	423,021,200	19.0	421,690,800	19.5
Industrial	39,886,800	1.7	37,570,100	1.7	37,296,200	1.7
Personal	95,322,520	4.1	88,442,470	4.0	78,395,720	3.6
Total	<u>\$2,349,454,220</u>	<u>100.0%</u>	<u>\$2,227,333,070</u>	<u>100.0%</u>	<u>\$2,167,270,820</u>	<u>100.0%</u>

TAX RATES

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

<u>Fiscal Year</u>	<u>Actual Tax Rate</u>	<u>Average Tax Rate</u>	<u>Estimated Full Value Tax Rate</u>
2018	\$13.35 (Residential/Open Space) 28.52 (Commercial/Industrial) 28.45 (Personal)	\$17.04	\$17.86
2017	13.46 (Residential/Open Space) 28.32 (Commercial/Industrial) 28.23 (Personal)	17.12	17.01
2016	13.41 (Residential/Open Space) 27.42 (Commercial/Industrial) 27.33 (Personal)	16.88	17.63
2015	13.23 (Residential/Open Space) 26.97 (Commercial/Industrial) 26.89 (Personal)	16.61	16.66
2014	13.33 (Residential/Open Space) 26.52 (Commercial/Industrial) 26.44 (Personal)	16.64	15.75

LARGEST TAXPAYERS

The following is a list of the largest taxpayers for fiscal year 2018 (1):

<u>Name</u>	<u>Nature of Business</u>	<u>Fiscal 2018 Assessed Valuation</u>	<u>Amount of Tax</u>	<u>% of Total Levy</u>
Algonquin Gas	Utility	\$ 38,497,600	\$1,095,256	2.74%
Darling Development Corp.	Retail	33,947,400	921,859	2.30
Seekonk Square Realty Trust	Retail	26,517,600	756,282	1.89
RI Seekonk Holdings LLC	Condo/Apts	51,058,500	681,631	1.70
Seekonk Shopping Center Equities	Retail	23,878,600	681,018	1.70
Inland Western Seekonk Power	Retail	14,600,000	416,392	1.04
EDF Seekonk II LLC	Retail (Home Depot)	12,193,800	347,767	0.87
Shetty Seekonk, LLC	Retail (Stop & Shop)	12,081,100	344,553	0.86
S/J/L Commerce Way LLC	Retail (Target)	12,006,300	342,420	0.86
Seekonk Mall LLC	Retail	11,884,800	338,954	0.85
		<u>\$236,665,700</u>	<u>\$5,926,132</u>	<u>14.80%</u>

(1) All of the largest taxpayers listed above are current on their real estate and personal property tax payments.

TAX LEVIES

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

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

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

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

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

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

Tax Limitations. Chapter 59, Section 21C of the General Laws, also known as “Proposition 2 ½”, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7 1/2 percent by majority vote of the voters, or to less than 7 1/2 percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation in its assessed valuation over the prior year's valuation.

This “growth” limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the “growth” limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the

maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority of the voters.

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

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculations of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. **As noted herein, debt service on \$8,147,997 of currently outstanding bonds are exempt from the limitations of Proposition 2 1/2, subject to the provisions of Chapter 44, Section 20 of the General Laws.** It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2 1/2 limits the amount required to pay specified capital outlay expenditures. In addition, the city council of a city, with the approval of the Mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2 1/2 limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2 1/2 limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2 1/2 percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veteran's district may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2 1/2 any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

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

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

CALCULATION OF LEVIES

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

	For Fiscal Year (000 omitted)				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Gross Amount to be Raised:					
Appropriations	\$54,780	\$54,793	\$50,615	\$48,715	\$47,069
Other Local Expenditures	440	578	462	134	205
State & County Charges	467	450	434	384	382
Overlay Reserve	<u>691</u>	<u>656</u>	<u>669</u>	<u>477</u>	<u>466</u>
Total Gross Amount to be Raised	<u>56,378</u>	<u>56,477</u>	<u>52,180</u>	<u>49,710</u>	<u>48,122</u>
Less Estimated Receipts & Other Revenue:					
Estimated Receipts from State	6,562	6,512	6,394	6,458	6,222
Estimated Receipts - Local	6,676	7,110	6,487	6,155	5,239
Available Funds Appropriated:					
Free Cash	1,014	3,245	1,534	1,411	2,249
Other Available Funds	2,086	1,480	1,180	1,126	957
Free Cash & Other Revenue Used to Reduce the Tax Rate	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Estimated Receipts & Revenue	<u>\$16,668</u>	<u>\$18,347</u>	<u>\$15,595</u>	<u>\$15,150</u>	<u>\$14,666</u>
Net Amount to be Raised (Tax Levy)	<u>\$40,041</u>	<u>\$38,131</u>	<u>\$36,585</u>	<u>\$34,561</u>	<u>\$33,456</u>

The following table shows the details of the unused levy capacity for the current and most recent fiscal years:

	For Fiscal Year (000 omitted)				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Primary Levy Limit (1)	\$58,736	\$55,683	\$54,182	\$52,016	\$50,262
Prior Fiscal Year Levy Limit	36,955	35,313*	33,763	32,443	31,170
2.5% Levy Growth	924	883	844	811	779
New Growth (2)	891	759	706	509	493
Overrides	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Growth Levy Limit	38,771	36,955	35,313	33,763	32,442
Debt Exclusions	1,292	1,188	1,285	1,027	1,045
Other Adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Tax Levy Limit	40,063	38,144	36,599	34,790	33,487
Tax Levy	<u>40,041</u>	<u>38,131</u>	<u>36,585</u>	<u>34,561</u>	<u>33,456</u>
Unused Levy Capacity (3)	<u>\$ 22</u>	<u>\$ 13</u>	<u>\$ 14</u>	<u>\$ 229</u>	<u>\$ 31</u>
Unused Primary Levy Capacity (4)	<u>\$19,966</u>	<u>\$18,728</u>	<u>\$18,869</u>	<u>\$18,254</u>	<u>\$17,819</u>

(1) 2.5% of assessed valuation.

(2) Allowed addition for new valuations certified by the Department of Revenue..

(3) Tax Levy Limit less Tax Levy.

(4) Primary Levy Limit less Growth Levy Limit.

* Recalculated due to certification of retroactive growth.

TAX COLLECTIONS AND ABATEMENTS

Payment Dates. The taxes for each fiscal year generally are due in two installments on November 1 (subject to deferral if tax bills are sent out late) and May 1, unless a city or town accepts a statute providing for quarterly tax payments. The Town has accepted this provision. Under the statute, preliminary tax payments are to be due on August 1 and November 1 with payment of the actual tax bill (after credit is given for the preliminary payments) in installments on February 1 and May 1 if actual tax bills are mailed by December 31. Interest accrues on delinquent taxes at the rate of 14 percent per annum.

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

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

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

	For Fiscal Year				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Tax Levy	\$40,040,531	\$38,130,585	\$36,584,778	\$34,560,664	\$33,456,420
Overlay Reserve for Abatements	<u>691,282</u>	<u>656,411</u>	<u>668,639</u>	<u>476,833</u>	<u>466,337</u>
Net Tax Levy(1)	<u>\$39,349,249</u>	<u>\$37,474,174</u>	<u>\$35,916,139</u>	<u>\$34,083,831</u>	<u>\$32,990,084</u>
Amount Collected					
During Fiscal Year Payable(2)	n.a	\$37,331,026	\$35,744,574	\$33,588,755	\$32,437,185
Percent of Net Tax Levy	n.a	99.6%	99.5%	98.6%	99.0%
Amount Collected					
Through 1/31/18	\$26,400,374	\$37,613,121	\$36,040,831	\$34,029,935	\$32,919,343
Percent of Net Tax Levy	67.1%	100.4%	100.3%	99.8%	99.8%

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

(2) Actual collections of levy less refunds and amounts refundable but including proceeds of tax titles and possessions attributed to such levy but not including abatements or other credits.

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

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

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

	For Fiscal Year				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Levy	\$40,040,531	\$38,130,585	\$36,584,778	\$34,560,664	\$33,456,420
Overlay Reserve for Abatements	\$691,282	\$656,411	\$668,639	\$476,833	\$466,337
Percent of Tax Levy	1.7%	1.7%	1.8%	1.4%	1.4%
Abatements Granted					
During Fiscal Year of Levy	n.a	\$68,789	\$58,485	\$58,372	\$88,830
Through 1/31/18	\$6,385	\$102,933	\$110,433	\$104,597	\$94,379

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

Sale of Tax Receivables. cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, either individually or in bulk

TOWN FINANCES

Budget and Appropriation Process

The annual appropriations of the Town are ordinarily made at the annual meeting which takes place in May. Appropriations may also be voted at special meetings. The Finance Committee (or the Board of Selectmen if authorized by by-law or if there is no committee) is required to submit a budget of proposed expenditures at the annual Town meeting.

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

Water and sewer department expenditures are generally included in the budgets adopted by city councils and town meetings but electric and gas department funds may be appropriated by the municipal light boards. Under certain legislation any city or town which accepts the legislation may provide that the appropriation for the appropriations for operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department

School committees are no longer autonomous with respect to school expenditures for current purposes. The school budget is limited to the total amount appropriated by the Town meeting, but the school committee retains full power to allocate the funds appropriated. In fiscal years 1994 through 2014 and as budgeted for 2015, the Town's net school spending exceeded the minimum required local contribution.

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

Budget Comparison

The following table sets forth the actual budgets for fiscal years 2018-2014:

	(000 omitted)				
<u>Category</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Government	\$ 2,518	\$ 2,324	\$ 2,352	\$ 2,084	\$ 2,077
Public Safety	8,144	7,753	7,293	6,889	6,380
Education	26,352	25,360	24,580	23,183	22,314
Highway and Streets	1,267	1,284	1,246	1,169	1,244
Environmental	67	48	48	45	44
Human Services	630	714	741	631	692
Cultural Recreation	1,001	979	992	920	928
Debt Service	1,522	1,397	1,574	1,348	1,339
Employee Benefits	6,746	6,095	5,602	5,483	5,415
Retirement	2,546	2,342	2,206	2,119	2,040
Other	25	25	25	25	60
Insurance	<u>610</u>	<u>567</u>	<u>567</u>	<u>567</u>	<u>567</u>
Total	<u>\$51,428</u>	<u>\$48,888</u>	<u>\$47,226</u>	<u>\$44,463</u>	<u>\$43,100</u>

STATE AID

In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects) the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid entitlement are subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The State annually provides municipalities with estimates of State aid for the next fiscal year but the actual State aid payments may vary from the estimates.

State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. The Town's net school spending has always exceeded the minimum required local contribution.

The following table sets forth the actual state aid received in each of the most recent fiscal years as well as the amount budgeted for fiscal 2018:

<u>Fiscal Year</u>	<u>Total State Aid</u>
2018 (budgeted)	\$6,561,885
2017	6,488,753
2016	6,304,886
2015	6,439,966
2014	6,196,063

STATE SCHOOL BUILDING ASSISTANCE PROGRAM

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

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

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

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

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

The Town does not have any projects currently reimbursed from the MSBA.

MOTOR VEHICLE EXCISE

An excise is imposed on the registration of motor vehicles (subject to exemptions) at a uniform rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is kept. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills not paid when due, bear interest at 12 per cent per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license by the registrar of motor vehicles.

The following table shows the actual receipts in each of the most recent fiscal years and the budgeted amount for fiscal 2018:

<u>Fiscal Year</u>	<u>Receipts (1)</u>
2018 (budgeted)	\$2,454,337
2017	2,763,115
2016	2,667,505
2015	2,202,737
2014	2,180,812
2013	1,908,450

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

OTHER TAXES

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

The local meals excise tax, effective for sales of restaurant meals on or after October 1, 2009, is a three-fourths percent tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. The Town voted to accept the local meals excise tax in November, 2009 and the additional 0.75% in November 2010.

The following table show the actual receipts collected pursuant to the room occupancy and meals excise taxes for the most recent fiscal years and the amount budgeted for fiscal 2018:

<u>Fiscal Year</u>	<u>Receipts</u>
2018 (budgeted)	\$1,300,500
2017	1,347,752
2016	1,283,881
2015	1,161,053
2014	951,089
2013	998,545

INVESTMENTS

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

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee and the funds are managed under contract by an investment firm under the supervision of the State Treasurer's office. According to the State Treasurer the MMDT's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government Obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with section 54 of Chapter 44, which permits a broader range of investments than section 55, including any bonds or notes that are legal instruments for savings banks in the Commonwealth. The restrictions imposed by sections 54 and 55 do not apply to city and town retirement systems.

