

**TOWN OF SEEKONK, MASSACHUSETTS**

**REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Board of Selectmen  
Town of Seekonk, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Seekonk, Massachusetts, as of and for the year ended June 30, 2017, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund 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 - Town's proportionate share of the net pension liability, and Town's contribution, Massachusetts Teachers Retirement System's schedule of the Commonwealth's Collective amounts of the Net Pension Liability, other postemployment benefits - schedules of funding progress and employer contributions, actuarial methods and assumptions, and notes to the required supplementary information on pages 3 – 9, 62 –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 28, 2018, on our consideration of the Town of Seekonk, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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' internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "R. E. Brown + Company". The signature is written in a cursive, flowing style.

March 28, 2018

## 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, 2017. 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 \$19.847 million (*net position*).
- The unrestricted net position of the Town's business-type activities are \$63 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 \$155.6 thousand or .025% in fiscal 2017. Within this total, net assets, and deferred outflows of resources of governmental activities increased by \$167 thousand, a .024% increase from fiscal 2016. Net assets and deferred outflows of resources of business-type activities decreased by \$11.4 thousand or 2.5% from fiscal 2016.
- At June 30, 2017, the Town's governmental funds had combined ending fund balances of \$18.033 million. The combined governmental funds balances increased by \$3.198 million or 21.55% from the prior year's ending fund balance. A total of \$8.892 million is considered unassigned at June 30, 2017.
- The Town's general fund reported a total fund balance of \$13.084 million at the end of fiscal 2017. The unassigned fund balance for the general fund was \$8.949 million or 15.25% of total general fund expenditures and transfers. There was a \$1.202 million increase in the total general fund balance for the year.
- The total cost of all Town services for fiscal 2017 was \$60.561 million; \$59.532 million of which was for governmental activities, and \$1.029 million of which was for business-type activities.
- The Town's total bonded debt increased by \$1.785 million or 21.03% 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 \$19,846,680 at the close of fiscal year 2017. 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 \$30,841,163 or 155.40% 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 \$9,709,091 or 48.92%, are subject to external restrictions on how they may be used. The remaining negative balance of unrestricted net position totals (\$20,703,574).

The Town decreased its total liabilities by \$207,332 over fiscal year 2016, while total assets increased by \$491,182 or .08%. Total assets of the governmental activities increased by \$498,348, a .081% increase from fiscal 2016. Total assets of the business-type activities decreased by \$7,166 or 1.82% from fiscal 2016.



**Town of Seekonk - Financial Highlights**

|   | <b>Governmental<br/>Activities</b> |                      | <b>Business-type<br/>Activities</b> |                  | <b>Total<br/>Primary<br/>Government</b> |                      |
|---|------------------------------------|----------------------|-------------------------------------|------------------|---|----------------------|
|   | <b>FY 2017</b>                     | <b>FY 2016</b>       | <b>FY 2017</b>                      | <b>FY 2016</b>   | <b>FY 2017</b>                          | <b>FY 2016</b>       |
| <b>Assets:</b>  |                                    |                      |                                     |                  |   |                      |
| Current assets  | \$ 22,236,138                      | \$ 21,918,872        | \$ 314,578                          | \$ 341,860       | \$ 22,550,716                           | \$ 22,260,732        |
| Noncurrent assets (excluding capital)   | 154,570                            | 183,180              | -                                   | -                | 154,570                                 | 183,180              |
| Capital assets  | 42,765,759                         | 42,556,067           | 71,241                              | 51,125           | 42,837,000                              | 42,607,192           |
| <b>Total assets</b>   | <b>65,156,467</b>                  | <b>64,658,119</b>    | <b>385,819</b>                      | <b>392,985</b>   | <b>65,542,286</b>                       | <b>65,051,104</b>    |
| <b>Deferred Outflows of Resources:</b>  | <b>4,310,375</b>                   | <b>4,641,641</b>     | <b>55,004</b>                       | <b>59,231</b>    | <b>4,365,379</b>                        | <b>4,700,872</b>     |
| <b>Liabilities:</b>   |                                    |                      |                                     |                  |   |                      |
| Current liabilities (excluding debt)  | 3,243,332                          | 3,337,288            | 14,414                              | 91,743           | 3,257,746                               | 3,429,031            |
| Noncurrent liabilities (excluding debt)   | 33,891,883                         | 33,913,744           | 284,434                             | 286,634          | 34,176,317                              | 34,200,378           |
| Current debt  | 1,721,396                          | 4,127,617            | -                                   | -                | 1,721,396                               | 4,127,617            |
| Noncurrent debt   | 10,274,441                         | 7,880,206            | -                                   | -                | 10,274,441                              | 7,880,206            |
| <b>Total liabilities</b>  | <b>49,131,052</b>                  | <b>49,258,855</b>    | <b>298,848</b>                      | <b>378,377</b>   | <b>49,429,900</b>                       | <b>49,637,232</b>    |
| <b>Deferred Inflows of Resources:</b>   | <b>623,133</b>                     | <b>1,006,880</b>     | <b>7,952</b>                        | <b>12,849</b>    | <b>631,085</b>                          | <b>1,019,729</b>     |
| <b>Net Position:</b>  |                                    |                      |                                     |                  |   |                      |
| Net investment in capital assets  | 30,769,922                         | 33,307,889           | 71,241                              | 51,125           | 30,841,163                              | 33,359,014           |
| Restricted  | 9,709,091                          | 6,835,602            | -                                   | -                | 9,709,091                               | 6,835,602            |
| Unrestricted  | (20,766,356)                       | (21,109,466)         | 62,782                              | 9,865            | (20,703,574)                            | (21,099,601)         |
| <b>Total net position</b>   | <b>\$ 19,712,657</b>               | <b>\$ 19,034,025</b> | <b>\$ 134,023</b>                   | <b>\$ 60,990</b> | <b>\$ 19,846,680</b>                    | <b>\$ 19,095,015</b> |
| <b>Revenues</b>   |                                    |                      |                                     |                  |   |                      |
| <i>Program Revenues:</i>  |                                    |                      |                                     |                  |   |                      |
| Charges for services  | \$ 3,185,020                       | \$ 2,637,471         | \$ 1,245,704                        | \$ 1,150,309     | \$ 4,430,724                            | \$ 3,787,780         |
| Operating grants and contributions  | 12,430,176                         | 11,232,447           | -                                   | -                | 12,430,176                              | 11,232,447           |
| Capital grants and contributions  | 433,425                            | 333,181              | -                                   | -                | 433,425                                 | 333,181              |
| <i>General Revenues:</i>  |                                    |                      |                                     |                  |   |                      |
| Real Estate and personal property taxes   | 37,671,349                         | 36,090,244           | -                                   | -                | 37,671,349                              | 36,090,244           |
| Tax Liens   | 240,737                            | 312,297              | -                                   | -                | 240,737                                 | 312,297              |
| Motor vehicle and other excise taxes  | 2,775,139                          | 2,751,745            | -                                   | -                | 2,775,139                               | 2,751,745            |
| Hotel/Motel Tax   | 1,347,751                          | 1,283,881            | -                                   | -                | 1,347,751                               | 1,283,881            |
| Penalties and Interest on Taxes   | 151,233                            | 173,671              | -                                   | -                | 151,233                                 | 173,671              |
| Nonrestricted grants and contributions  | 1,680,252                          | 1,587,849            | -                                   | -                | 1,680,252                               | 1,587,849            |
| Unrestricted investment income  | 104,952                            | 232,094              | -                                   | -                | 104,952                                 | 232,094              |
| Other revenues  | 38,244                             | 25,610               | -                                   | -                | 38,244                                  | 25,610               |
| <b>Total Revenues</b>   | <b>60,058,278</b>                  | <b>56,660,490</b>    | <b>1,245,704</b>                    | <b>1,150,309</b> | <b>61,303,982</b>                       | <b>57,810,799</b>    |
| <b>Expenses:</b>  |                                    |                      |                                     |                  |   |                      |
| General Government  | 2,893,644                          | 3,473,426            | -                                   | -                | 2,893,644                               | 3,473,426            |
| Public Safety   | 8,267,487                          | 7,560,837            | -                                   | -                | 8,267,487                               | 7,560,837            |
| Education   | 29,352,718                         | 28,468,253           | -                                   | -                | 29,352,718                              | 28,468,253           |
| Public Works  | 1,719,639                          | 1,731,900            | -                                   | -                | 1,719,639                               | 1,731,900            |
| Human Services  | 794,448                            | 730,027              | -                                   | -                | 794,448                                 | 730,027              |
| Conservation  | 190,443                            | 48,883               | -                                   | -                | 190,443                                 | 48,883               |
| Culture and Recreation  | 964,894                            | 1,233,348            | -                                   | -                | 964,894                                 | 1,233,348            |
| Employee Benefits   | 14,679,799                         | 12,767,954           | -                                   | -                | 14,679,799                              | 12,767,954           |
| State and County Assessments  | 454,771                            | 447,015              | -                                   | -                | 454,771                                 | 447,015              |
| Interest  | 214,583                            | 231,662              | -                                   | -                | 214,583                                 | 231,662              |
| Sanitation  | -                                  | -                    | 1,029,291                           | 1,113,335        | 1,029,291                               | 1,113,335            |
| <b>Total Expenses</b>   | <b>59,532,426</b>                  | <b>56,693,305</b>    | <b>1,029,291</b>                    | <b>1,113,335</b> | <b>60,561,717</b>                       | <b>57,806,640</b>    |
| <b>Increase (decrease) in Net Position before Contributions to Permanent Endowments and Transfers</b> | <b>525,852</b>                     | <b>(32,815)</b>      | <b>216,413</b>                      | <b>36,974</b>    | <b>742,265</b>                          | <b>4,159</b>         |
| <b>Contributions to permanent endowments</b>  | <b>9,400</b>                       | <b>9,300</b>         | <b>-</b>                            | <b>-</b>         | <b>9,400</b>                            | <b>9,300</b>         |
| <b>Transfers</b>  | <b>143,380</b>                     | <b>142,403</b>       | <b>(143,380)</b>                    | <b>(142,403)</b> | <b>-</b>                                | <b>-</b>             |
| <b>Change in Net Position</b>   | <b>678,632</b>                     | <b>118,888</b>       | <b>73,033</b>                       | <b>(105,429)</b> | <b>751,665</b>                          | <b>13,459</b>        |
| <b>Net Position - beginning</b>   | <b>19,034,025</b>                  | <b>18,915,137</b>    | <b>60,990</b>                       | <b>166,419</b>   | <b>19,095,015</b>                       | <b>19,081,556</b>    |
| <b>Net Position - ending</b>  | <b>\$ 19,712,657</b>               | <b>\$ 19,034,025</b> | <b>\$ 134,023</b>                   | <b>\$ 60,990</b> | <b>\$ 19,846,680</b>                    | <b>\$ 19,095,015</b> |