COMMUNITY PRESERVATION ACT

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

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see “Tax Limitations” under “PROPERTY TAXATION” herein). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge and dedication of revenue. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

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

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

The Town has voted to accept the provisions of the Community Preservation Act. The Town has approved a 1.25% surcharge and an exemption of the first \$100,000 of valuation for residential properties. The unaudited balance, as of June 30, 2017, is \$1,013,910. The Town has not appropriated any of these funds for use in fiscal 2018.

TAX INCREMENT FINANCING FOR DEVELOPMENT DISTRICTS

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town’s development program for the district. This includes pledging such “tax increments” for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2 ½.

The Town has not approved any such development districts.

UNASSIGNED GENERAL FUND BALANCE AND FREE CASH

The following table sets forth the unassigned general fund balance and certified free cash for the most recent fiscal years:

<u>July 1</u>	<u>Unassigned Fund Balance</u>	<u>Free Cash</u>
2017 (estimated)	\$4,713,322	\$2,811,206
2016	5,376,784	3,516,516
2015	6,627,759	1,924,150
2014	6,513,357	2,015,900
2013	5,583,195	2,204,647

STABILIZATION FUND (1)

The Town has maintained a Stabilization Fund for several years. Under Massachusetts statutes, funds may be appropriated from the Fund for any municipal purpose by a two thirds vote of the Town Meeting. Recently the Town created a Municipal Capital Stabilization Fund which it began funding in Fiscal 2006. The Town voted at the November 2012 Special Town Meeting to create a Special Education Stabilization Fund and appropriated \$80,000 as an initial deposit. The Fund will be used to offset fluctuations in Special Education costs. The following are the balances in the accounts at the end of the most recent fiscal years:

<u>Fiscal Year</u>	<u>Municipal Capital Stabilization</u>	<u>General Stabilization</u>	<u>Total</u>
2017 (unaudited)	\$ 664,130	\$3,927,824	\$4,591,954
2016	1,111,156	2,859,225	3,970,381
2015	1,559,365	2,844,752	4,404,117
2014	1,190,750	2,775,478	3,966,228
2013	856,913	1,738,641	2,595,554
2012	700,245	1,725,835	2,426,080

(1) With the implementation of GASB 54, the Stabilization Fund is now incorporated into the General Fund. The Municipal Capital and Special Education Stabilization Funds are accounted for in the Assigned Fund and the General Stabilization Fund is accounted for in the Unassigned Fund.

COLLECTIVE BARGAINING

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

The Town has approximately 546 full and part-time employees, of which approximately 79 percent belong to unions or other collective bargaining groups as follows:

<u>Union</u>	<u>Department</u>	<u>Number of People</u>	<u>Contract Expires (1)</u>
United Steelworkers, Local #16031	Department Heads	15	6/30/20
United Steelworkers, Local #16031	Clerical - Town Hall and various others	14	6/30/20
Fraternal Order of Police/MASSCOPS Local #215	Police Officers	36	6/30/19
AFSCME Local #1701	DPW	13	6/30/17
International Assoc. Firefighters Local #1931	Firefighters	35	6/30/16
AFSCME Local #1701	Police Dispatchers/Secretaries	11	6/30/17
Seekonk Educators Assoc./ Mass. Teachers Assoc./ National Education Assoc.	School Teachers	187	8/31/18
AFSCME Local #1701	Admin. Sec., Bus Drivers, Custodians, Aides	86	6/30/18
Seekonk Police Specials Assoc.		17	6/30/16
Seekonk Public Library Employee Assoc. Mass. Library Staff Assoc.			
Local #4928 AFT-MA, AFT, AFL-CIO	Library Staff	<u>16</u>	6/30/17
		<u>430</u>	

(1) Negotiations underway for the expired contracts.

PHYSICAL AND ECONOMIC CHARACTERISTICS

The Town, occupying a land area of approximately 18.3 square miles, is primarily a residential community with significant commercial and industrial activity due to the higher sales tax and business inventory tax in neighboring Rhode Island (Massachusetts has no such tax). Located in southeastern Massachusetts, 5 miles from downtown Providence, Rhode Island, it is bordered by the City of Attleboro on the north, the Town of Rehoboth on the east, the City of Pawtucket, Rhode Island on the northwest and the City of East Providence, Rhode Island on the southwest. The Town is served by Interstate 195 and State Route 44 with close proximity to Interstate 95 and Interstate 295. Air transportation is conveniently available from nearby T. F. Green Airport in Warwick, Rhode Island.

The principal employers, as listed below, are mainly large retail chains along Routes 6 and 44 that provide a regional destination for residents of the Fall River and Providence, RI metropolitan areas. In addition, they provide employment opportunities and tax revenues to the Town. Two village centers, one in the northern part of Town and one in the central part of Town, serve the local residents' needs. Those neighborhood commercial centers contribute to the pool of locally owned and operated business.

Principal Employers

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

<u>Company</u>	<u>Nature of Business</u>	<u>Approximate Current Employees (1)</u>
Stop & Shop	Supermarket	256 (2)
Wal-Mart	Department Store	250
Target	Department Store	175
Home Depot	Building Supplies	150
Lowe's	Building Supplies	125
Kohl's	Department Store	146
BJ's Wholesale	Discount Store	122
Seekonk Speedway (Bristol County Stadium)	Racing Entertainment	100*
Best Buy	Electronics	68
Raymour & Flanigan	Discount Furniture	62
Bob's Store	Department Store	60
Showcase Cinemas	Movie Theaters	50
McDonald's	Fast Food Restaurant	50

(1) The individual employers as of January 2018.

(2) Expanded to two stores in Seekonk.

* Seasonal

Building Permits

<u>Fiscal Year</u>	<u>Number</u>	<u>Estimated Value</u>
2018 (as of 1/31/18)	337	\$27,528,122
2017	565	39,123,107
2016	710	29,700,185
2015	637	29,320,693
2014	573	17,685,212
2013	498	18,920,233

Employment by Industry (1)

	<u>Calendar Year Average</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Construction & Natural Resources	547	516	513	536	533
Manufacturing	230	218	178	196	214
Trade, Transportation & Utilities	3,620	3,585	3,581	3,528	3,506
Financial Activities	225	221	207	188	186
Professional & Business Services	543	512	492	486	463
Education & Health Services	709	691	643	639	560
Leisure & Hospitality	1,629	1,580	1,409	1,389	1,497
Information & Other Services	366	372	399	414	450
Total Employment	8,062	7,878	7,612	7,559	7,609
Number of Establishments		616	609	583	584
Total Annual Wage (000)	\$296,919	\$280,310	\$259,273	\$252,368	\$245,126
Average Weekly Wage	\$708	\$684	\$655	\$642	\$620

(1) Source: Massachusetts Executive Office & Labor Workforce Development.

OTHER DATA

Employment (1)

<u>Year</u>	<u>Seekonk</u>	<u>Massachusetts</u>	<u>United States</u>
2017 (December)	3.0%	3.1%	3.9%
2016	3.5	3.7	4.9
2015	4.6	5.0	5.3
2014	5.6	5.8	6.2
2013	9.0	7.1	7.4

(1) Massachusetts Executive Office of Labor & Workforce Development. Full year annual averages except for 2017 which is for the month indicated.

Population (1)

<u>Year</u>	<u>Seekonk</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>
2016 Estimate	15,244	11.1%	558,324	1.8%	6,811,779	4.0%
2010	13,722	2.2	548,285	2.5	6,547,629	3.1
2000	13,425	2.9	534,678	5.6	6,349,097	5.5
1990	13,046	6.3	506,325	6.7	6,016,425	4.9
1980	12,269		474,641		5,737,037	

(1) Source: U.S. Department of Commerce for actuals and estimates.

Population Density (1)

<u>Year</u>	<u>Seekonk</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Density (2)</u>	<u>Number</u>	<u>Density</u>	<u>Number</u>	<u>Density</u>
2016 Estimate	15,244	832.2	558,324	1,004.1	6,811,779	869.1
2010	13,722	749.1	548,285	986.1	6,547,629	835.4
2000	13,425	732.9	534,678	961.6	6,349,097	810.0
1990	13,046	712.2	506,325	910.6	6,016,425	767.6
1980	12,269	669.8	474,641	853.6	5,737,037	732.0

(1) Source: U.S. Department of Commerce for actuals and estimates.

(2) Based on 18.3 square miles.

Population Composition 2016 (1)

<u>Age</u>	<u>Seekonk</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5 Years	410	2.8%	29,492	5.3%	363,610	5.4%
5 – 19 Years	2,690	18.4	103,079	18.6	1,236,509	18.3
20 – 64 Years	9,019	61.6	335,247	60.4	4,125,345	61.2
65 Years and Over	2,534	17.3	87,050	15.7	1,016,679	15.1
Total	14,653	100.0%	554,868	100.0%	6,742,143	100.0%
Median Age	45.5		40.7		39.4	
Median Age (2000)	34.7		36.7		36.5	

(1) Source: U.S. Department of Commerce. 2016 represents 5-year estimates.

Income Levels (1)

<u>Year</u>	<u>Seekonk</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Per Capita Amount</u>	<u>% Change from Previous Census</u>	<u>Per Capita Amount</u>	<u>% Change from Previous Census</u>	<u>Per Capita Amount</u>	<u>% Change from Previous Census</u>
2016 5yr est	\$38,232	58.9%	\$30,525	45.5%	\$38,069	46.7%
1999	21,652	47.9	20,978	51.4	25,952	50.7
1989	14,639	132.1	13,853	121.7	17,224	131.0
1979	6,306		6,249		7,457	
Median Family Income (2016)	\$94,038		\$76,380		\$90,180	
Median Household Income (2016)	\$82,094		\$59,343		\$70,954	
% Below Poverty Level (2016)	5.9%		12.5%		11.4%	

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

Family Income Distribution 2014 (1)6

<u>Income for Families</u>	<u>Seekonk</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
Less than \$10,000	119	2.8%	5,443	3.9%	57,671	3.5%
\$10,000-24,999	469	4.0	13,990	10.0	126,193	7.8
\$25,000-49,999	497	11.7	25,441	18.2	248,686	15.3
\$50,000-74,999	797	18.8	23,745	17.0	242,008	14.9
\$75,000-99,999	652	15.3	21,495	15.4	223,897	13.8
\$100,000-149,999	1,149	27.0	28,013	20.0	336,990	20.7
\$150,000 or more	865	20.4	21,629	15.5	391,749	24.1
Total	4,248	100.0%	139,756	100.0%	1,627,194	100.0%

(1) Source: U.S. Department of Commerce. 2016 represents 5-year estimates.

Household Income Distribution 2016 (1)

<u>Income for Households</u>	<u>Seekonk</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Households</u>	<u>Percent</u>	<u>Households</u>	<u>Percent</u>	<u>Households</u>	<u>Percent</u>
Less than \$10,000	115	2.1%	13,363	6.3%	153,029	6.0%
\$10,000-24,999	513	9.2	35,532	16.7	337,371	13.2
\$25,000-49,999	851	15.2	43,202	20.3	451,168	17.6
\$50,000-74,999	1,048	18.8	35,019	16.4	396,468	15.5
\$75,000-99,999	876	15.7	27,667	13.0	318,777	12.5
\$100,000-149,000	1,214	21.7	33,876	15.9	439,085	17.2
\$150,000 or more	970	17.4	24,274	11.4	462,991	18.1
Total	5,587	100.0%	212,933	100.0%	2,558,889	100.0%

(1) Source: U.S. Department of Commerce. 2016 represents 5-year estimates.

Value Distribution of Specified Owner-Occupied Housing Units 2016 (1)

<u>Units</u>	<u>Seekonk</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than \$100,000	156	3.2%	6,962	5.3%	66,304	4.2%
\$100,000-199,999	465	9.6	22,887	17.3	216,109	13.6
\$200,000-299,999	1,734	35.6	48,921	37.0	369,287	23.2
\$300,000-499,999	2,132	43.8	42,404	32.1	562,205	35.4
\$500,000-999,999	340	7.0	9,787	7.4	308,410	19.4
\$1,000,000 or more	39	0.8	1,257	1.0	66,428	4.2
Total	<u>4,866</u>	<u>100.0%</u>	<u>132,218</u>	<u>100.0%</u>	<u>1,588,743</u>	<u>100.0%</u>
Median Value	\$305,500		\$273,700		\$341,000	

(1) Source: U.S. Department of Commerce. 2016 represents 5-year estimates.