### ***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, 2017, unassigned fund balance of the general fund was \$8,949,365 while the total fund balance was \$13,083,749. 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 15.87% of total general fund expenditures, while total fund balance represents 23.20% of the same amount.

General fund revenues increased by \$3,240,510 and the fund balance of the general fund increased by \$1,202,233. 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 \$5,907,693, which represents 10.48% of general fund expenditures.

### ***General Fund Budget Highlights***

There was a \$357,558 increase between the original and final budget of the Town approved Town Meetings. The Town budgeted \$48,706,713 million in revenues and \$51,061,071 million in expenses, drawing on the fund balance of \$2,354,385 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, 2017, amounts to \$42,837,000. The investment in capital assets includes land, buildings, capital improvements (other than buildings), machinery and equipment, vehicles, infrastructure, and construction in progress.

| <b>Capital Assets (Net of Depreciation)</b> |                                    |                      |                                     |                  |   |                      |
|---|------------------------------------|----------------------|-------------------------------------|------------------|---|----------------------|
|   | <b>Governmental<br/>Activities</b> |                      | <b>Business-type<br/>Activities</b> |                  | <b>Total<br/>Primary<br/>Government</b> |                      |
|   | <b>FY 2017</b>                     | <b>FY 2016</b>       | <b>FY 2017</b>                      | <b>FY 2016</b>   | <b>FY 2017</b>                          | <b>FY 2016</b>       |
| Land  | \$ 5,344,354                       | \$ 5,044,354         | \$ -                                | \$ -             | \$ 5,344,354                            | \$ 5,044,354         |
| Buildings                                   | 27,856,958                         | 26,706,711           | -                                   | -                | 27,856,958                              | 26,706,711           |
| Capital Improvements (other than buildings) | 1,093,914                          | 1,141,184            | -                                   | -                | 1,093,914                               | 1,141,184            |
| Machinery and Equipment                     | 1,085,950                          | 545,066              | 22,275                              | 37,125           | 1,108,225                               | 582,191              |
| Vehicles                                    | 2,620,967                          | 1,201,009            | 48,966                              | 14,000           | 2,669,933                               | 1,215,009            |
| Infrastructure                              | 4,745,366                          | 4,611,000            | -                                   | -                | 4,745,366                               | 4,611,000            |
| Construction in Progress                    | 18,250                             | 3,306,743            | -                                   | -                | 18,250                                  | 3,306,743            |
| <b>Total Capital Assets</b>                 | <b>\$ 42,765,759</b>               | <b>\$ 42,556,067</b> | <b>\$ 71,241</b>                    | <b>\$ 51,125</b> | <b>\$ 42,837,000</b>                    | <b>\$ 42,607,192</b> |

The governmental activities capital assets had additions of \$2,738,915 during the current fiscal year. Total depreciation expense was \$2,529,223 resulting in a net increase to capital assets of \$209,692.

**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, 2017, totaled \$10,272,739. Total debt consists of the following:

| <b>Outstanding Debt at Year End</b>  |                                      |                                      |
|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>Governmental Activities</b>       | <b>Outstanding<br/>June 30, 2017</b> | <b>Outstanding<br/>June 30, 2016</b> |
| School Construction                  | \$ 2,391,000                         | \$ 2,899,000                         |
| Senior Center                        | 2,879,192                            | -                                    |
| Bana Station                         | 1,200,000                            | 1,305,000                            |
| MWPAT Septic loan                    | 88,909                               | 109,821                              |
| Police & Fire Facility               | 2,660,000                            | 3,020,000                            |
| Landfill                             | 1,053,638                            | 1,153,612                            |
| <b>Total Governmental Activities</b> | <b>10,272,739</b>                    | <b>\$ 8,487,433</b>                  |
| <b>Business-type Activities</b>      | <b>Outstanding<br/>June 30, 2017</b> | <b>Outstanding<br/>June 30, 2016</b> |
| 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 2018 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, 2017**

|   | <b>PRIMARY GOVERNMENT</b>          |                                     |               |
|---|------------------------------------|-------------------------------------|---------------|
|   | <b>GOVERNMENTAL<br/>ACTIVITIES</b> | <b>BUSINESS-TYPE<br/>ACTIVITIES</b> | <b>TOTAL</b>  |
| <b><u>ASSETS</u></b>                              |                                    |                                     |               |
| CURRENT:  |                                    |                                     |               |
| CASH AND SHORT-TERM INVESTMENTS                   | \$ 13,807,649                      | \$ 232,654                          | \$ 14,040,303 |
| INVESTMENTS                                       | 6,207,635                          | -                                   | 6,207,635     |
| RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES: |                                    |                                     |               |
| REAL ESTATE AND PERSONAL PROPERTY TAXES           | 495,275                            | -                                   | 495,275       |
| TAX LIENS   | 501,208                            | -                                   | 501,208       |
| MOTOR VEHICLE EXCISE TAXES                        | 217,000                            | -                                   | 217,000       |
| USER FEES   | 22,851                             | 81,924                              | 104,775       |
| DEPARTMENTAL AND OTHER                            | 446,783                            | -                                   | 446,783       |
| INTERGOVERNMENTAL                                 | 513,471                            | -                                   | 513,471       |
| SPECIAL ASSESSMENTS                               | 24,266                             | -                                   | 24,266        |
| NONCURRENT:                                       |                                    |                                     |               |
| RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES: |                                    |                                     |               |
| SPECIAL ASSESSMENTS                               | 154,570                            | -                                   | 154,570       |
| CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION   | 42,765,759                         | 71,241                              | 42,837,000    |
| TOTAL ASSETS                                      | 65,156,467                         | 385,819                             | 65,542,286    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>             |                                    |                                     |               |
| RELATED TO PENSIONS                               | 4,310,375                          | 55,004                              | 4,365,379     |
| <b><u>LIABILITIES</u></b>                         |                                    |                                     |               |
| CURRENT:  |                                    |                                     |               |
| ACCOUNTS PAYABLE                                  | 2,700,577                          | 14,414                              | 2,714,991     |
| ACCRUED INTEREST                                  | 73,432                             | -                                   | 73,432        |
| LANDFILL POSTCLOSURE CARE COSTS                   | 22,600                             | -                                   | 22,600        |
| COMPENSATED ABSENCES                              | 446,723                            | -                                   | 446,723       |
| CAPITAL LEASES PAYABLE                            | 521,844                            | -                                   | 521,844       |
| BONDS AND NOTES PAYABLE                           | 1,199,552                          | -                                   | 1,199,552     |
| NONCURRENT:                                       |                                    |                                     |               |
| LANDFILL POSTCLOSURE CARE COSTS                   | 348,600                            | -                                   | 348,600       |
| COMPENSATED ABSENCES                              | 602,261                            | -                                   | 602,261       |
| POSTEMPLOYMENT BENEFITS                           | 10,651,355                         | -                                   | 10,651,355    |
| NET PENSION LIABILITY                             | 22,289,667                         | 284,434                             | 22,574,101    |
| CAPITAL LEASES PAYABLE                            | 1,201,254                          | -                                   | 1,201,254     |
| BONDS AND NOTES PAYABLE                           | 9,073,187                          | -                                   | 9,073,187     |
| TOTAL LIABILITIES                                 | 49,131,052                         | 298,848                             | 49,429,900    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>              |                                    |                                     |               |
| RELATED TO PENSIONS                               | 623,133                            | 7,952                               | 631,085       |
| <b><u>NET POSITION</u></b>                        |                                    |                                     |               |
| NET INVESTMENT IN CAPITAL ASSETS                  | 30,769,922                         | 71,241                              | 30,841,163    |
| RESTRICTED FOR:                                   |                                    |                                     |               |
| PERMANENT FUNDS:                                  |                                    |                                     |               |
| EXPENDABLE  | 20,141                             | -                                   | 20,141        |
| NONEXPENDABLE                                     | 304,453                            | -                                   | 304,453       |
| OTHER PURPOSES                                    | 9,384,497                          | -                                   | 9,384,497     |
| UNRESTRICTED                                      | (20,766,356)                       | 62,782                              | (20,703,574)  |
| TOTAL NET POSITION                                | \$ 19,712,657                      | \$ 134,023                          | \$ 19,846,680 |

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2017**

| FUNCTIONS/PROGRAMS            | EXPENSES      | PROGRAM REVENUES        |  |  | NET (EXPENSE)<br>REVENUE |
|-------------------------------|---------------|-------------------------|--|--|--------------------------|
|                               |               | CHARGES FOR<br>SERVICES | OPERATING<br>GRANTS AND<br>CONTRIBUTIONS | CAPITAL<br>GRANTS AND<br>CONTRIBUTIONS |                          |
| PRIMARY GOVERNMENT:           |               |                         |  |  |                          |
| GOVERNMENTAL ACTIVITIES:      |               |                         |  |  |                          |
| GENERAL GOVERNMENT            | \$ 2,893,644  | \$ 200,796              | \$ 4,056                                 | \$ -                                   | \$ (2,688,792)           |
| PUBLIC SAFETY                 | 8,267,487     | 1,760,627               | 166,758                                  | -                                      | (6,340,102)              |
| EDUCATION                     | 29,352,718    | 666,527                 | 6,897,533                                | -                                      | (21,788,658)             |
| PUBLIC WORKS                  | 1,719,639     | 47,758                  | 1,757                                    | 433,425                                | (1,236,699)              |
| HUMAN SERVICES                | 794,448       | 376,205                 | 175,863                                  | -                                      | (242,380)                |
| CONSERVATION                  | 190,443       | 39,513                  | 112                                      | -                                      | (150,818)                |
| CULTURE & RECREATION          | 964,894       | 93,594                  | 38,739                                   | -                                      | (832,561)                |
| EMPLOYEE BENEFITS             | 14,679,799    | -                       | 5,145,358                                | -                                      | (9,534,441)              |
| STATE & COUNTY ASSESSMENTS    | 454,771       | -                       | -  | -                                      | (454,771)                |
| INTEREST                      | 214,583       | -                       | -  | -                                      | (214,583)                |
| TOTAL GOVERNMENTAL ACTIVITIES | 59,532,426    | 3,185,020               | 12,430,176                               | 433,425                                | (43,483,805)             |
| BUSINESS-TYPE ACTIVITIES:     |               |                         |  |  |                          |
| NON-MAJOR                     | 1,029,291     | 1,245,704               | -  | -                                      | 216,413                  |
| TOTAL PRIMARY GOVERNMENT      | \$ 60,561,717 | \$ 4,430,724            | \$ 12,430,176                            | \$ 433,425                             | \$ (43,267,392)          |

See accompanying notes to the basic financial statements

(continued)

**TOWN OF SEEKONK, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2017**

|  | PRIMARY GOVERNMENT         |                             |                 |
|--|----------------------------|-----------------------------|-----------------|
|  | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL           |
| <b>CHANGES IN NET POSITION:</b>          |                            |                             |                 |
| NET (EXPENSE) REVENUE FROM PREVIOUS PAGE | \$ (43,483,805)            | \$ 216,413                  | \$ (43,267,392) |
| GENERAL REVENUES:                        |                            |                             |                 |
| REAL ESTATE AND PERSONAL PROPERTY TAXES, |                            |                             |                 |
| NET OF TAX REFUNDS PAYABLE               | 37,671,349                 | -                           | 37,671,349      |
| TAX LIENS                                | 240,737                    | -                           | 240,737         |
| MOTOR VEHICLE AND OTHER EXCISE TAXES     | 2,775,139                  | -                           | 2,775,139       |
| HOTEL/MOTEL AND MEALS TAX                | 1,347,751                  | -                           | 1,347,751       |
| PENALTIES AND INTEREST ON TAXES          | 151,233                    | -                           | 151,233         |
| GRANTS AND CONTRIBUTIONS NOT RESTRICTED  |                            |                             |                 |
| TO SPECIFIC PROGRAMS                     | 1,680,252                  | -                           | 1,680,252       |
| UNRESTRICTED INVESTMENT INCOME           | 104,952                    | -                           | 104,952         |
| MISCELLANEOUS                            | 38,244                     | -                           | 38,244          |
| CONTRIBUTIONS TO PERMANENT FUNDS         | 9,400                      | -                           | 9,400           |
| TRANSFERS, NET                           | 143,380                    | (143,380)                   | -               |
| TOTAL GENERAL REVENUES AND TRANSFERS     | 44,162,437                 | (143,380)                   | 44,019,057      |
| CHANGE IN NET POSITION                   | 678,632                    | 73,033                      | 751,665         |
| <b>NET POSITION:</b>                     |                            |                             |                 |
| <b>BEGINNING OF YEAR</b>                 | 19,034,025                 | 60,990                      | 19,095,015      |
| <b>END OF YEAR</b>                       | \$ 19,712,657              | \$ 134,023                  | \$ 19,846,680   |

(concluded)

**TOWN OF SEEKONK, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2017**

| <b><u>ASSETS</u></b>   | <b><u>GENERAL</u></b> | <b><u>SENIOR<br/>CENTER</u></b> | <b><u>NONMAJOR<br/>GOVERNMENTAL<br/>FUNDS</u></b> | <b><u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u></b> |
|--|-----------------------|---------------------------------|---|--|
| CASH AND SHORT-TERM INVESTMENTS  | \$ 10,793,074         | \$ 10,038                       | \$ 3,004,537                                      | \$ 13,807,649                                  |
| INVESTMENTS  | 4,750,136             | -                               | 1,457,499   | 6,207,635                                      |
| RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:                              |                       |                                 |   |  |
| REAL ESTATE AND PERSONAL PROPERTY TAXES  | 495,275               | -                               | -   | 495,275  |
| TAX LIENS  | 501,208               | -                               | -   | 501,208  |
| MOTOR VEHICLE EXCISE TAXES   | 217,000               | -                               | -   | 217,000  |
| USER FEES  | 22,851                | -                               | -   | 22,851   |
| DEPARTMENTAL AND OTHER   | 190                   | -                               | 446,593   | 446,783  |
| INTERGOVERNMENTAL  | -                     | -                               | 513,471   | 513,471  |
| SPECIAL ASSESSMENTS  | -                     | -                               | 178,836   | 178,836  |
| <b>TOTAL ASSETS</b>  | <b>\$ 16,779,734</b>  | <b>\$ 10,038</b>                | <b>\$ 5,600,936</b>                               | <b>\$ 22,390,708</b>                           |
| <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES<br/>AND FUND BALANCES</u></b> |                       |                                 |   |  |
| LIABILITIES:   |                       |                                 |   |  |
| ACCOUNTS PAYABLE   | \$ 2,664,310          | \$ -                            | \$ 36,267   | \$ 2,700,577                                   |
| DEFERRED INFLOWS OF RESOURCES:   |                       |                                 |   |  |
| UNAVAILABLE REVENUE  | 1,031,675             | -                               | 625,536   | 1,657,211                                      |
| FUND BALANCES:   |                       |                                 |   |  |
| NONSPENDABLE   | -                     | -                               | 304,453   | 304,453  |
| RESTRICTED   | -                     | -                               | 4,702,538   | 4,702,538                                      |
| COMMITTED  | 1,218,762             | -                               | -   | 1,218,762                                      |
| ASSIGNED   | 2,915,622             | -                               | -   | 2,915,622                                      |
| UNASSIGNED   | 8,949,365             | 10,038                          | (67,858)  | 8,891,545                                      |
| <b>TOTAL FUND BALANCES</b>   | <b>13,083,749</b>     | <b>10,038</b>                   | <b>4,939,133</b>                                  | <b>18,032,920</b>                              |
| <b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES<br/>AND FUND BALANCES</b>   | <b>\$ 16,779,734</b>  | <b>\$ 10,038</b>                | <b>\$ 5,600,936</b>                               | <b>\$ 22,390,708</b>                           |