Age Distribution of Housing Units 2016 (1)

<u>Year Built</u>	<u>Seekonk</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
2000 or later	867	14.9%	18,634	8.1%	250,599	8.8%
1980-1999	936	16.1	46,307	20.0	519,467	18.3
1940-1979	3,200	54.9	85,480	37.0	1,111,262	39.2
1939 or Earlier	821	14.1	80,826	35.0	955,330	33.7
Total	<u>5,824</u>	<u>100.0%</u>	<u>231,247</u>	<u>100.0%</u>	<u>2,836,658</u>	<u>100.0%</u>

(1) Source: U.S. Department of Commerce. 2016 represents 5-year estimates.

Housing Unit Inventory 2016 (1)

<u>Units in Structure</u>	<u>Seekonk</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
1, Detached	5,278	90.6%	123,380	53.4%	1,480,037	52.2%
1, Attached	70	1.2	7,937	3.4	150,133	5.3
2 to 4	377	6.5	59,652	25.8	595,093	21.0
5 to 9	0	0.0	17,014	7.4	165,245	5.8
10 to 19	60	1.0	7,226	3.1	121,059	4.3
20 or more	0	0.0	13,024	5.6	300,652	10.6
Mobile Home, Trailer, or Other	39	0.7	3,014	1.3	24,439	0.9
Total	<u>5,824</u>	<u>100.0%</u>	<u>231,247</u>	<u>100.0%</u>	<u>2,836,658</u>	<u>100.0%</u>

(1) Source: U.S. Department of Commerce. 2016 represents 5-year estimates.

Educational Attainment 2016 (1)

Years of School Completed	Seekonk		Bristol County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
Less than 9 th Grade	248	2.3%	32,419	8.4%	216,787	4.7%
9 – 12 th Grade						
No Diploma	507	4.7	30,003	7.8	245,598	5.3
High School Graduate	3,095	28.4	115,218	30.0	1,167,098	25.1
Some College, No Degree	2,155	19.8	69,541	18.1	743,934	16.0
Associate's Degree	1,101	10.1	34,930	9.1	359,774	7.7
Bachelor's Degree	2,387	21.9	64,704	16.9	1,072,120	23.1
Graduate or Professional Degree	1,397	12.8	37,109	9.7	844,686	18.2
Total	<u>10,890</u>	<u>100.0%</u>	<u>383,924</u>	<u>100.0%</u>	<u>4,649,997</u>	<u>100.0%</u>
High School Graduate or Higher	10,135	93.1%	321,502	83.0%	4,187,612	90.1%
Bachelor's Degree or Higher	3,784	34.7%	101,813	26.5%	1,916,806	41.2%

(1) Source: U.S. Department of Commerce. 2016 represents 5-year estimates.

Public School Enrollments (1)(2)

	Actual					
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Preschool-Kindergarten	159	117	140	138	163	186
Grades 1 – 4	601	608	574	549	540	548
Grades 5 – 6	355	350	331	341	322	328
Grades 7 – 8	335	339	358	358	354	346
Grades 9 – 12	648	628	563	586	605	594
Total	<u>2,098</u>	<u>2,042</u>	<u>1,966</u>	<u>1,972</u>	<u>1,984</u>	<u>2,002</u>

(1) Source: Massachusetts Department of Education – As of October 1, each school year.

(2) The Town participates in the Tri-County Regional Vocational Technical School District.

School Facilities (1)

School	Grade	Current Capacity
George P. Martin	Pre-K-5	470
Mildred Aitken	K-5	476
North	K-5	0(1)
Seekonk Middle	6-8	514
Seekonk High School	9-12	<u>676</u>
		<u>2,136</u>

(1) The North School has been temporarily closed and may be reopened at some future date based on enrollment needs. The facility is currently being rented for use as a school by the Southeast Collaborative.

LITIGATION

At present there are a number of suits pending in which the Town is a defendant. In the opinion of the Town however, no litigation is pending or threatened which is considered likely to result, either individually or in the aggregate, in final judgments which would materially adversely affect the Town's financial position.

**TOWN OF SEEKONK
Massachusetts**

By: /s/ Christine N. DeFontes
Treasurer/Collector

Dated: March 1, 2018

APPENDIX A

The following Balance Sheets for fiscal years ending June 30, 2012 through 2016, and the Comparative Statements of Revenues and Expenditures for fiscal years ending June 30, 2012 through 2016, have been excerpted from the audited financial statements of the Town for those years. The balance sheet for June 30, 2017 is unaudited and subject to change.

There follows in Appendix B the audited financial statements of the Town of Seekonk, MA as of June 30, 2016 together with the auditor's report of R.E. Brown & Company, Certified Public Accountants.

**TOWN OF SEEKONK
MASSACHUSETTS
Balance Sheet
General Fund
June 30, 2017
UNAUDITED (1)**

ASSETS

Cash	\$9,026,172
Receivables	3,912,424
Deferred Revenue Property Tax	(2,611,986)
Provision for Abatement & Exemption	(1,479,482)
Tax Foreclosures	<u>179,043</u>
Total Assets	<u>\$9,026,172</u>

LIABILITIES

Accounts Payable	(34,631)
Encumbrances	(2,047,946)
Payroll Withholdings	<u>(254,745)</u>
Total Liabilities	<u>\$(2,337,322)</u>

FUND EQUITY

Fund Balance Reserved for Carryovers	(1,218,762)
Unreserved Fund Balance	(4,713,323)
Fund Balance Reserved Expenditure	<u>(756,766)</u>
Total Fund Equity	<u>\$(6,688,851)</u>
Total Liabilities and Fund Equity	<u>\$(9,026,172)</u>

(1) Taken from the Town's accounting records. Balance sheet is unaudited and subject to change.

**TOWN OF SEEKONK
MASSACHUSETTS
Balance Sheet
General Fund
June 30,**

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Cash	\$10,450,617	\$ 8,825,610	\$ 7,381,224	\$ 6,821,613	\$ 6,272,055
Investments	3,723,088	3,212,162	3,659,111	2,954,566	2,662,439
Receivables, Net of Allowance for Uncollectibles:					
Real Estate and Personal Property Taxes	530,118	644,061	640,046	620,496	678,209
Tax Liens	512,876	586,974	572,047	486,673	461,175
Motor Vehicle Excise Taxes	208,275	127,398	126,306	173,897	96,003
User Fees	15,553	7,758	9,140	7,758	8,533
Departmental and Other	171	10,490	10,460	10,389	215,361
Intergovernmental (2)	<u>43,693</u>	<u>5,239</u>	<u>150,618</u>	<u>301,236</u>	<u>15,461,615</u>
Total Assets	<u>\$15,484,391</u>	<u>\$13,419,692</u>	<u>\$12,548,952</u>	<u>\$11,376,628</u>	<u>\$25,855,390</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 2,521,579	\$ 2,484,936	\$ 2,356,446	\$ 2,172,644	\$ 2,135,622
Other Liabilities	8,658	13,152	1,292	14,385	20,487
Deferred Revenues (2)	<u>--</u>	<u>--</u>	<u>1,283,950</u>	<u>1,338,566</u>	<u>16,530,611</u>
Total Liabilities	<u>\$ 2,530,237</u>	<u>\$ 3,617,227</u>	<u>\$ 3,641,688</u>	<u>\$ 3,525,595</u>	<u>\$18,686,720</u>
Deferred Inflows of Resources:					
Deferred Property Taxes	\$ --	\$ --	\$ 1,113,732	\$ --	\$ --
Deferred Intergovernmental Revenue	--	--	150,618	--	--
Deferred Other Revenue	--	--	19,600	--	--
Unavailable Revenue	<u>1,072,638</u>	<u>1,119,139</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Deferred Inflows of Resources	<u>\$ 1,072,638</u>	<u>\$ 1,119,139</u>	<u>\$ 1,283,950</u>	<u>\$ --</u>	<u>\$ --</u>
<u>FUND EQUITY</u>					
Committed	\$ 650,562	\$ 710,993	\$ 331,388	\$ 121,273	\$ 244,731
Assigned	2,663,434	2,463,713	2,062,519	2,146,565	1,588,640
Unassigned (1)	<u>8,567,520</u>	<u>6,627,759</u>	<u>6,513,357</u>	<u>5,583,195</u>	<u>5,335,299</u>
Total Fund Equity	<u>\$11,881,516</u>	<u>\$ 9,802,465</u>	<u>\$ 8,907,264</u>	<u>\$ 7,851,033</u>	<u>\$ 7,168,670</u>
Total Liabilities and Fund Equity	<u>\$15,484,391</u>	<u>\$13,419,692</u>	<u>\$12,548,952</u>	<u>\$11,376,628</u>	<u>\$25,855,390</u>

(1) Compiled from Independent Auditors reports. With the implementation of GASB 54, the Stabilization Fund is now included in the General Fund under Unassigned Fund Balance.

(2) Significant decline in these categories due to the Town receiving lump-sum payment from Massachusetts School Building Authority for net present value of remaining construction grant balance on two school projects when they were currently refunded.

**TOWN OF SEEKONK
MASSACHUSETTS**
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund (1)
June 30,
(000 omitted)

REVENUES:	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Property Taxes	\$36,527	\$34,429	\$33,078	\$32,011	\$30,986
Motor Vehicle Excise	2,671	2,206	2,184	1,911	1,804
Hotel/Motel Tax and Meals Tax	1,284	1,161	948	999	509
Penalties & Interest on Taxes	174	157	152	152	141
Earnings on Investments	164	55	108	16	37
Proceeds from Disposal of Fixed Assets	--	--	--	--	196
Departmental	1,073	1,022	995	1,038	1,484
Intergovernmental – State	<u>10,117</u>	<u>8,960</u>	<u>10,904</u>	<u>11,850</u>	<u>11,399</u>
Total Revenues	<u>52,010</u>	<u>47,990</u>	<u>48,370</u>	<u>47,977</u>	<u>46,556</u>
EXPENDITURES:					
General Government	2,646	2,462	2,346	2,327	2,179
Public Safety	7,296	7,528	6,348	6,190	5,680
Education	24,937	23,523	22,822	21,484	19,906
Public Works	1,215	1,634	1,355	1,422	1,022
Environmental	47	47	44	43	37
Human Services	652	609	647	578	488
Culture & Recreation	1,000	888	922	882	814
Debt Service	1,360	1,304	1,331	2,812	2,854
Intergovernmental Charges	447	399	377	371	355
Employee Benefits & Insurance	<u>11,162</u>	<u>10,443</u>	<u>11,852</u>	<u>11,865</u>	<u>12,236</u>
Total Expenditures	<u>50,762</u>	<u>48,837</u>	<u>48,043</u>	<u>47,974</u>	<u>45,571</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,247</u>	<u>(846)</u>	<u>327</u>	<u>3</u>	<u>985</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from Capital Leases	118	994	--	367	--
Refunding Bond & State Grant Proceeds	--	--	--	15,725	--
Issuance of Refunding Bonds Premium	--	--	--	66	--
Payment to Refunded Bond Escrow Agent	--	--	--	(15,791)	--
Operating Transfers In	765	748	102	508	631
Operating Transfers Out	<u>(52)</u>	<u>0</u>	<u>(628)</u>	<u>(196)</u>	<u>(5)</u>
Total Other Financing Sources (Uses)	<u>832</u>	<u>1,741</u>	<u>729</u>	<u>679</u>	<u>626</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	2,079	895	1,056	682	1,611
Fund Equity at Beginning of Year	<u>9,802</u>	<u>8,907</u>	<u>7,851</u>	<u>7,168</u>	<u>5,557</u>
Fund Equity at End of Year	<u>\$11,882</u>	<u>\$ 9,802</u>	<u>\$ 8,907</u>	<u>\$ 7,851</u>	<u>\$ 7,168</u>

(1) Compiled from Independent Auditors reports. Totals may not add due to rounding.

APPENDIX B

There follows in this Appendix audited financial statements of the Town of Seekonk, Massachusetts, as of June 30, 2016 together with the auditor's report of R.E. Brown & Company, Certified Public Accountants.

TOWN OF SEEKONK, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2016

**TOWN OF SEEKONK, MASSACHUSETTS
REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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**TOWN OF SEEKONK, MASSACHUSETTS
REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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R. E. BROWN & COMPANY

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Selectmen
Town of Seekonk,, Massachusetts

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Seekonk,, Massachusetts, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Seekonk,, Massachusetts, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Bristol County Contributory Retirement System schedules of funding progress, employer contributions, Town's proportionate share of the net pension liability, Town's contribution, and Massachusetts Teachers Retirement System's proportionate share of the net pension liability, and other post-employment benefits – schedules of funding progress and employer contributions and notes to the retirement system on pages 3 – 9, 61 - 63, 64, 65 – 66 and 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2017, on our consideration of the Town of Seekonk,, Massachusetts June 30, 2016 internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Seekonk,, Massachusetts June 30, 2016 internal control over financial reporting and compliance.

A handwritten signature in blue ink, reading "R. E. Brown + Long".

March 23, 2017

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, 2016. 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 \$19.10 million (*net position*).
- The unrestricted net position of the Town's business-type activities are \$10 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 and deferred outflows of resources increased by \$6.27 million or 9.9% in fiscal 2016. Within this total, net assets, and deferred outflows of resources of governmental activities increased by \$6.25 million, a 9.9% increase from fiscal 2015. Net assets and deferred outflows of resources of business-type activities increased by \$19.1 thousand or 4.4% from fiscal 2015.
- At June 30, 2016, the Town's governmental funds had combined ending fund balances of \$14.835 million. The combined governmental funds balances increased by \$244 thousand or 2% from the prior year's ending fund balance. A total of \$5.671 million is considered unassigned at June 30, 2016.
- The Town's general fund reported a total fund balance of \$11.88 million at the end of fiscal 2016. The unassigned fund balance for the general fund was \$8.568 million or 16.88% of total general fund expenditures and transfers. There was a \$2.079 million increase in the total general fund balance for the year.
- The total cost of all Town services for fiscal 2016 was \$57.806 million; \$56.693 million of which was for governmental activities, and \$1.113 million of which was for business-type activities.
- The Town's total bonded debt decreased by \$1.117 million or 11.63% during the year.

Overview of the Financial Statements:

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of 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 the 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, postemployment benefits trust fund, and agency funds are reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions “Private Purpose Trust Funds”, “Postemployment Benefits Trust”, and “Agency Funds”, respectively. The Postemployment Benefits Trust fund was established to hold the assets that will fund the long term liability associated with town retirees’ health benefits.

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 \$19,095,015 at the close of fiscal year 2016. The Town is able to report total positive balances in net position, for both government as a whole, and for its separate governmental and business-type activities.

The largest component of the Town’s total net position are its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets is \$33,359,014 or 174.70% of net position. 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 position totaling \$6,835,602 or 35.80%, are subject to external restrictions on how they may be used. The remaining negative balance of unrestricted net position totals (\$21,099,601).

The Town increased its total liabilities by \$5.236 million over fiscal year 2015, while total assets increased by \$2,510,022 or 4.01%. Total assets of the governmental activities increased by \$2.538 million, a 4.08% increase from fiscal 2015. Total assets of the business-type activities decreased by \$28,292 or 6.72% from fiscal 2015.

Town of Seekonk - Financial Highlights

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Assets:						
Current assets	\$ 21,918,872	\$ 20,019,733	\$ 341,860	\$ 349,702	\$ 22,260,732	\$ 20,369,435
Noncurrent assets (excluding capital)	183,180	210,460	-	-	183,180	210,460
Capital assets	42,556,067	41,889,612	51,125	71,575	42,607,192	41,961,187
Total assets	64,658,119	62,119,805	392,985	421,277	65,051,104	62,541,082
Deferred Outflows of Resources:	4,641,641	929,184	59,231	11,857	4,700,872	941,041
Liabilities:						
Current liabilities (excluding debt)	3,337,288	3,048,337	91,743	20,269	3,429,031	3,068,606
Noncurrent liabilities (excluding debt)	33,913,744	29,626,668	286,634	246,446	34,200,378	29,873,114
Current debt	4,127,617	2,287,272	-	-	4,127,617	2,287,272
Noncurrent debt	7,880,206	9,171,575	-	-	7,880,206	9,171,575
Total liabilities	49,258,855	44,133,852	378,377	266,715	49,637,232	44,400,567
Deferred Inflows of Resources:	1,006,880	-	12,849	-	1,019,729	-
Net Position:						
Net investment in capital assets	33,307,889	31,282,765	51,125	71,575	33,359,014	31,354,340
Restricted	6,835,602	9,062,125	-	-	6,835,602	9,062,125
Unrestricted	(21,109,466)	(21,429,753)	9,865	94,844	(21,099,601)	(21,334,909)
Total net position	\$ 19,034,025	\$ 18,915,137	\$ 60,990	\$ 166,419	\$ 19,095,015	\$ 19,081,556
Revenues						
<i>Program Revenues:</i>						
Charges for services	\$ 2,637,471	\$ 2,681,889	\$ 1,150,309	\$ 1,127,354	\$ 3,787,780	\$ 3,809,243
Operating grants and contributions	11,232,447	9,558,847	-	-	11,232,447	9,558,847
Capital grants and contributions	333,181	740,016	-	-	333,181	740,016
<i>General Revenues:</i>						
Real Estate and personal property taxes	36,090,244	34,064,701	-	-	36,090,244	34,064,701
Tax Liens	312,297	350,741	-	-	312,297	350,741
Motor vehicle and other excise taxes	2,751,745	2,206,939	-	-	2,751,745	2,206,939
Hotel/Motel Tax	1,283,881	1,161,053	-	-	1,283,881	1,161,053
Penalties and Interest on Taxes	173,671	156,522	-	-	173,671	156,522
Nonrestricted grants and contributions	1,587,849	1,588,763	-	-	1,587,849	1,588,763
Unrestricted investment income	232,094	132,096	-	-	232,094	132,096
Other revenues	25,610	52,120	-	-	25,610	52,120
Total Revenues	56,660,490	52,693,687	1,150,309	1,127,354	57,810,799	53,821,041
Expenses:						
General Government	3,473,426	2,584,165	-	-	3,473,426	2,584,165
Public Safety	7,560,837	7,221,589	-	-	7,560,837	7,221,589
Education	28,468,253	26,973,257	-	-	28,468,253	26,973,257
Public Works	1,731,900	1,281,505	-	-	1,731,900	1,281,505
Human Services	730,027	682,142	-	-	730,027	682,142
Conservation	48,883	150,398	-	-	48,883	150,398
Culture and Recreation	1,233,348	1,023,592	-	-	1,233,348	1,023,592
Employee Benefits	12,767,954	10,974,758	-	-	12,767,954	10,974,758
State and County Assessments	447,015	398,990	-	-	447,015	398,990
Interest	231,662	291,035	-	-	231,662	291,035
Sanitation	-	-	1,113,335	1,041,602	1,113,335	1,041,602
Total Expenses	56,693,305	51,581,431	1,113,335	1,041,602	57,806,640	52,623,033
Increase (decrease) in Net Position before Contributions to Permanent Endowments and Transfers	(32,815)	1,112,256	36,974	85,752	4,159	1,198,008
Contributions to permanent endowments	9,300	5,700	-	-	9,300	5,700
Transfers	142,403	144,356	(142,403)	(144,356)	-	-
Change in Net Position	118,888	1,262,312	(105,429)	(58,604)	13,459	1,203,708
Net Position - beginning	18,915,137	17,652,825	166,419	225,023	19,081,556	17,877,848
Net Position - ending	\$ 19,034,025	\$ 18,915,137	\$ 60,990	\$ 166,419	\$ 19,095,015	\$ 19,081,556

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, 2016, unassigned fund balance of the general fund was \$8,567,520 while the total fund balance was \$11,881,516. 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 16.88% of total general fund expenditures, while total fund balance represents 23.41% of the same amount.

General fund revenues increased by \$4,019,336 and the fund balance of the general fund increased by \$2,079,051. 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 three stabilization funds have accumulated fund balances of \$4,877,819, which represents 9.61% of general fund expenditures.

General Fund Budget Highlights

There was a \$337,474 increase between the original and final budget of the Town approved Town Meetings. The Town budgeted \$46.743 million in revenues and \$48.068 million in expenses, drawing on the fund balance of \$612,525 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, 2016, amounts to \$42,607,192. 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 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Land	\$ 5,044,354	\$ 5,044,354	\$ -	\$ -	\$ 5,044,354	\$ 5,044,354
Buildings	26,706,711	28,282,044	-	-	26,706,711	28,282,044
Capital Improvements (other than buildings)	1,141,184	1,182,942	-	-	1,141,184	1,182,942
Machinery and Equipment	545,066	637,849	37,125	51,975	582,191	689,824
Vehicles	1,201,009	1,230,697	14,000	19,600	1,215,009	1,250,297
Infrastructure	4,611,000	4,269,596	-	-	4,611,000	4,269,596
Construction in Progress	3,306,743	1,242,130	-	-	3,306,743	1,242,130
Total Capital Assets	\$ 42,556,067	\$ 41,889,612	\$ 51,125	\$ 71,575	\$ 42,607,192	\$ 41,961,187

The governmental activities capital assets had additions of \$3,031,867 during the current fiscal year. Total depreciation expense was \$2,365,412 resulting in a net increase to capital assets of \$666,455.

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, 2016, totaled \$8,487,433. Total debt consists of the following:

Outstanding Debt at Year End		
Governmental Activities	Outstanding June 30, 2016	Outstanding June 30, 2015
School Construction	\$ 2,899,000	\$ 3,434,000
Bana Station	1,305,000	1,410,491
MWPAT Septic loan	109,821	130,733
Police & Fire Facility	3,020,000	3,375,000
Landfill	1,153,612	1,255,141
Total Governmental Activities	8,487,433	\$ 9,605,365
Business-type Activities	Outstanding June 30, 2016	Outstanding June 30, 2015
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 2017 budget:

- ***Pension Costs***
- ***Health Insurance***
- ***Regional Economics***
- ***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 POSITION
JUNE 30, 2016

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 13,873,779	\$ 259,130	\$ 14,132,909
INVESTMENTS	5,949,844	-	5,949,844
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	530,118	-	530,118
TAX LIENS	512,876	-	512,876
MOTOR VEHICLE EXCISE TAXES	208,275	-	208,275
USER FEES	15,553	82,730	98,283
DEPARTMENTAL AND OTHER	359,621	-	359,621
INTERGOVERNMENTAL	443,621	-	443,621
SPECIAL ASSESSMENTS	25,185	-	25,185
NONCURRENT:			
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
SPECIAL ASSESSMENTS	183,180	-	183,180
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	42,556,067	51,125	42,607,192
TOTAL ASSETS	64,658,119	392,985	65,051,104
DEFERRED OUTFLOWS OF RESOURCES			
RELATED TO PENSIONS	4,641,641	59,231	4,700,872
<u>LIABILITIES</u>			
CURRENT:			
ACCOUNTS PAYABLE	2,857,882	91,743	2,949,625
OTHER LIABILITIES	8,765	-	8,765
ACCRUED INTEREST	74,611	-	74,611
LANDFILL POSTCLOSURE CARE COSTS	22,480	-	22,480
COMPENSATED ABSENCES	373,550	-	373,550
CAPITAL LEASES PAYABLE	279,086	-	279,086
BONDS AND NOTES PAYABLE	3,848,531	-	3,848,531
NONCURRENT:			
LANDFILL POSTCLOSURE CARE COSTS	371,200	-	371,200
COMPENSATED ABSENCES	706,263	-	706,263
POSTEMPLOYMENT BENEFITS	10,374,174	-	10,374,174
NET PENSION LIABILITY	22,462,107	286,634	22,748,741
CAPITAL LEASES PAYABLE	481,659	-	481,659
BONDS AND NOTES PAYABLE	7,398,547	-	7,398,547
TOTAL LIABILITIES	49,258,855	378,377	49,637,232
DEFERRED INFLOWS OF RESOURCES			
RELATED TO PENSIONS	1,006,880	12,849	1,019,729
<u>NET POSITION</u>			
NET INVESTMENT IN CAPITAL ASSETS	33,307,889	51,125	33,359,014
RESTRICTED FOR:			
PERMANENT FUNDS:			
EXPENDABLE	36,798	-	36,798
NONEXPENDABLE	295,053	-	295,053
OTHER PURPOSES	6,503,751	-	6,503,751
UNRESTRICTED	(21,109,466)	9,865	(21,099,601)
TOTAL NET POSITION	\$ 19,034,025	\$ 60,990	\$ 19,095,015