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, 2017**

|  | GENERAL       | SENIOR<br>CENTER | NONMAJOR<br>GOVERNMENTAL<br>FUNDS | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|--|---------------|------------------|-----------------------------------|--------------------------------|
| <b>REVENUES:</b>   |               |                  |                                   |                                |
| REAL ESTATE AND PERSONAL PROPERTY TAXES,<br>NET OF TAX REFUNDS | \$ 37,969,091 | \$ -             | \$ -                              | \$ 37,969,091                  |
| MOTOR VEHICLE AND OTHER EXCISE TAXES                           | 2,766,414     | -                | -                                 | 2,766,414                      |
| INTERGOVERNMENTAL  | 11,619,538    | -                | 2,307,304                         | 13,926,842                     |
| HOTEL/MOTEL AND MEALS TAX                                      | 1,347,751     | -                | -                                 | 1,347,751                      |
| PENALTIES & INTEREST ON TAXES                                  | 151,233       | -                | -                                 | 151,233                        |
| CHARGES FOR SERVICES   | -             | -                | 2,005,838                         | 2,005,838                      |
| INVESTMENT INCOME  | 87,209        | -                | 12,808                            | 100,017                        |
| CONTRIBUTIONS & DONATIONS                                      | -             | -                | 72,728                            | 72,728                         |
| DEPARTMENTAL AND OTHER   | 1,309,045     | -                | 394,262                           | 1,703,307                      |
| TOTAL REVENUES   | 55,250,281    | -                | 4,792,940                         | 60,043,221                     |
| <b>EXPENDITURES:</b>   |               |                  |                                   |                                |
| CURRENT:   |               |                  |                                   |                                |
| GENERAL GOVERNMENT   | 3,018,158     | -                | 417,118                           | 3,435,276                      |
| PUBLIC SAFETY  | 8,804,071     | -                | 522,013                           | 9,326,084                      |
| EDUCATION  | 25,645,361    | -                | 2,246,358                         | 27,891,719                     |
| PUBLIC WORKS   | 1,900,335     | -                | 512,005                           | 2,412,340                      |
| HUMAN SERVICES   | 531,573       | 8,002            | 228,151                           | 767,726                        |
| CONSERVATION   | 56,994        | -                | 133,449                           | 190,443                        |
| CULTURE & RECREATION   | 922,934       | -                | 78,205                            | 1,001,139                      |
| EMPLOYEE BENEFITS  | 13,746,444    | -                | 911,924                           | 14,658,368                     |
| STATE & COUNTY ASSESSMENTS                                     | 454,771       | -                | -                                 | 454,771                        |
| DEBT SERVICE   |               |                  |                                   |                                |
| PRINCIPAL  | 1,088,886     | -                | -                                 | 1,088,886                      |
| INTEREST   | 216,456       | -                | 4,306                             | 220,762                        |
| TOTAL EXPENDITURES   | 56,385,983    | 8,002            | 5,053,529                         | 61,447,514                     |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES              | (1,135,702)   | (8,002)          | (260,589)                         | (1,404,293)                    |
| <b>OTHER FINANCING SOURCES (USES)</b>                          |               |                  |                                   |                                |
| PROCEEDS FROM CAPITAL LEASES                                   | 1,571,635     | -                | -                                 | 1,571,635                      |
| PROCEEDS FROM BONDS AND NOTES                                  | 2,660,000     | 2,879,192        | -                                 | 5,539,192                      |
| PROCEEDS FROM BOND PREMIUM, NET OF COSTS                       | 31,650        | -                | 7,699                             | 39,349                         |
| PAYMENTS TO REFUNDED BOND ESCROW AGENT                         | (2,691,650)   | -                | -                                 | (2,691,650)                    |
| OPERATING TRANSFERS IN   | 766,300       | -                | -                                 | 766,300                        |
| OPERATING TRANSFERS OUT  | -             | -                | (622,920)                         | (622,920)                      |
| TOTAL OTHER FINANCING SOURCES (USES)                           | 2,337,935     | 2,879,192        | (615,221)                         | 4,601,906                      |
| NET CHANGE IN FUND BALANCES                                    | 1,202,233     | 2,871,190        | (875,810)                         | 3,197,613                      |
| FUND BALANCES AT BEGINNING OF YEAR                             | 11,881,516    | (2,861,152)      | 5,814,943                         | 14,835,307                     |
| FUND BALANCES AT END OF YEAR                                   | \$ 13,083,749 | \$ 10,038        | \$ 4,939,133                      | \$ 18,032,920                  |

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, 2017**

|  |                  |                             |
|--|------------------|-----------------------------|
| <b>TOTAL GOVERNMENTAL FUND BALANCES</b>  |                  | \$ 18,032,920               |
| CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES<br>AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS                      |                  | 42,765,759                  |
| ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD<br>EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS                              |                  | 1,657,211                   |
| IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT,<br>WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE |                  | (73,432)                    |
| LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE,<br>ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS                      |                  |                             |
| BONDS AND NOTES PAYABLE  | (10,272,739)     |                             |
| NET PENSION LIABILITY  | (22,289,667)     |                             |
| DEFERRED IN'FLOWS OF RESOURCES   | (623,133)        |                             |
| DEFERRED OUTFLOWS OF RESOURCES   | 4,310,375        |                             |
| CAPITAL LEASES PAYABLE   | (1,723,098)      |                             |
| COMPENSATED ABSENCES   | (1,048,984)      |                             |
| POSTEMPLOYMENT BENEFITS  | (10,651,355)     |                             |
| LANDFILL POSTCLOSURE CARE COSTS  | <u>(371,200)</u> |                             |
| NET EFFECT OF REPORTING LONG-TERM LIABILITIES  |                  | <u>(42,669,801)</u>         |
| <b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>   |                  | <u><u>\$ 19,712,657</u></u> |

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2017**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** **\$ 3,197,613**

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                         | 2,738,915          |         |
| DEPRECIATION EXPENSE                   | <u>(2,529,223)</u> |         |
| NET EFFECT OF REPORTING CAPITAL ASSETS |                    | 209,692 |

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

16,758

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           | (1,571,635)    |             |
| PROCEEDS FROM BONDS AND NOTES          | (2,879,192)    |             |
| DEFERRED AMOUNT ON REFUNDING           | 5,000          |             |
| DEBT SERVICE PRINCIPAL PAYMENTS        | 1,088,886      |             |
| CAPITAL LEASE PRINCIPAL PAYMENTS       | <u>609,282</u> |             |
| NET EFFECT OF REPORTING LONG-TERM DEBT |                | (2,747,659) |

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       | 30,829       |              |
| NET CHANGE IN POSTEMPLOYMENT BENEFITS ACCRUAL    | (277,181)    |              |
| NET CHANGE IN DEFERRED OUTFLOWS OF RESOURCES     | (331,266)    |              |
| NET CHANGE IN DEFERRED INFLOWS OF RESOURCES      | 383,747      |              |
| NET CHANGE IN NET PENSION LIABILITY              | 172,440      |              |
| NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL  | 22,480       |              |
| NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT | <u>1,179</u> |              |
| NET EFFECT OF RECORDING LONG-TERM LIABILITIES    |              | <u>2,228</u> |