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2016**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 3,473,426	\$ 210,413	\$ 1,970	\$ -	\$ (3,261,043)
PUBLIC SAFETY	7,560,837	1,362,418	350,781	-	(5,847,638)
EDUCATION	28,468,253	707,032	6,840,393	-	(20,920,828)
PUBLIC WORKS	1,731,900	39,749	10,140	333,181	(1,348,830)
HUMAN SERVICES	730,027	201,495	233,673	-	(294,859)
CONSERVATION	48,883	22,826	604	-	(25,453)
CULTURE & RECREATION	1,233,348	93,538	99,063	-	(1,040,747)
EMPLOYEE BENEFITS	12,767,954	-	3,695,823	-	(9,072,131)
STATE & COUNTY ASSESSMENTS	447,015	-	-	-	(447,015)
INTEREST	231,662	-	-	-	(231,662)
TOTAL GOVERNMENTAL ACTIVITIES	56,693,305	2,637,471	11,232,447	333,181	(42,490,206)
BUSINESS-TYPE ACTIVITIES:					
NON-MAJOR	1,113,335	1,150,309	-	-	36,974
TOTAL PRIMARY GOVERNMENT	\$ 57,806,640	\$ 3,787,780	\$ 11,232,447	\$ 333,181	\$ (42,453,232)

See accompanying notes to the basic financial statements

(continued)

**TOWN OF SEEKONK, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2016**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CHANGES IN NET POSITION:			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (42,490,206)	\$ 36,974	\$ (42,453,232)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	36,090,244	-	36,090,244
TAX LIENS	312,297	-	312,297
MOTOR VEHICLE AND OTHER EXCISE TAXES	2,751,745	-	2,751,745
HOTEL/MOTEL AND MEALS TAX	1,283,881	-	1,283,881
PENALTIES AND INTEREST ON TAXES	173,671	-	173,671
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	1,587,849	-	1,587,849
UNRESTRICTED INVESTMENT INCOME	232,094	-	232,094
MISCELLANEOUS	25,610	-	25,610
CONTRIBUTIONS TO PERMANENT FUNDS	9,300	-	9,300
TRANSFERS, NET	142,403	(142,403)	-
TOTAL GENERAL REVENUES AND TRANSFERS	42,609,094	(142,403)	42,466,691
CHANGE IN NET POSITION	118,888	(105,429)	13,459
NET POSITION:			
BEGINNING OF YEAR	18,915,137	166,419	19,081,556
END OF YEAR	\$ 19,034,025	\$ 60,990	\$ 19,095,015

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF SEEKONK, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016**

<u>ASSETS</u>	<u>GENERAL</u>	<u>SENIOR CENTER</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
CASH AND SHORT-TERM INVESTMENTS	\$ 10,450,617	\$ -	\$ 3,423,162	\$ 13,873,779
INVESTMENTS	3,723,088	-	2,226,756	5,949,844
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:				
REAL ESTATE AND PERSONAL PROPERTY TAXES	530,118	-	-	530,118
TAX LIENS	512,876	-	-	512,876
MOTOR VEHICLE EXCISE TAXES	208,275	-	-	208,275
USER FEES	15,553	-	-	15,553
DEPARTMENTAL AND OTHER	171	-	359,450	359,621
INTERGOVERNMENTAL	-	-	443,621	443,621
SPECIAL ASSESSMENTS	-	-	208,365	208,365
DUE FROM OTHER FUNDS	43,693	-	-	43,693
TOTAL ASSETS	15,484,391	-	6,661,354	22,145,745
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
LIABILITIES:				
ACCOUNTS PAYABLE	2,521,579	57,814	278,489	2,857,882
DUE TO OTHER FUNDS	-	43,693	-	43,693
OTHER LIABILITIES	8,658	-	107	8,765
NOTES PAYABLE	-	2,759,645	-	2,759,645
TOTAL LIABILITIES	2,530,237	2,861,152	278,596	5,669,985
DEFERRED INFLOWS OF RESOURCES:				
UNAVAILABLE REVENUE	1,072,638	-	567,815	1,640,453
FUND BALANCES:				
NONSPENDABLE	-	-	295,053	295,053
RESTRICTED	-	-	5,555,376	5,555,376
COMMITTED	650,562	-	-	650,562
ASSIGNED	2,663,434	-	-	2,663,434
UNASSIGNED	8,567,520	(2,861,152)	(35,486)	5,670,882
TOTAL FUND BALANCES	11,881,516	(2,861,152)	5,814,943	14,835,307
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	\$ 15,484,391	\$ -	\$ 6,661,354	\$ 22,145,745

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, 2016**

	GENERAL	SENIOR CENTER	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 36,527,395	\$ -	\$ -	\$ 36,527,395
MOTOR VEHICLE AND OTHER EXCISE TAXES	2,670,869	-	-	2,670,869
INTERGOVERNMENTAL	10,116,713	-	2,776,827	12,893,540
HOTEL/MOTEL AND MEALS TAX	1,283,881	-	-	1,283,881
PENALTIES & INTEREST ON TAXES	173,671	-	-	173,671
CHARGES FOR SERVICES	-	-	1,761,762	1,761,762
INVESTMENT INCOME	164,432	-	83,788	248,220
CONTRIBUTIONS & DONATIONS	-	-	184,638	184,638
DEPARTMENTAL AND OTHER	1,072,810	-	430,928	1,503,738
TOTAL REVENUES	52,009,771	-	5,237,943	57,247,714
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	2,646,068	-	792,281	3,438,349
PUBLIC SAFETY	7,296,492	-	350,141	7,646,633
EDUCATION	24,937,120	-	2,095,905	27,033,025
PUBLIC WORKS	1,214,511	-	854,191	2,068,702
HUMAN SERVICES	651,519	2,055,913	167,528	2,874,960
CONSERVATION	46,776	-	2,107	48,883
CULTURE & RECREATION	1,000,406	-	183,348	1,183,754
EMPLOYEE BENEFITS	11,162,313	-	-	11,162,313
STATE & COUNTY ASSESSMENTS	447,015	-	-	447,015
DEBT SERVICE				
PRINCIPAL	1,117,932	-	-	1,117,932
INTEREST	242,171	-	-	242,171
TOTAL EXPENDITURES	50,762,323	2,055,913	4,445,501	57,263,737
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,247,448	(2,055,913)	792,442	(16,023)
OTHER FINANCING SOURCES (USES)				
PROCEEDS FROM CAPITAL LEASES	118,280	-	-	118,280
OPERATING TRANSFERS IN	765,323	-	52,000	817,323
OPERATING TRANSFERS OUT	(52,000)	-	(622,920)	(674,920)
TOTAL OTHER FINANCING SOURCES (USES)	831,603	-	(570,920)	260,683
NET CHANGE IN FUND BALANCES	2,079,051	(2,055,913)	221,522	244,660
FUND BALANCES AT BEGINNING OF YEAR	9,802,465	(805,239)	5,593,421	14,590,647
FUND BALANCES AT END OF YEAR	\$ 11,881,516	\$ (2,861,152)	\$ 5,814,943	\$ 14,835,307

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 POSITION
JUNE 30, 2016**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 14,835,307
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		42,556,067
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		1,640,453
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(74,611)
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	(8,487,433)	
NET PENSION LIABILITY	(22,462,107)	
DEFERRED INFLOWS OF RESOURCES	(1,006,880)	
DEFERRED OUTFLOWS OF RESOURCES	4,641,641	
CAPITAL LEASES PAYABLE	(760,745)	
COMPENSATED ABSENCES	(1,079,813)	
POSTEMPLOYMENT BENEFITS	(10,374,174)	
LANDFILL POSTCLOSURE CARE COSTS	<u>(393,680)</u>	
NET EFFECT OF REPORTING LONG-TERM LIABILITIES		<u>(39,923,191)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 19,034,025</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, 2016**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ 244,660**

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

CAPITAL OUTLAY	3,031,867	
DEPRECIATION EXPENSE	<u>(2,365,412)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		666,455

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 (577,924)

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

PROCEEDS FROM CAPITAL LEASES	(118,280)	
DEBT SERVICE PRINCIPAL PAYMENTS	1,117,932	
CAPITAL LEASE PRINCIPAL PAYMENTS	<u>359,017</u>	
NET EFFECT OF REPORTING LONG-TERM DEBT		1,358,669

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

NET CHANGE IN COMPENSATED ABSENCES ACCRUAL	(2,818)	
NET CHANGE IN POSTEMPLOYMENT BENEFITS ACCRUAL	(1,159,066)	
NET CHANGE IN DEFERRED OUTFLOWS OF RESOURCES	3,712,457	
NET CHANGE IN DEFERRED INFLOWS OF RESOURCES	(1,006,880)	
NET CHANGE IN NET PENSION LIABILITY	(3,149,334)	
NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL	22,160	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>10,509</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>(1,572,972)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 118,888**

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, 2016**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	BUDGETARY AMOUNTS	OVER(UNDER)
REVENUES:				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 35,916,139	\$ 35,916,139	\$ 36,527,395	\$ 611,256
MOTOR VEHICLE AND OTHER EXCISE TAXES	2,178,000	2,178,000	2,670,869	492,869
PENALTIES & INTEREST ON TAXES	155,000	155,000	173,671	18,671
INTERGOVERNMENTAL	6,368,800	6,368,800	6,415,749	46,949
HOTEL/MOTEL AND MEALS TAX	1,140,000	1,140,000	1,283,881	143,881
INVESTMENT INCOME	15,000	15,000	44,804	29,804
DEPARTMENTAL AND OTHER	969,700	969,700	1,072,810	103,110
TOTAL REVENUES	46,742,639	46,742,639	48,189,179	1,446,540
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	2,938,686	2,935,750	2,635,029	300,721
PUBLIC SAFETY	7,293,097	7,293,097	6,947,187	345,910
EDUCATION	24,630,209	24,926,478	24,942,198	(15,720)
PUBLIC WORKS	1,281,088	1,325,229	1,177,629	147,600
HUMAN SERVICES	859,169	859,169	710,667	148,502
CONSERVATION	48,505	48,505	46,776	1,729
CULTURE & RECREATION	997,462	997,462	976,206	21,256
EMPLOYEE BENEFITS	7,789,985	7,789,985	7,467,483	322,502
STATE & COUNTY ASSESSMENTS	436,654	436,654	447,015	(10,361)
DEBT SERVICE:				
PRINCIPAL	1,117,932	1,117,932	1,117,932	-
INTEREST	338,226	338,226	236,036	102,190
TOTAL EXPENDITURES	47,731,013	48,068,487	46,704,158	1,364,329
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(988,374)	(1,325,848)	1,485,021	2,810,869
OTHER FINANCING SOURCES (USES):				
OPERATING TRANSFERS IN	765,323	765,323	765,323	-
OPERATING TRANSFERS OUT	(52,000)	(52,000)	(52,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	713,323	713,323	713,323	-
NET CHANGE IN FUND BALANCE	(275,051)	(612,525)	2,198,344	2,810,869
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	4,233,008	4,233,008	4,233,008	-
BUDGETARY FUND BALANCE, END OF YEAR	\$ 3,957,957	\$ 3,620,483	\$ 6,431,352	\$ 2,810,869

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES
	NON MAJOR ENTERPRISE FUND
<u>ASSETS</u>	
CURRENT:	
CASH AND SHORT-TERM INVESTMENTS	\$ 259,130
USER FEES:	<u>82,730</u>
TOTAL CURRENT ASSETS	<u>341,860</u>
NONCURRENT:	
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>51,125</u>
TOTAL ASSETS	<u>392,985</u>
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS	<u>59,231</u>
<u>LIABILITIES</u>	
CURRENT:	
ACCOUNTS PAYABLE	<u>91,743</u>
NONCURRENT:	
NET PENSION LIABILITY	<u>286,634</u>
TOTAL LIABILITIES	<u>378,377</u>
<u>DEFERRED INFLOWS OF RESOURCES</u> RELATED TO PENSIONS	<u>12,849</u>
<u>NET POSITION</u>	
NET INVESTMENT IN CAPITAL ASSETS	51,125
UNRESTRICTED	<u>9,865</u>
TOTAL NET POSITION	<u><u>\$ 60,990</u></u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FISCAL YEAR ENDED JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES
	NON MAJOR ENTERPRISE FUND
<u>OPERATING REVENUES:</u>	
CHARGES FOR SERVICES	\$ 1,150,309
<u>OPERATING EXPENSES:</u>	
GENERAL SERVICES	1,092,885
DEPRECIATION	20,450
TOTAL OPERATING EXPENSES	1,113,335
OPERATING INCOME (LOSS)	36,974
<u>OPERATING TRANSFERS:</u>	
OPERATING TRANSFERS OUT	(142,403)
CHANGE IN NET POSITION	(105,429)
NET POSITION AT BEGINNING OF YEAR	166,419
NET POSITION AT END OF YEAR	\$ 60,990