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 678,632**

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, 2017**

|  | BUDGETED AMOUNTS |               | ACTUAL        |              |
|--|------------------|---------------|---------------|--------------|
|  | ORIGINAL         | FINAL         | BUDGETARY     | VARIANCE     |
|  | BUDGET           | BUDGET        | AMOUNTS       | OVER(UNDER)  |
| REVENUES:  |                  |               |               |              |
| REAL ESTATE AND PERSONAL PROPERTY TAXES,<br>NET OF TAX REFUNDS | \$ 37,474,174    | \$ 37,474,174 | \$ 37,969,091 | \$ 494,917   |
| MOTOR VEHICLE AND OTHER EXCISE TAXES                           | 2,392,000        | 2,392,000     | 2,766,414     | 374,414      |
| PENALTIES & INTEREST ON TAXES                                  | 150,000          | 150,000       | 151,233       | 1,233        |
| INTERGOVERNMENTAL  | 6,488,039        | 6,488,039     | 6,474,584     | (13,455)     |
| HOTEL/MOTEL AND MEALS TAX                                      | 1,250,000        | 1,250,000     | 1,347,751     | 97,751       |
| INVESTMENT INCOME  | 20,000           | 20,000        | 24,496        | 4,496        |
| DEPARTMENTAL AND OTHER   | 932,500          | 932,500       | 1,309,045     | 376,545      |
| TOTAL REVENUES   | 48,706,713       | 48,706,713    | 50,042,614    | 1,335,901    |
| EXPENDITURES:  |                  |               |               |              |
| CURRENT:   |                  |               |               |              |
| GENERAL GOVERNMENT   | 2,927,155        | 2,927,155     | 2,826,776     | 100,379      |
| PUBLIC SAFETY  | 7,792,718        | 7,888,734     | 7,508,317     | 380,417      |
| EDUCATION  | 26,267,711       | 26,412,711    | 26,397,305    | 15,406       |
| PUBLIC WORKS   | 1,309,082        | 1,420,373     | 1,338,199     | 82,174       |
| HUMAN SERVICES   | 713,607          | 709,606       | 529,692       | 179,914      |
| CONSERVATION   | 48,491           | 56,994        | 56,994        | -            |
| CULTURE & RECREATION   | 979,314          | 980,063       | 926,541       | 53,522       |
| EMPLOYEE BENEFITS  | 8,900,126        | 8,900,126     | 8,606,527     | 293,599      |
| STATE & COUNTY ASSESSMENTS                                     | 452,397          | 452,397       | 454,771       | (2,374)      |
| DEBT SERVICE:  |                  |               |               |              |
| PRINCIPAL  | 1,088,886        | 1,088,886     | 1,088,886     | -            |
| INTEREST   | 224,026          | 224,026       | 211,419       | 12,607       |
| TOTAL EXPENDITURES   | 50,703,513       | 51,061,071    | 49,945,427    | 1,115,644    |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES              | (1,996,800)      | (2,354,358)   | 97,187        | 2,451,545    |
| OTHER FINANCING SOURCES (USES):                                |                  |               |               |              |
| OPERATING TRANSFERS IN   | 765,800          | 765,800       | 766,300       | 500          |
| NET CHANGE IN FUND BALANCE                                     | (1,231,000)      | (1,588,558)   | 863,487       | 2,452,045    |
| BUDGETARY FUND BALANCE, BEGINNING OF YEAR                      | 5,784,176        | 5,784,176     | 5,784,176     | -            |
| BUDGETARY FUND BALANCE, END OF YEAR                            | \$ 4,553,176     | \$ 4,195,618  | \$ 6,647,663  | \$ 2,452,045 |

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS  
PROPRIETARY FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

|   | <b>BUSINESS-TYPE<br/>ACTIVITIES<br/>NON MAJOR<br/>ENTERPRISE<br/>FUND</b> |
|---|---|
| <b><u>ASSETS</u></b>  |   |
| CURRENT:  |   |
| CASH AND SHORT-TERM INVESTMENTS                             | \$ 232,654  |
| USER FEES:  | <u>81,924</u>   |
| TOTAL CURRENT ASSETS  | <u>314,578</u>  |
| NONCURRENT:   |   |
| CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION             | <u>71,241</u>   |
| TOTAL ASSETS  | <u>385,819</u>  |
| DEFERRED OUTFLOWS OF RESOURCES<br>RELATED TO PENSIONS       | <u>55,004</u>   |
| <b><u>LIABILITIES</u></b>                                   |   |
| CURRENT:  |   |
| ACCOUNTS PAYABLE  | <u>14,414</u>   |
| NONCURRENT:   |   |
| NET PENSION LIABILITY                                       | <u>284,434</u>  |
| TOTAL LIABILITIES   | <u>298,848</u>  |
| <u>DEFERRED INFLOWS OF RESOURCES</u><br>RELATED TO PENSIONS | <u>7,952</u>  |
| <b><u>NET POSITION</u></b>                                  |   |
| NET INVESTMENT IN CAPITAL ASSETS<br>UNRESTRICTED            | <u>71,241</u><br><u>62,782</u>  |
| TOTAL NET POSITION  | <u>\$ 134,023</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, 2017**

|  | <b>BUSINESS-TYPE<br/>ACTIVITIES</b>      |
|--|--|
|  | <b>NON MAJOR<br/>ENTERPRISE<br/>FUND</b> |
| <b><u>OPERATING REVENUES:</u></b>        |  |
| CHARGES FOR SERVICES                     | \$ 1,245,704                             |
| <b><u>OPERATING EXPENSES:</u></b>        |  |
| GENERAL SERVICES                         | 1,004,334                                |
| DEPRECIATION                             | 24,957                                   |
| TOTAL OPERATING EXPENSES                 | 1,029,291                                |
| INCOME (LOSS) BEFORE OPERATING TRANSFERS | 216,413                                  |
| <b><u>OPERATING TRANSFERS:</u></b>       |  |
| OPERATING TRANSFERS OUT                  | (143,380)                                |
| CHANGE IN NET POSITION                   | 73,033                                   |
| NET POSITION AT BEGINNING OF YEAR        | 60,990                                   |
| NET POSITION AT END OF YEAR              | \$ 134,023                               |

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FISCAL YEAR ENDED JUNE 30, 2017**

|  | <b>BUSINESS-TYPE<br/>ACTIVITIES<br/>NON MAJOR<br/>ENTERPRISE<br/>FUND</b> |
|--|---|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>  |   |
| RECEIPTS FROM CUSTOMERS AND USERS  | \$ 1,246,511  |
| PAYMENTS TO SUPPLIERS  | (980,000)   |
| PAYMENTS TO EMPLOYEES  | (104,533)   |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES   | <u>161,978</u>  |
| <b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>   |   |
| OPERATING TRANSFERS IN (OUT)   | <u>(143,380)</u>  |
| <b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>  |   |
| ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS   | <u>(45,074)</u>   |
| NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS   | (26,476)  |
| <b>CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR</b>   | <u>259,130</u>  |
| <b>CASH AND SHORT TERM INVESTMENTS - END OF YEAR</b>   | <u><u>\$ 232,654</u></u>  |
| <b><u>RECONCILIATION OF OPERATING INCOME (LOSS)<br/>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b> |   |
| <b>OPERATING INCOME (LOSS)</b>   | <u>\$ 216,413</u>   |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)<br>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:         |   |
| DEPRECIATION   | 24,957  |
| (INCREASE) DECREASE IN ACCOUNTS RECEIVABLE   | 807   |
| (INCREASE) DECREASE IN DEFERRED OUTFLOWS OF RESOURCES  | 4,227   |
| INCREASE (DECREASE) IN ACCOUNTS PAYABLE  | (77,329)  |
| INCREASE (DECREASE) IN DEFERRED INFLOWS OF RESOURCES   | (4,897)   |
| INCREASE (DECREASE) IN NET PENSION LIABILITY   | (2,200)   |
| TOTAL ADJUSTMENTS  | <u>(54,435)</u>   |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>  | <u><u>\$ 161,978</u></u>  |

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2017**

|  | <b>POSTEMPLOYMENT<br/>BENEFITS<br/>TRUST</b> | <b>PRIVATE<br/>PURPOSE<br/>TRUST FUNDS</b> | <b>AGENCY<br/>FUNDS</b> |
|--|--|--|-------------------------|
| <b><u>ASSETS</u></b>   |  |  |                         |
| CASH AND SHORT-TERM INVESTMENTS  | \$ -   | \$ 3,500                                   | \$ 466,883              |
| INVESTMENTS  | 2,235,467                                    | 62,875                                     | -                       |
| DEPARTMENTAL AND OTHER   | -  | -  | 129,140                 |
|  | <hr/>  | <hr/>                                      | <hr/>                   |
| TOTAL ASSETS   | 2,235,467                                    | 66,375                                     | 596,023                 |
|  | <hr/>  | <hr/>                                      | <hr/>                   |
| <b><u>LIABILITIES</u></b>  |  |  |                         |
| ACCOUNTS PAYABLE   | -  | -  | 56,906                  |
| OTHER LIABILITIES  | -  | -  | 539,117                 |
|  | <hr/>  | <hr/>                                      | <hr/>                   |
| TOTAL LIABILITIES  | -  | -  | 596,023                 |
|  | <hr/>  | <hr/>                                      | <hr/>                   |
| <b><u>NET POSITION</u></b>   |  |  |                         |
| TOTAL NET POSITION HELD IN TRUST FOR<br>OTHER POST-EMPLOYMENT BENEFITS<br>AND OTHER PURPOSES | \$ 2,235,467                                 | \$ 66,375                                  | \$ -                    |
|  | <hr/> <hr/>                                  | <hr/> <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, 2017**

|   | <b>POSTEMPLOYMENT<br/>BENEFITS<br/>TRUST</b> | <b>PRIVATE<br/>PURPOSE<br/>TRUST FUNDS</b> |
|---|--|--|
| <b><u>ADDITIONS:</u></b>                        |  |  |
| CONTRIBUTIONS:                                  |  |  |
| EMPLOYER CONTRIBUTIONS                          | \$ 1,339,370                                 | \$ -                                       |
| EMPLOYER CONTRIBUTIONS TO PAY FOR OPEB BENEFITS | 1,026,551                                    | -  |
| DONATIONS                                       | -  | 1,000                                      |
| NET INVESTMENT INCOME (LOSS):                   |  |  |
| INVESTMENT INCOME                               | 82,776                                       | 446  |
| TOTAL ADDITIONS                                 | 2,448,697                                    | 1,446                                      |
| <b><u>DEDUCTIONS:</u></b>                       |  |  |
| BENEFIT PAYMENTS                                | 1,026,551                                    | -  |
| CHANGE IN NET POSITION                          | 1,422,146                                    | 1,446                                      |
| <b>NET POSITION AT BEGINNING OF YEAR</b>        | 813,321                                      | 64,929                                     |
| <b>NET POSITION AT END OF YEAR</b>              | <u>\$ 2,235,467</u>                          | <u>\$ 66,375</u>                           |

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**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:

| <u>Name</u>   | <u>Purpose</u>  | <u>Address</u>                        | <u>Annual<br/>Assessment</u> |
|---|---|---------------------------------------|------------------------------|
| Tri-County Regional<br>Vocational-Technical<br>School | To provide vocational education<br>services for grades 9-12 | 147 Pond Street<br>Franklin, MA 02038 | \$ 1,010,557                 |

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, 2017**

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**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, 2017**

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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, 2017**

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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, 2017**

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***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.