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FISCAL YEAR ENDED JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES NON MAJOR ENTERPRISE FUND
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
RECEIPTS FROM CUSTOMERS AND USERS	\$ 1,161,619
PAYMENTS TO SUPPLIERS	(896,203)
PAYMENTS TO EMPLOYEES	(119,544)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>145,872</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
OPERATING TRANSFERS IN (OUT)	<u>(142,403)</u>
NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	3,469
CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR	<u>255,661</u>
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	<u>259,130</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>	
OPERATING INCOME (LOSS)	<u>36,974</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
DEPRECIATION	20,450
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	11,311
(INCREASE) DECREASE IN DEFERRED OUTFLOWS OF RESOURCES	(47,374)
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	71,474
INCREASE (DECREASE) IN DEFERRED INFLOWS OF RESOURCES	12,849
INCREASE (DECREASE) IN NET PENSION LIABILITY	40,188
TOTAL ADJUSTMENTS	<u>108,898</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 145,872</u></u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

	POSTEMPLOYMENT BENEFITS TRUST	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>			
CASH AND SHORT-TERM INVESTMENTS	\$ -	\$ 2,500	\$ 507,506
INVESTMENTS	813,321	62,429	-
DEPARTMENTAL AND OTHER	-	-	100,796
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	813,321	64,929	608,302
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>			
ACCOUNTS PAYABLE	-	-	25,791
OTHER LIABILITIES	-	-	582,511
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	-	-	608,302
	<hr/>	<hr/>	<hr/>
<u>NET POSITION</u>			
TOTAL NET POSITION HELD IN TRUST FOR OTHER POST-EMPLOYMENT BENEFITS, AND OTHER PURPOSES	\$ 813,321	\$ 64,929	\$ -
	<hr/>	<hr/>	<hr/>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEAR ENDED JUNE 30, 2016**

	POSTEMPLOYMENT BENEFITS TRUST	PRIVATE PURPOSE TRUST FUNDS
<u>ADDITIONS:</u>		
CONTRIBUTIONS:		
DONATIONS	\$ -	\$ 1,000
DEPARTMENTAL	100,847	-
NET INVESTMENT INCOME (LOSS):		
INVESTMENT INCOME	<u>20,230</u>	<u>2,397</u>
TOTAL ADDITIONS	<u>121,077</u>	<u>3,397</u>
<u>DEDUCTIONS:</u>		
EDUCATIONAL SCHOLARSHIPS	<u>-</u>	<u>1,009</u>
CHANGE IN NET POSITION	121,077	2,388
NET POSITION AT BEGINNING OF YEAR	<u>692,244</u>	<u>62,541</u>
NET POSITION AT END OF YEAR	<u><u>\$ 813,321</u></u>	<u><u>\$ 64,929</u></u>

See accompanying notes to the basic financial statements

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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	\$ 1,088,064

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, 2016

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position 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, 2016

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, net pension liability, and postemployment benefits 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, 2016

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 Senior Center fund is a capital project fund used to account for the acquisition and construction costs of the Senior Center.
- 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, 2016

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 *Postemployment Benefits Trust fund* is used to account for assets held that will fund the long term liability associated with the Towns retirees health benefits.
- 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. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds. Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 3 – Fair Market Value of Investments.

F. 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.

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.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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 which are recorded as receivables in the fiscal year accrued. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Special Assessments

Governmental activities special assessments consist primarily of Title V receivables which are recorded as receivables in the fiscal year accrued. Since the receivables are secured via the lien process, these assets are considered 100% collectable and therefore do not report an allowance for uncollectibles.

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.

G. 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.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

H. 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.

I. 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.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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 position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position 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.

J. 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 position. 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.

K. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Town reported deferred outflows of resource related to pensions in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town reported deferred inflows of resource related to pensions in this category.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Governmental Funds Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents assets that have been recorded in the governmental fund financial statements but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

L. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position are classified into three components:

- a. *Net investment in capital assets* – 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 position* – Consists of net position 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 position have been “restricted” for the following:

- *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 position* – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

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.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

- 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.
- 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.

M. 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 position. 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, 2016.

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.

N. 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, 2016

O. 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 position. 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, 2016 is recorded in the governmental fund financial statements.

P. Net Pension Liability

Governmental Accounting Standards Board (GASB) Statement #68 requires employers participating in a cost-sharing pension plan to recognize pension liabilities as employees provide services to the government and earn their pension benefits. Employers participating in cost-sharing plans are required to recognize their proportionate share of the plan's collective pension amounts for all benefits provided through the plan including the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense.

Q. 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.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

R. 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.

S. 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 2016 approved budget authorized \$47,731,013 in current year appropriations and other amounts to be raised. Supplemental appropriations of \$337,474 were approved at one Special Town Meeting for fiscal year 2016.

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

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, 2016, is presented below:

Net change in fund balance - budgetary basis	\$ 2,198,344
Basis of accounting differences:	
Increase in revenue for on-behalf payments - MTRS	3,694,830
Increase in expenditures for on-behalf payments - MTRS	(3,694,830)
Increase in revenue for the MWPAT subsidy	6,134
Increase in expenditures for the MWPAT subsidy	(6,134)
Adjustment for encumbrances and continuing appropriations	1,037,357
Adjustment for expenditures from prior year authorizations	(887,888)
Net stabilization fund activity	<u>(268,762)</u>
Net change in fund balance - GAAP basis	<u><u>\$ 2,079,051</u></u>

C. Deficit Fund Balances

Several individual fund deficits exist within the special revenue funds and one deficit in the capital projects fund. These individual deficits will be eliminated through subsequent fiscal year budget transfers, grants and proceeds of long-term debt during fiscal year 2017.

TOWN OF SEEKONK, MASSACHUSETTS
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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 (DIF). The Town also carries deposits that are uninsured and uncollateralized.

The following table illustrates how much of the Town's bank deposits are insured, and how much of the Town's bank deposits are uninsured and uncollateralized as of June 30, 2016:

Total bank balances		<u>\$ 14,680,466</u>
Bank balances covered by deposit insurance		
Depositor's Insurance Fund (DIF)	9,930,912	
Federal Deposit Insurance Corporation (FDIC)	<u>1,458,127</u>	
Total bank balances covered by deposit insurance		11,389,039
Balances subject to custodial credit risk		
Bank balances uninsured & uncollateralized	<u>3,291,427</u>	
Total bank balances subject to custodial credit risk		<u>3,291,427</u>
Total bank balances		<u>\$ 14,680,466</u>

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.

TOWN OF SEEKONK, MASSACHUSETTS
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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				
			AA+	AA	Aaa	A	Unrated
U.S. Government & Agency Securities	\$ 2,734,447	N/A	\$ 1,812,103	\$ -	\$ 922,344	\$ -	\$ -
Corporate Bonds	837,876	N/A	177,462	226,943	-	433,471	-
Certificate of Deposit	1,189,533	N/A	-	-	-	-	1,189,533
Fixed Income Mutual Funds	619,268	N/A	-	-	-	-	619,268
Common Stock	786,340	N/A	-	-	-	-	786,340
Mutual Funds	658,130	N/A	-	-	-	-	658,130
Total Investments	<u>\$ 6,825,594</u>		<u>\$ 1,989,565</u>	<u>\$ 226,943</u>	<u>\$ 922,344</u>	<u>\$ 433,471</u>	<u>\$ 3,253,271</u>

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 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 and DIF.

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

c) Interest Rate Risk

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

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

Investment type	Fair value	Investment maturities (in years)	
		Less than 1	1-5
<i>Debt Related Securities:</i>			
U.S. Government & Agency	\$ 2,734,447	\$ -	\$ 2,734,447
Corporate Bonds	837,876	277,593	560,283
Certificate of Deposit	1,189,533	246,237	943,296
Fixed Income Mutual Funds	619,268	619,268	-
Total - Debt related securities	\$ 5,381,124	\$ 1,143,098	\$ 4,238,026
<i>Other Investments:</i>			
Mutual Funds	658,130	658,130	-
Common Stock	786,340	786,340	-
Total Other Investments	1,444,470	1,444,470	-
Total Investments	\$ 6,825,594	\$ 2,587,568	\$ 4,238,026

d) Concentration of Credit Risk

The Town places no limit on the amount the government may invest in any one issuer. There were no Town investments more than 5% as of June 30, 2016.

Fair Market Value of Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by the major type. The Town chooses a tabular format for disclosing the levels within the fair value hierarchy.

The Town categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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The Town has the following recurring fair value measurement as of June 30, 2016.

Investment Type	June 30, 2016	Fair Value Measurements Using		
		Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. Government and Agency	\$ 2,734,447	\$ 2,734,447	\$ -	\$ -
Certificates of Deposit	1,189,533	1,189,533	-	-
Corporate Bonds	837,876	-	837,876	-
Fixed Income Mutual Funds	619,268	-	619,268	-
Total debt securities	5,381,124	3,923,980	1,457,144	-
Other Investments				
Common Stock	786,340	786,340	-	-
Mutual Funds	658,130	658,130	-	-
Total other investments	1,444,470	1,444,470	-	-
Total investments measured at fair value	6,825,594	\$ 5,368,450	\$ 1,457,144	\$ -
Investments measured at amortized cost				
Massachusetts Municipal Depository Trust - (MMDT)	585,353			
Total Investments	\$ 7,410,947			

U.S. Government and Agency, Common Stock, Certificates of Deposit and mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds and fixed income mutual funds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

Massachusetts Municipal Depository Trust (MMDT) investments are valued at amortized cost. Under the amortized cost method an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – RECEIVABLES

The receivables at June 30, 2016 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	\$ 497,779	\$ -	\$ 497,779
Personal property taxes	180,939	(148,600)	32,339
Real Estate and personal property taxes	678,718	(148,600)	530,118
Tax liens	512,876	-	512,876
Motor vehicle and other excise taxes	301,453	(93,178)	208,275
Departmental and other	2,134,312	(1,673,895)	460,417
Intergovernmental	443,621	-	443,621
Special Assessments	208,365	-	208,365
User Fees	15,553	-	15,553
Total	<u>\$ 4,294,898</u>	<u>\$ (1,915,673)</u>	<u>\$ 2,379,225</u>

The sanitation enterprise fund receivables as of June 30, 2016, consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Sanitation</i>			
User fees	<u>\$ 82,730</u>	<u>\$ -</u>	<u>\$ 82,730</u>

TOWN OF SEEKONK, MASSACHUSETTS
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Governmental funds report deferred Inflows of Resources 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 inflows of resources reported in the governmental funds were as follows:

Deferred Inflows of Resources Analysis

Deferred Inflows:	General Fund	Nonmajor Governmental Funds	Total
Deferred Property Taxes	\$ 335,763	\$ -	\$ 335,763
Deferred Other Revenue	<u>736,875</u>	<u>567,815</u>	<u>1,304,690</u>
Total	<u>\$ 1,072,638</u>	<u>\$ 567,815</u>	<u>\$ 1,640,453</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 5,044,354	\$ -	\$ -	\$ 5,044,354
Construction in progress	1,242,130	2,064,613	-	3,306,743
Total capital assets not being depreciated	6,286,484	2,064,613	-	8,351,097
<i>Capital assets being depreciated:</i>				
Buildings and improvements	56,813,789	-	-	56,813,789
Capital improvements (other than buildings)	2,907,384	92,000	-	2,999,384
Machinery and equipment	3,890,515	-	-	3,890,515
Vehicles	7,410,975	245,627	-	7,656,602
Infrastructure	21,055,508	629,627	-	21,685,135
Total capital assets being depreciated	92,078,171	967,254	-	93,045,425
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(28,531,744)	(1,575,333)	-	(30,107,077)
Capital improvements (other than buildings)	(1,724,443)	(133,758)	-	(1,858,201)
Machinery and equipment	(3,252,667)	(92,783)	-	(3,345,450)
Vehicles	(6,180,278)	(275,315)	-	(6,455,593)
Infrastructure	(16,785,911)	(288,223)	-	(17,074,134)
Total accumulated depreciation	(56,475,043)	(2,365,412)	-	(58,840,455)
Total capital assets being depreciated, net	35,603,128	(1,398,158)	-	34,204,970
Total governmental activities capital assets, net	\$ 41,889,612	\$ 666,455	\$ -	\$ 42,556,067

TOWN OF SEEKONK, MASSACHUSETTS
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Business-Type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets being depreciated:</i>				
Machinery & Equipment	\$ 220,500	\$ -	\$ -	\$ 220,500
Vehicles	174,800	-	-	174,800
Total capital assets being depreciated	395,300	-	-	395,300
<i>Less accumulated depreciation for:</i>				
Machinery & Equipment	(168,525)	(14,850)	-	(183,375)
Vehicles	(155,200)	(5,600)	-	(160,800)
Total accumulated depreciation	(323,725)	(20,450)	-	(344,175)
Total capital assets being depreciated, net	71,575	(20,450)	-	51,125
Total business-type activities capital assets, net	<u>\$ 71,575</u>	<u>\$ (20,450)</u>	<u>\$ -</u>	<u>\$ 51,125</u>

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

Governmental Activities:	
General government	\$ 35,077
Public safety	328,306
Education	1,515,126
Public works	434,329
Health and human services	2,980
Culture and recreation	49,594
Total depreciation expense - governmental activities	<u>\$ 2,365,412</u>

Business-Type Activities:	
Sanitation	<u>\$ 20,450</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – CAPITAL LEASES

The Town has entered into lease agreements as lessee for financing the acquisition of six police vehicles, dump trucks, fire truck, computers, and a front end loader. 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	\$ 1,256,877
Less: Accumulated depreciation	<u>(206,957)</u>
	<u><u>\$ 1,049,920</u></u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2016, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2017	\$ 303,124
2018	191,461
2019	106,853
2020	106,853
2021	<u>106,853</u>
Total minimum lease payments	815,144
Less: amounts representing interest	<u>(54,399)</u>
Present value of minimum lease payments	<u><u>\$ 760,745</u></u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2016, are summarized as follows:

<u>Operating Transfers In:</u>			
<u>Operating Transfers Out:</u>	<u>General Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Total</u>
Nonmajor Governmental Funds	\$ 622,920	\$ -	\$ 622,920 (1)
Sanitation Eenterprise Fund	142,403	-	142,403 (2)
General Fund	<u>-</u>	<u>52,000</u>	<u>52,000 (3)</u>
Total	<u>\$ 765,323</u>	<u>\$ 52,000</u>	<u>\$ 817,323</u>

(1) Represents budgeted transfers to supplement the operating budget

(2) Represents budgeted transfer from the enterprise fund.