**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:

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.

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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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.

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

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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*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, 2017**

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**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<br/>Useful Life<br/>(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, 2017**

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*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**  
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*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**  
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- 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, 2017.

##### *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**  
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**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, 2017 is recorded in the governmental fund financial statements.

**P. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Bristol County Contributory Retirement System (The System) and the Massachusetts Teachers Retirement System (MTRS). Additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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**  
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**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 2017 approved budget authorized \$50,703,513 in current year appropriations and other amounts to be raised. Supplemental appropriations of \$96,016 was approved at one Special Town Meeting for fiscal year 2017 and an additional \$261,542 was approved at the Annual Town Meeting for fiscal year 2017.

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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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, 2017, is presented below:

|  |                            |
|--|----------------------------|
| Net change in fund balance - budgetary basis               | \$ 863,487                 |
| Basis of accounting differences:                           |                            |
| Increase in revenue for on-behalf payments - MTRS          | 5,139,917                  |
| Increase in expenditures for on-behalf payments - MTRS     | (5,139,917)                |
| Increase in revenue for the MWPAT subsidy                  | 5,037                      |
| Increase in expenditures for the MWPAT subsidy             | (5,037)                    |
| Adjustment for encumbrances and continuing appropriations  | 1,877,310                  |
| Adjustment for expenditures from prior year authorizations | (893,438)                  |
| Net stabilization fund activity                            | <u>(645,126)</u>           |
| Net change in fund balance - GAAP basis                    | <u><u>\$ 1,202,233</u></u> |

*C. Deficit Fund Balances*

Several individual fund deficits exist within the special revenue funds. These individual deficits will be eliminated through subsequent fiscal year budget transfers, grants and proceeds of long-term debt during fiscal year 2018.

**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, uncollateralized, or collateral held by the pledging banks trust department not in the Town's name.

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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The following table illustrates how much of the Town's bank deposits are insured, and how much of the Town's bank deposits are uninsured, uncollateralized, or collateral held by the pledging banks trust department not in the Town's name as of June 30, 2017:

|  |                  |                      |
|--|------------------|----------------------|
| Total bank balances  |                  | <u>\$ 14,500,979</u> |
| Bank balances covered by deposit insurance   |                  |                      |
| Depositor's Insurance Fund (DIF)   | 9,321,667        |                      |
| Federal Deposit Insurance Corporation (FDIC)   | <u>1,458,235</u> |                      |
| Total bank balances covered by deposit insurance   |                  | 10,779,902           |
| Balances subject to custodial credit risk  |                  |                      |
| Bank balances collateralized with securities held by<br>the pledging financial institution's trust<br>department or agent not in the Town's name | 457,209          |                      |
| Bank balances uninsured & uncollateralized   | <u>3,263,868</u> |                      |
| Total bank balances subject to custodial credit risk   |                  | <u>3,721,077</u>     |
| Total bank balances  |                  | <u>\$ 14,500,979</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.

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).



**TOWN OF SEEKONK, MASSACHUSETTS**  
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Presented below is the actual rating as of year-end for each investment type of the Town.

| Investment type                     | Fair value          | Minimum<br>Legal<br>Rating | Rating as of Year End |                  |                   |                   |                   |                   |                   |                     |
|-------------------------------------|---------------------|----------------------------|-----------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
|                                     |                     |                            | AA+                   | AA               | Aaa               | A+                | A                 | BBB+              | BBB               | Unrated             |
|                                     |                     |                            |                       |                  |                   |                   |                   | 8,505,977         |                   |                     |
| U.S. Government & Agency Securities | \$ 2,355,466        | N/A                        | \$ 1,739,295          | \$ -             | \$ 616,171        | \$ -              | \$ -              | \$ -              | \$ -              | \$ -                |
| Corporate Bonds                     | 1,053,795           | N/A                        | -                     | 75,275           | -                 | 115,523           | 457,435           | 119,559           | 286,003           | -                   |
| Certificate of Deposit              | 1,630,039           | N/A                        | -                     | -                | -                 | -                 | -                 | -                 | -                 | 1,630,039           |
| Fixed Income Mutual Funds           | 1,069,984           | N/A                        | -                     | -                | -                 | -                 | -                 | -                 | -                 | 1,069,984           |
| Common Stock                        | 760,986             | N/A                        | -                     | -                | -                 | -                 | -                 | -                 | -                 | 760,986             |
| Mutual Funds                        | 1,635,707           | N/A                        | -                     | -                | -                 | -                 | -                 | -                 | -                 | 1,635,707           |
| Total Investments                   | <u>\$ 8,505,977</u> |                            | <u>\$ 1,739,295</u>   | <u>\$ 75,275</u> | <u>\$ 616,171</u> | <u>\$ 115,523</u> | <u>\$ 457,435</u> | <u>\$ 119,559</u> | <u>\$ 286,003</u> | <u>\$ 5,096,716</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 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**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

| Investment type                        | Fair value          | Investment maturities<br>(in years) |                     |
|--|---------------------|-------------------------------------|---------------------|
|  |                     | Less than 1                         | 1-5                 |
| <b><i>Debt Related Securities:</i></b> |                     |                                     |                     |
| U.S. Government & Agency               | \$ 2,355,466        | \$ -                                | \$ 2,355,466        |
| Corporate Bonds                        | 1,053,795           | 407,038                             | 646,757             |
| Certificate of Deposit                 | 1,630,039           | 296,355                             | 1,333,684           |
| Fixed Income Mutual Funds              | <u>1,069,984</u>    | <u>1,069,984</u>                    | <u>-</u>            |
| Total - Debt related securities        | <u>\$ 6,109,284</u> | <u>\$ 1,773,377</u>                 | <u>\$ 4,335,907</u> |
| <b><i>Other Investments:</i></b>       |                     |                                     |                     |
| Mutual Funds                           | 1,635,707           | 1,635,707                           | -                   |
| Common Stock                           | <u>760,986</u>      | <u>760,986</u>                      | <u>-</u>            |
| Total Other Investments                | <u>2,396,693</u>    | <u>2,396,693</u>                    | <u>-</u>            |
| Total Investments                      | <u>\$ 8,505,977</u> | <u>\$ 4,170,070</u>                 | <u>\$ 4,335,907</u> |

*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, 2017.

*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**  
**JUNE 30, 2017**

The Town has the following recurring fair value measurement as of June 30, 2017.

| Investment Type                                   | June 30, 2017 | Fair Value Measurements Using  |   |   |
|---|---------------|--|---|---|
|   |               | Quoted Price in<br>Active Markets for<br>Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs (Level 3) |
| <b>Debt securities</b>                            |               |  |   |   |
| U.S. Government and Agency                        | \$ 2,355,466  | \$ 2,355,466   | \$ -  | \$ -  |
| Certificates of Deposit                           | 1,630,039     | 1,630,039  | -   | -   |
| Corporate Bonds                                   | 1,053,795     | -  | 1,053,795   | -   |
| Fixed Income Mutual Funds                         | 1,069,984     | -  | 1,069,984   | -   |
| Total debt securities                             | 6,109,284     | 3,985,505  | 2,123,779   | -   |
| <b>Other Investments</b>                          |               |  |   |   |
| Common Stock                                      | 760,986       | 760,986  | -   | -   |
| Mutual Funds                                      | 1,635,707     | 1,635,707  | -   | -   |
| Total other investments                           | 2,396,693     | 2,396,693  | -   | -   |
| Total investments measured at fair value          | 8,505,977     | \$ 6,382,198   | \$ 2,123,779  | \$ -  |
| <b>Investments measured at amortized cost</b>     |               |  |   |   |
| Massachusetts Municipal Depository Trust - (MMDT) | 590,691       |  |   |   |
| <b>Total Investments</b>                          | \$ 9,096,668  |  |   |   |