(3) Represents budgeted transfer to the nonmajor governmental fund.

NOTE 8 – SHORT-TERM FINANCING

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

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

Short-term loans are general obligations of the Town and maturity dates are governed by statute. Interest expenses for short-term borrowings are accounted for in the general fund.

TOWN OF SEEKONK, MASSACHUSETTS
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The following is a summary of changes in short-term debt for the year ended June 30, 2016:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2015	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2016
Governmental Funds							
BAN	Banna Fire Station	0.50	11/2/2015	\$ 52,000	\$ -	\$ (52,000)	\$ -
BAN	Senior Center	0.50	11/2/2015	800,000	-	(800,000)	-
BAN	Senior Center	0.50	11/2/2016	-	2,759,645	-	2,759,645
Total				<u>\$ 852,000</u>	<u>\$ 2,759,645</u>	<u>\$ (852,000)</u>	<u>\$ 2,759,645</u>

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, 2016:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2015	Issued	Redeemed	Outstanding at June 30, 2016
MWPAT Sewer Loan	Var.	\$ 130,733	\$ -	\$ 20,912	\$ 109,821
Municipal Purpose	Var.	710,000	-	235,000	475,000
Landfill	2.00	1,144,141	-	71,529	1,072,612
School Construction	4.03	2,875,000	-	350,000	2,525,000
Police & Fire Facility	3.77	3,335,000	-	335,000	3,000,000
Banna Fire Remodeling	2.31	1,410,491	-	105,491	1,305,000
Total		<u>\$ 9,605,365</u>	<u>\$ -</u>	<u>\$ 1,117,932</u>	<u>\$ 8,487,433</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2016 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,088,886	\$ 208,216	\$ 1,297,102
2018	1,040,360	180,608	1,220,968
2019	1,011,864	153,984	1,165,848
2020	886,903	129,754	1,016,657
2021	888,468	107,868	996,336
2022-2026	2,998,120	233,905	3,232,025
2027-2029	<u>572,832</u>	<u>21,758</u>	<u>594,590</u>
Total	<u>\$ 8,487,433</u>	<u>\$ 1,036,093</u>	<u>\$ 9,523,526</u>

Loans Authorized and Unissued

As of June 30, 2016, the Town has loans authorized and unissued as follows:

<u>Description</u>	<u>Date Authorized</u>	<u>Amount</u>
Senior Center	6/11/2012	\$ 126,955
Senior Center	2/25/2014	<u>2,759,645</u>
Total		<u>\$ 2,886,600</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 9,605,365	\$ -	\$ (1,117,932)	\$ 8,487,433	\$ 1,088,886
Compensated absences	1,076,995	2,818	-	1,079,813	373,550
Landfill postclosure care costs	415,840	-	(22,160)	393,680	22,480
Capital leases payable	1,001,482	118,280	(359,017)	760,745	279,086
Net pension liability	19,312,773	3,149,334	-	22,462,107	-
Other post-employment benefits	9,215,108	1,159,066	-	10,374,174	-
Total governmental activities long-term liabilities	<u>\$ 40,627,563</u>	<u>\$ 4,429,498</u>	<u>\$ (1,499,109)</u>	<u>\$ 43,557,952</u>	<u>\$ 1,764,002</u>
Business-Type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Net Pension Liability	<u>\$ 246,446</u>	<u>\$ 40,188</u>	<u>\$ -</u>	<u>\$ 286,634</u>	<u>\$ -</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, 2016

NOTE 10 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town has classified its governmental fund balances with the following hierarchy.

	General Fund	Senior Center	Nonmajor Governmental Funds	Total
Fund Balances				
Nonspendable:				
Permanent Fund Principal	\$ -	\$ -	\$ 295,053	\$ 295,053
Restricted For:				
General Government	-	-	156,620	156,620
Public Safety	-	-	1,693,120	1,693,120
Education	-	-	1,001,488	1,001,488
Public Works	-	-	75,340	75,340
Human Services	-	-	480,458	480,458
Culture & Recreation	-	-	159,000	159,000
Employee Benefits	-	-	932,525	932,525
Community Preservation Fund	-	-	1,020,027	1,020,027
Expendable Trust Fund	-	-	36,798	36,798
	<u>-</u>	<u>-</u>	<u>5,555,376</u>	<u>5,555,376</u>
Committed To:				
Continuing Appropriations				
General Government	8,921	-	-	8,921
Public Safety	71,943	-	-	71,943
Education	346,269	-	-	346,269
Public Works	101,300	-	-	101,300
Human Services	118,134	-	-	118,134
Culture & Recreation	3,995	-	-	3,995
	<u>650,562</u>	<u>-</u>	<u>-</u>	<u>650,562</u>
Assigned To:				
Encumbered For:				
General Government	13,377	-	-	13,377
Public Safety	30,879	-	-	30,879
Education	441,080	-	-	441,080
Public Works	79,974	-	-	79,974
Human Services	1,649	-	-	1,649
Culture & Recreation	2,000	-	-	2,000
Subsequent Years Expenditures	175,000	-	-	175,000
Municipal Capital Stabilization Fund	1,832,402	-	-	1,832,402
Special Education Stabilization Fund	87,073	-	-	87,073
	<u>2,663,434</u>	<u>-</u>	<u>-</u>	<u>2,663,434</u>
Unassigned				
General Fund	5,609,176	-	-	5,609,176
General Stabilization Fund	2,958,344	-	-	2,958,344
Nonmajor Governmental Funds	-	-	(35,486)	(35,486)
Capital Projects				
Human Services	-	(2,861,152)	-	(2,861,152)
	<u>8,567,520</u>	<u>(2,861,152)</u>	<u>(35,486)</u>	<u>5,670,882</u>
Total Governmental Fund Balances	<u>\$ 11,881,516</u>	<u>\$ (2,861,152)</u>	<u>\$ 5,814,943</u>	<u>\$ 14,835,307</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 – STABILIZATION ARRANGEMENTS

The Town has established several funds where the Town has set aside amounts for a financial reserve emergency, special education, and capital needs. These funds consist of the following;

- The *Stabilization Fund* can be used for any purpose. The additions or the use of the fund requires a 2/3 vote of the Annual or Special Town Meeting. The fund has been classified as an unassigned fund balance in the general fund.
- The *Municipal Capital Fund* is a stabilization fund that is intended to be used for capital purchases. The additions or the use of the fund requires a 2/3 vote of the Annual or Special Town Meeting. The fund has been classified as an assigned fund balance in the general fund.
- The *Special Education Fund* is a stabilization fund that is intended to be used for special education expenses. The additions or the use of the fund requires a 2/3 vote of the Annual or Special Town Meeting. The fund has been classified as an assigned fund balance in the general fund.

NOTE 12 – RISK FINANCING

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

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

The Town is insured for general liability; however, Chapter 258 of the Massachusetts General Laws limits the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal civil rights, eminent domain and breach of contract. Such claims are charged to the general fund. There were no such claims in 2016.

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 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

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

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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 2016, the estimated total Town premiums plus implicit costs for the retiree medical program are \$1,056,274.

Annual OPEB Cost and Net OPEB Obligation. The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty 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	\$ 2,460,252
Interest on net OPEB obligation	396,294
Adjustment to annual required contribution (ARC)	<u>(641,206)</u>
Annual OPEB cost (expense)	2,215,340
Contributions made	<u>(1,056,274)</u>
Increase in net OPEB obligation	1,159,066
Net OPEB obligation - beginning of year	<u>9,215,108</u>
Net OPEB obligation - end of year	<u><u>\$ 10,374,174</u></u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the seven preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Increase in Net OPEB Obligation	Net OPEB Obligation
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
6/30/2012	\$ 2,698,088	45.15%	\$ 1,479,982	\$ 7,436,556
6/30/2013	\$ 1,809,788	62.23%	\$ 683,605	\$ 8,120,161
6/30/2014	\$ 1,832,161	66.65%	\$ 611,105	\$ 8,731,266
6/30/2015	\$ 2,018,086	76.03%	\$ 483,842	\$ 9,215,108
6/30/2016	\$ 2,215,340	47.68%	\$ 1,159,066	\$10,374,174

Funded Status and Funding Progress. As of June 30, 2015, the most recent actuarial valuation date, the plan was 2.80% funded. The actuarial accrued liability for benefits was \$24.512 million, and the actuarial value of assets was \$0.688 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$23,823 million. The covered payroll (annual payroll of active employees covered by the plan) was \$22.021 million, and the ratio of the UAAL to the covered payroll was 108.2%

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.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

In the June 30, 2015, 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 ratio 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 5.90% percent graded downward to 5.55% over four years. Both rates included a 2.2% inflation assumption. The actuarial value of assets was determined using market value. The UAAL is being amortized as a level dollar amount over 30 years at transition. The remaining amortization period at July 1, 2016, was 22 years.

NOTE 14 – PENSION PLAN

A. Plan Descriptions

The Town contributes to the Bristol County Contributory Retirement System (The System), a multiple-employer, cost sharing contributory defined benefit pension plan, under Massachusetts General Law (MGL), Chapter 32, and is regulated by the Massachusetts Public Employee Retirement Administration Commission (PERAC). 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 issues a publically available audited financial report that may be obtained by contacting the system at 645 County Street, County Crossing, Taunton, MA 02780. The MTRS issues a publically available audited financial report that may be obtained by contacting MTRS at One Charles Park, Cambridge, Massachusetts 02142-1206.

B. Benefits Provided

The System and MTRS provide retirement, disability and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are with certain exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of an employees highest three year average annual rate of regular compensation for those hired prior to April 2, 2012. For persons who became employees on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon an employee's age, length of creditable service, level of compensation, and group classification.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Employees who become permanently and totally disabled for further duty are eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent on several factors, including whether or not the disability is work related, the employee's age, years of creditable service, level of compensation, veterans' status and group classification.

Employees who resign from service are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of employees whose death occurs prior to or following retirement.

Cost-of living adjustments granted between 1981 and 1997, and any increase in other benefits imposed by the Commonwealth of Massachusetts' state law during those years are borne by the Commonwealth and are deposited in to the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the system and all costs are borne by the system.

C. Contributions

Bristol County Contributory Retirement System

Chapter 32 of MGL governs the contributions of plan members and member employees. Active plan employees are required to contribute to the system at rates ranging from 5 to 9% and of their gross regular compensation. The rate is keyed to the date upon which an employee's membership commences. Employees hired on or after January 1, 1979, contribute an additional 2.0% of annual regular compensation in excess of \$30,000. The member units are required to pay into the system, a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution for the year ended June 30, 2016 which was \$2,248,231 and 21.90% of covered payroll, actuarially determined as an amount that when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Massachusetts Teachers' Retirement System

As required by State statutes, teachers of the Town are covered by the Massachusetts Teachers Retirement System (MTRS). Plan members (at varying rates of annual covered compensation) and the Commonwealth of Massachusetts fund contributes to the MTRS. The Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth of Massachusetts, and thus the Town is not required to contribute. The Commonwealth of Massachusetts contributed "on-behalf" payments to the MTRS totaling \$3,694,830 for fiscal year 2016. In accordance with GASB Statement No. 68, these on-behalf" payments have been recorded in the general fund as intergovernmental revenues and pension expenditures.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

D. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

Pension Liabilities

At June 30, 2016 the Town reported a liability of \$22,748,741 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. Accordingly, updated procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2015, the Town's proportion was 6.762% which was a minor increase from its proportion measured as of December 31, 2014.

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2016 the Town recognized pension expense of \$2,689,651. At June 30, 2016 the Town reported deferred outflows/inflows of resources related to pensions of \$3,681,143 from the net difference between projected and actual investment earnings on pension plan investments. Since the system performs an actuarial valuation bi-annually, there are no reported differences between expected and actual experience or changes of assumptions as of December 31, 2015.

The deferred outflows/inflows of resources related to pensions will be recognized in future pension expense are as follows:

<u>Measurement Period Year ended June 30</u>	<u>Amount</u>
2017	\$ 982,866
2018	982,866
2019	982,866
2020	732,545
Total Balance of Deferred Outflows/Inflows	<u>\$ 3,681,143</u>

E. Actuarial assumptions

The total pension liability in the January 1, 2016 actuarial valuation was determined using the actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2015. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2016
Actuarial cost method	Entry age
Amortization method	Level percent, open group

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Remaining amortization period	15 years												
Asset valuation method	Actuarially valued using a five year smoothing method of asset returns greater than or less than the assumed rate of return												
Actuarial Assumptions:													
Investment rate of return	7.75%												
Projected salary increases	<table> <tr> <th><u>Service</u></th><th><u>Rate</u></th></tr> <tr> <td>0-1</td><td>5.50%</td></tr> <tr> <td>2</td><td>4.00%</td></tr> <tr> <td>3-4</td><td>3.50%</td></tr> <tr> <td>5-7</td><td>3.00%</td></tr> <tr> <td>8+</td><td>2.75%</td></tr> </table>	<u>Service</u>	<u>Rate</u>	0-1	5.50%	2	4.00%	3-4	3.50%	5-7	3.00%	8+	2.75%
<u>Service</u>	<u>Rate</u>												
0-1	5.50%												
2	4.00%												
3-4	3.50%												
5-7	3.00%												
8+	2.75%												
Cost of living adjustments	3.00% of \$16,000/year												
Discount Rate	8.00%												
Inflation	4.00%												
Rates of retirement	Varies based upon age for general employees, police and fire employees												
Rates of disability	General employees, 35% ordinary (65% service connected). Police and fire, 5% ordinary (95% are service connected).												
Mortality rates:													
Pre-retirement and Post retirement	RP-2014 Blue Collar Mortality Table with Scale MP-2014, Fully Generational												
Healthy Retiree	RP-2000 Mortality Table set forward five years for males and 3 years for females												
Disabled retiree	RP-2000 Mortality Table set forward six years												
Family composition	Assumption that 80% of members will be survived by a spouse, and that females are three years younger than males and males are three years older than females												

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Investment policy

The Plan does not have a formal investment policy. The Board is in the process of formalizing an investment policy. The Board approved target weights and expected rates of return on November 4, 2014.

As of November 4, 2014, the Plan's portfolio target weights and assumed long term rates of return at the asset class level are as follows:

Asset Class	Portfolio Target Weight	Long-Term Expected Rate of Return
Equity	46.50%	7.80%
Infrastructure	5.00%	8.00%
Fixed Income	24.50%	5.00%
Real Estate Funds	7.50%	6.30%
Private equity	8.50%	11.30%
Hedge Funds	5.00%	7.10%
Timber	3.00%	7.50%

For the year ended December 31, 2014 the System's annual money-weighted rate of return on pension plan investments net of pension plan investment expense was -0.55%. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

F. Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The discount rate was selected based on a projection of employer and employee contributions, benefit payments, expenses, and long term expected rate of return on trust assets. Under Chapter 32 of the Massachusetts general law, employers are required to make the necessary contributions to the trust such that the plan reaches a full funding status by 2040.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

G. Sensitivity of the net pension liability to changes on the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Seekonk share of the net pension liability	\$ 29,745,098	\$ 22,748,741	\$ 16,860,265

Detailed information about the pension plan's fiduciary net pension is available in a separately issued Bristol County Contributory retirement system financial report.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2016, 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 fifteen (14) years for two sites and twenty four (23) years for the third site. The estimated liability has been recorded in the Statement of Net Position, Governmental Activities. The \$393,680 reported as landfill post-closure liability at June 30, 2016 is based on what it would cost to perform all post-closure care at June 30, 2016. 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, 2016, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2016.

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2016, the following GASB pronouncements were implemented:

The GASB issued **Statement #72. Fair Value Measurement and Application**, which is required to be implemented in 2016. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

The GASB issued **Statement #76**, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is required to be implemented in 2016. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #79**, *Tax Abatement Disclosures* which is required to be implemented in 2015. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

Future GASB Pronouncements:

The GASB issued **Statement #73**, *Accounting and Financial Reporting for Pension and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*. The provisions of this Statement are effective for 2016 – except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statements 68, which are effective for 2017. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #74**, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in 2017. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #75**, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in 2018. Management's current assessment is that this pronouncement will have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #77**, *Tax Abatement Disclosures* which is required to be implemented in 2017. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #78**, *Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which is required to be implemented in 2017. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #80**, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*, which is required to be implemented in 2017. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #81**, *Irrevocable Split-Interest Agreements*, which is required to be implemented in 2018. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #82**, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, which is required to be implemented in 2017. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

**TOWN OF SEEKONK, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
BRISTOL COUNTY CONTRIBUTORY RETIREMENT SYSTEM
JUNE 30, 2016**

The following schedules are presented in accordance with GASB Statement No. 27:

Schedules 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]
1/1/2016	\$ 596,531,897	\$ 908,025,085	\$ 311,493,188	65.7%	\$152,406,793	204.4%
1/1/2014	\$ 562,448,845	\$ 840,301,708	\$ 277,852,863	66.9%	\$141,877,055	195.8%
1/1/2012	\$ 460,572,977	\$ 776,734,414	\$ 316,161,437	59.3%	\$133,231,288	237.3%
1/1/2010	\$ 447,114,412	\$ 690,292,202	\$ 243,177,790	64.8%	\$136,443,244	178.2%
1/1/2009	\$ 396,683,194	\$ 697,604,462	\$ 300,921,268	56.9%	\$158,880,971	189.4%
1/1/2007	\$ 390,706,411	\$ 593,767,462	\$ 203,061,051	65.8%	\$146,988,086	138.1%
1/1/2005	\$ 334,319,614	\$ 535,755,874	\$ 201,436,260	62.4%	\$134,953,427	149.3%
1/1/2003	\$ 291,903,656	\$ 440,692,634	\$ 148,788,978	66.2%	\$122,142,724	121.8%
1/1/2001	\$ 275,463,114	\$ 373,562,277	\$ 98,099,163	73.7%	\$121,345,005	80.8%
1/1/1999	\$ 226,836,196	\$ 311,255,734	\$ 84,419,538	72.9%	\$ 95,169,522	88.7%
1/1/1998	\$ 185,852,667	\$ 281,492,555	\$ 95,639,888	66.0%	\$ 90,608,158	105.6%

Schedule of Employer Contributions

Fiscal Year Ended June 30	System Wide			Town of Seekonk	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) Town's Percentage of System Wide Actual Contributions
2016	\$ 34,411,381	\$ 34,411,381	100%	\$ 2,248,231	6.53%
2015	\$ 31,333,466	\$ 31,333,466	100%	\$ 2,119,049	6.76%
2014	\$ 31,070,816	\$ 31,070,816	100%	\$ 2,040,507	6.57%
2013	\$ 28,068,782	\$ 28,068,782	100%	\$ 2,073,517	7.39%
2012	\$ 27,049,058	\$ 27,049,058	100%	\$ 2,001,555	7.40%
2011	\$ 26,077,309	\$ 26,077,309	100%	\$ 1,803,196	6.91%
2010	\$ 29,154,746	\$ 29,154,746	100%	\$ 1,773,321	6.08%
2009	\$ 28,673,087	\$ 28,673,087	100%	\$ 1,581,257	5.51%
2008	\$ 27,438,341	\$ 27,438,341	100%	\$ 1,519,606	5.54%
2007	\$ 24,290,432	\$ 24,290,432	100%	\$ 1,373,527	5.65%
2006	\$ 20,940,103	\$ 20,940,103	100%	\$ 1,054,023	5.03%

**TOWN OF SEEKONK, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
BRISTOL COUNTY CONTRIBUTORY RETIREMENT SYSTEM
JUNE 30, 2016**

The following schedules are presented in accordance with GASB Statement No. 68

Schedule of the Town's Proportionate Share of the Net Pension Liability

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Town's proportion of the net pension liability	6.762%	6.846%
Town's proportionate share of the net pension liability	\$ 22,748,741	\$ 19,559,219
Town's covered-employee payroll	\$ 10,264,919	\$ 9,712,251
Town's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	220.74%	201.39%
Plan fiduciary net position as a percentage of the total pension liability	62.95%	67.11%

Note: This schedule is intended to present information for 10 years. Until a 10 year trend is compiled by the (System), information is presented for those years for which the information is available.

See notes to Required Supplementary Information

**TOWN OF SEEKONK, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
BRISTOL COUNTY CONTRIBUTORY RETIREMENT SYSTEM
JUNE 30, 2016**

SCHEDULE OF TOWN'S CONTRIBUTION

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Actuarily determined contribution	\$ 2,248,231	\$ 2,159,815
Contribution in relation to the actuarilly determined contribution	<u>(2,248,231)</u>	<u>(2,159,815)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 10,264,919	\$ 9,712,251
Contribution as a percentage of covered - employee payroll	21.90%	21.82%

Note: This Town schedule is intended to present information for 10 years. Until a 10 year trend is compiled by the (System), information is presented for those years for which the information is available.

See notes to Required Supplementary Information

**TOWN OF SEEKONK, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
MASSACHUSETTS TEACHERS RETIREMENT SYSTEM
JUNE 30, 2016**

**SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY**

	Teacher's Pension Plan	
	<u>2016</u>	<u>2015</u>
Towns' proportion of the net pension liability (asset)	0%	0%
Commonwealth's proportion of the net pension liability (assets)	100%	100%
Commonwealth's proportionate share of the net pension liability associated with the district	\$ 45,553,944	\$ 36,170,859
Employer pension expense and revenue for Commonwealth support	\$ 3,694,830	\$ 2,512,963

**TOWN OF SEEKONK, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2016**

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

Schedules of Funding Progress and Employer Contributions

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%
6/30/2013	\$ 10,117	\$ 22,311,440	\$ 22,301,323	0.5%	\$ 22,794,104	97.8%
6/30/2015	\$ 688,374	\$ 24,511,624	\$ 23,823,250	2.8%	\$ 22,021,186	108.2%

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
2012	\$ 2,698,088	45.15%	\$ 1,479,982	\$ 7,436,556
2013	\$ 1,809,788	62.23%	\$ 683,605	\$ 8,120,161
2014	\$ 1,832,161	66.65%	\$ 611,105	\$ 8,731,266
2015	\$ 2,018,086	76.03%	\$ 483,842	\$ 9,215,108
2016	\$ 2,215,340	47.68%	\$ 1,159,066	\$ 10,374,174

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	June 30, 2015
Discount Rate	4.00%
Medical Trend	5.90% grading downward to 5.55% in Year 2019
Cost Method	Projected Unit Credit Actuarial Cost Method

**TOWN OF SEEKONK, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2016**

Amortization Method	Level dollar amount over 30 years at transition
Remaining Amortization Period	22
Mortality	RP-2014 mortality table with projected mortality

Plan Participants:

Current retirees, beneficiaries, and dependants	333
Current active members/participants	<u>287</u>
Total	<u><u>620</u></u>

**TOWN OF SEEKONK, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
BRISTOL COUNTY CONTRIBUTORY RETIREMENT SYSTEM
JUNE 30, 2016**

Pension Plan Schedules

A. Schedule of the Town's Proportionate Share of the Net Pension Liability

The Schedule of Town's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability; the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

B. Schedule of Town's Contribution

Governmental employees are required to pay an annual appropriation as established by PERAC. The total appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the System's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The total appropriations are payable on July 1, and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based in covered payroll.