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, 2017**

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**NOTE 4 – RECEIVABLES**

The receivables at June 30, 2017 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<br>Amount     | Allowance<br>for<br>Uncollectibles | Net<br>Amount       |
|---|---------------------|------------------------------------|---------------------|
| Real estate taxes                       | \$ 469,523          | \$ -                               | \$ 469,523          |
| Personal property taxes                 | 98,552              | (72,800)                           | 25,752              |
| Real Estate and personal property taxes | 568,075             | (72,800)                           | 495,275             |
| Tax liens                               | 501,208             | -                                  | 501,208             |
| Motor vehicle and other excise taxes    | 323,600             | (106,600)                          | 217,000             |
| Departmental and other                  | 2,637,857           | (2,061,934)                        | 575,923             |
| Intergovernmental                       | 513,471             | -                                  | 513,471             |
| Special Assessments                     | 178,836             | -                                  | 178,836             |
| User Fees                               | 22,851              | -                                  | 22,851              |
| Total                                   | <u>\$ 4,745,898</u> | <u>\$ (2,241,334)</u>              | <u>\$ 2,504,564</u> |

The sanitation enterprise fund receivables as of June 30, 2017, consist of the following:

| Receivables:      | Gross<br>Amount  | Allowance<br>for<br>Uncollectibles | Net<br>Amount    |
|-------------------|------------------|------------------------------------|------------------|
| <i>Sanitation</i> |                  |                                    |                  |
| User fees         | <u>\$ 81,924</u> | <u>\$ -</u>                        | <u>\$ 81,924</u> |

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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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

| <u>Deferred Inflows:</u> | <u>General<br/>Fund</u>    | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total</u>               |
|--------------------------|----------------------------|--|----------------------------|
| Deferred Property Taxes  | \$ 290,426                 | \$ -                                       | \$ 290,426                 |
| Deferred Other Revenue   | <u>741,249</u>             | <u>625,536</u>                             | <u>1,366,785</u>           |
| Total                    | <u><u>\$ 1,031,675</u></u> | <u><u>\$ 625,536</u></u>                   | <u><u>\$ 1,657,211</u></u> |

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

| <b>Governmental Activities:</b>                     | Beginning<br>Balance | Increases   | Decreases   | Ending<br>Balance |
|---|----------------------|-------------|-------------|-------------------|
| <i><b>Capital assets not being depreciated:</b></i> |                      |             |             |                   |
| Land  | \$ 5,044,354         | \$ 300,000  | \$ -        | \$ 5,344,354      |
| Construction in progress                            | 3,306,743            | -           | (3,288,493) | 18,250            |
| Total capital assets not being depreciated          | 8,351,097            | 300,000     | (3,288,493) | 5,362,604         |
| <i><b>Capital assets being depreciated:</b></i>     |                      |             |             |                   |
| Buildings and improvements                          | 56,813,789           | 52,946      | 2,696,293   | 59,563,028        |
| Capital improvements (other than buildings)         | 2,999,384            | 89,338      | -           | 3,088,722         |
| Machinery and equipment                             | 3,890,515            | 662,941     | -           | 4,553,456         |
| Vehicles  | 7,656,602            | 1,200,265   | 592,200     | 9,449,067         |
| Infrastructure                                      | 21,685,135           | 433,425     | -           | 22,118,560        |
| Total capital assets being depreciated              | 93,045,425           | 2,438,915   | 3,288,493   | 98,772,833        |
| <i><b>Less accumulated depreciation for:</b></i>    |                      |             |             |                   |
| Buildings and improvements                          | (30,107,077)         | (1,598,992) | -           | (31,706,069)      |
| Capital improvements (other than buildings)         | (1,858,201)          | (136,607)   | -           | (1,994,808)       |
| Machinery and equipment                             | (3,345,450)          | (122,057)   | -           | (3,467,507)       |
| Vehicles  | (6,455,593)          | (372,508)   | -           | (6,828,101)       |
| Infrastructure                                      | (17,074,134)         | (299,059)   | -           | (17,373,193)      |
| Total accumulated depreciation                      | (58,840,455)         | (2,529,223) | -           | (61,369,678)      |
| Total capital assets being depreciated, net         | 34,204,970           | (90,308)    | 3,288,493   | 37,403,155        |
| Total governmental activities capital assets, net   | \$ 42,556,067        | \$ 209,692  | \$ -        | \$ 42,765,759     |

**TOWN OF SEEKONK, MASSACHUSETTS**  
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| <b>Business-Type Activities:</b>                   | Beginning<br>Balance | Increases        | Decreases   | Ending<br>Balance |
|--|----------------------|------------------|-------------|-------------------|
| <i>Capital assets being depreciated:</i>           |                      |                  |             |                   |
| Machinery & Equipment                              | \$ 220,500           | \$ 45,074        | \$ -        | \$ 265,574        |
| Vehicles   | 174,800              | -                | -           | 174,800           |
| Total capital assets being depreciated             | 395,300              | 45,074           | -           | 440,374           |
| <i>Less accumulated depreciation for:</i>          |                      |                  |             |                   |
| Machinery & Equipment                              | (183,375)            | (14,850)         | -           | (198,225)         |
| Vehicles   | (160,800)            | (10,108)         | -           | (170,908)         |
| Total accumulated depreciation                     | (344,175)            | (24,958)         | -           | (369,133)         |
| Total capital assets being depreciated, net        | 51,125               | 20,116           | -           | 71,241            |
| Total business-type activities capital assets, net | <u>\$ 51,125</u>     | <u>\$ 20,116</u> | <u>\$ -</u> | <u>\$ 71,241</u>  |

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

| <b>Governmental Activities:</b>                      |                     |
|--|---------------------|
| General government                                   | \$ 48,340           |
| Public safety  | 419,563             |
| Education  | 1,503,411           |
| Public works   | 470,092             |
| Health and human services                            | 34,724              |
| Culture and recreation                               | 53,093              |
| Total depreciation expense - governmental activities | <u>\$ 2,529,223</u> |

| <b>Business-Type Activities:</b> |                  |
|----------------------------------|------------------|
| Sanitation                       | <u>\$ 24,958</u> |

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 6 – CAPITAL LEASES**

The Town has entered into lease agreements as lessee for financing the acquisition of four police vehicles, three dump trucks, two fire trucks, ambulance, two pickup trucks, 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<br/>Activities</u> |
|--------------------------------|------------------------------------|
| Assets:                        |                                    |
| Vehicles                       | \$ 2,077,672                       |
| Machinery & Equipment          | <u>371,370</u>                     |
| Total Assets                   | 2,449,042                          |
| Less: Accumulated depreciation | <u>(195,334)</u>                   |
|                                | <u><u>\$ 2,253,708</u></u>         |

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2017, are as follows:

| <u>Year Ending June 30</u>              | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| 2018                                    | \$ 573,268                         |
| 2019                                    | 496,371                            |
| 2020                                    | 374,535                            |
| 2021                                    | 244,395                            |
| 2022                                    | 76,720                             |
| 2023                                    | <u>78,692</u>                      |
| Total minimum lease payments            | 1,843,981                          |
| Less: amounts representing interest     | <u>(120,883)</u>                   |
| Present value of minimum lease payments | <u><u>\$ 1,723,098</u></u>         |



**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 7 – INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended June 30, 2017, are summarized as follows:

| <u>Operating Transfers In:</u>  |                          |
|---------------------------------|--------------------------|
| <u>Operating Transfers Out:</u> | <u>General Fund</u>      |
| Nonmajor Governmental Funds     | \$ 622,920 (1)           |
| Sanitation Eenterprise Fund     | <u>143,380 (2)</u>       |
| Total                           | <u><u>\$ 766,300</u></u> |

- (1) Represents budgeted transfers to supplement the operating budget  
(2) Represents budgeted transfer from the enterprise 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, 2017:

| Type                      | Purpose       | Rate<br>(%) | Due<br>Date | Balance at<br>June 30, 2016 | Renewed/<br>Issued | Retired/<br>Redeemed  | Balance at<br>June 30, 2017 |
|---------------------------|---------------|-------------|-------------|-----------------------------|--------------------|-----------------------|-----------------------------|
| <b>Governmental Funds</b> |               |             |             |                             |                    |                       |                             |
| BAN                       | Senior Center | 0.50        | 11/2/2016   | <u>\$ 2,759,645</u>         | <u>\$ -</u>        | <u>\$ (2,759,645)</u> | <u>\$ -</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, 2017:

**Bonds and Notes Payable Schedule – Governmental Funds**

| Project                | Interest<br>Rate<br>(%) | Outstanding<br>at<br>June 30, 2016 | Issued              | Redeemed            | Outstanding<br>at<br>June 30, 2017 |
|------------------------|-------------------------|------------------------------------|---------------------|---------------------|------------------------------------|
| MWPAT Sewer Loan       | Var.                    | \$ 109,821                         | \$ -                | \$ 20,912           | \$ 88,909                          |
| Municipal Purpose      | Var.                    | 475,000                            | -                   | 205,000             | 270,000                            |
| Landfill               | 2.00                    | 1,072,612                          | -                   | 72,974              | 999,638                            |
| School Construction    | 4.03                    | 2,525,000                          | -                   | 350,000             | 2,175,000                          |
| Police & Fire Facility | 3.77                    | 3,000,000                          | -                   | 3,000,000           | -                                  |
| Banna Fire Remodeling  | 2.31                    | 1,305,000                          | -                   | 105,000             | 1,200,000                          |
| Senior Center          | 1.96                    | -                                  | 2,879,192           | -                   | 2,879,192                          |
| Police & Fire Facility | 2.00                    | -                                  | 2,660,000           | -                   | 2,660,000                          |
| Total                  |                         | <u>\$ 8,487,433</u>                | <u>\$ 5,539,192</u> | <u>\$ 3,753,886</u> | <u>\$ 10,272,739</u>               |

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2017 are as follows:

| <u>Fiscal Year</u> | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|--------------------|----------------------|---------------------|----------------------|
| 2018               | \$ 1,199,552         | \$ 213,635          | \$ 1,413,187         |
| 2019               | 1,166,864            | 187,219             | 1,354,083            |
| 2020               | 1,036,903            | 163,289             | 1,200,192            |
| 2021               | 1,033,468            | 141,803             | 1,175,271            |
| 2022               | 1,035,066            | 120,335             | 1,155,401            |
| 2023-2027          | 2,992,185            | 333,471             | 3,325,656            |
| 2028-2032          | 1,108,701            | 126,347             | 1,235,048            |
| 2033-2037          | <u>700,000</u>       | <u>39,970</u>       | <u>739,970</u>       |
| Total              | <u>\$ 10,272,739</u> | <u>\$ 1,326,069</u> | <u>\$ 11,598,808</u> |

**Loans Authorized and Unissued**

As of June 30, 2017, the Town has loans authorized and unissued as follows:

| <u>Description</u>  | <u>Date<br/>Authorized</u> | <u>Amount</u>       |
|---------------------|----------------------------|---------------------|
| Animal Shelter      | 2/27/2017                  | \$ 950,000          |
| Public Safety Radio | 6/5/2017                   | <u>3,016,174</u>    |
| Total               |                            | <u>\$ 3,966,174</u> |

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Changes in Long-term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

| Governmental Activities:                               | Beginning<br>Balance | Additions           | Reductions            | Ending<br>Balance    | Current<br>Portion  |
|--|----------------------|---------------------|-----------------------|----------------------|---------------------|
| Bonds and notes payable                                | \$ 8,487,433         | \$ 5,539,192        | \$ (3,753,886)        | \$ 10,272,739        | \$ 1,199,552        |
| Compensated absences                                   | 1,079,813            | -                   | (30,829)              | 1,048,984            | 446,723             |
| Landfill postclosure care costs                        | 393,680              | -                   | (22,480)              | 371,200              | 22,600              |
| Capital leases payable                                 | 760,745              | 962,353             | -                     | 1,723,098            | 521,844             |
| Net pension liability                                  | 22,462,107           | -                   | (172,440)             | 22,289,667           | -                   |
| Other post-employment benefits                         | 10,374,174           | 277,181             | -                     | 10,651,355           | -                   |
| Total governmental activities<br>long-term liabilities | <u>\$ 43,557,952</u> | <u>\$ 6,778,726</u> | <u>\$ (3,979,635)</u> | <u>\$ 46,357,043</u> | <u>\$ 2,190,719</u> |
| Business-Type Activities                               | Beginning<br>Balance | Additions           | Reductions            | Ending<br>Balance    | Current<br>Portion  |
| Net Pension Liability                                  | <u>\$ 286,634</u>    | <u>\$ -</u>         | <u>\$ (2,200)</u>     | <u>\$ 284,434</u>    | <u>\$ -</u>         |

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

**Advance and Current Year Refunding**

On November 1, 2016, the Town issued general obligation refunding bonds in the amount of \$2,660,000 with an interest rate of 2.00% to advance refund \$3,000,000 of general obligation bond dated 8/15/05 with interest rate of 3.77%. The advance refunded bonds mature on August 1, 2024 and is callable on August 15, 2015. The general obligation refunding bonds were issued at a net interest cost of 1.42% and, after receiving a bond premium of \$77,454 and paying issuance costs of \$45,804, the net proceeds were \$2,691,650. The net proceeds from the issuance of the general obligation refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the advance refunded bonds are called on March 1, 2015. The refunding resulted in a net present value benefit of \$130,935 in future debt service costs. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the Town's financial statements.

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 10 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

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

|   | General<br>Fund      | Senior<br>Center | Nonmajor<br>Governmental<br>Funds | Total                |
|---|----------------------|------------------|-----------------------------------|----------------------|
| <b>Fund Balances</b>                    |                      |                  |                                   |                      |
| Nonspendable:                           |                      |                  |                                   |                      |
| Permanent Fund Principal                | \$ -                 | \$ -             | \$ 304,453                        | \$ 304,453           |
| Restricted For:                         |                      |                  |                                   |                      |
| General Government                      | -                    | -                | 173,865                           | 173,865              |
| Public Safety                           | -                    | -                | 1,740,619                         | 1,740,619            |
| Education                               | -                    | -                | 1,054,389                         | 1,054,389            |
| Public Works                            | -                    | -                | 77,739                            | 77,739               |
| Human Services                          | -                    | -                | 426,590                           | 426,590              |
| Culture & Recreation                    | -                    | -                | 146,355                           | 146,355              |
| Employee Benefits                       | -                    | -                | 26,042                            | 26,042               |
| Community Preservation Fund             | -                    | -                | 1,036,797                         | 1,036,797            |
| Expendable Trust Fund                   | -                    | -                | 20,142                            | 20,142               |
|   | <u>-</u>             | <u>-</u>         | <u>4,702,538</u>                  | <u>4,702,538</u>     |
| Committed To:                           |                      |                  |                                   |                      |
| Continuing Appropriations               |                      |                  |                                   |                      |
| General Government                      | 7,303                | -                | -                                 | 7,303                |
| Public Safety                           | 58,148               | -                | -                                 | 58,148               |
| Education                               | 1,078,315            | -                | -                                 | 1,078,315            |
| Public Works                            | 73,978               | -                | -                                 | 73,978               |
| Human Services                          | -                    | -                | -                                 | -                    |
| Culture & Recreation                    | 1,018                | -                | -                                 | 1,018                |
|   | <u>1,218,762</u>     | <u>-</u>         | <u>-</u>                          | <u>1,218,762</u>     |
| Assigned To:                            |                      |                  |                                   |                      |
| Encumbered For:                         |                      |                  |                                   |                      |
| General Government                      | 41,894               | -                | -                                 | 41,894               |
| Public Safety                           | 73,878               | -                | -                                 | 73,878               |
| Education                               | 556,766              | -                | -                                 | 556,766              |
| Public Works                            | 143,661              | -                | -                                 | 143,661              |
| Human Services                          | -                    | -                | -                                 | -                    |
| Culture & Recreation                    | 8,611                | -                | -                                 | 8,611                |
| Subsequent Years Expenditures           | 200,000              | -                | -                                 | 200,000              |
| Municipal Capital Stabilization Fund    | 1,803,116            | -                | -                                 | 1,803,116            |
| Special Education Stabilization Fund    | 87,696               | -                | -                                 | 87,696               |
|   | <u>2,915,622</u>     | <u>-</u>         | <u>-</u>                          | <u>2,915,622</u>     |
| Unassigned                              |                      |                  |                                   |                      |
| General Fund                            | 4,932,484            | -                | -                                 | 4,932,484            |
| General Stabilization Fund              | 4,016,881            | -                | -                                 | 4,016,881            |
| Senior Center Fund                      | -                    | 10,038           | -                                 | 10,038               |
| Nonmajor Governmental Funds             | -                    | -                | (67,858)                          | (67,858)             |
|   | <u>8,949,365</u>     | <u>10,038</u>    | <u>(67,858)</u>                   | <u>8,891,545</u>     |
| <b>Total Governmental Fund Balances</b> | <u>\$ 13,083,749</u> | <u>\$ 10,038</u> | <u>\$ 4,939,133</u>               | <u>\$ 18,032,920</u> |

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**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 2017.

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**

The GASB Standards for *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires the following disclosures in the financial statements related to the retiree medical, dental, and life insurance benefits:

**Plan Description.** Town of Seekonk Other Postemployment Benefits Plan (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 50% of the premium cost of retirees' health, dental and life insurance costs.

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**Funding Policy.** The contribution requirements of plan members and the Town are established and may be amended through by local by law. The required contribution is based on projected pay-as-you-go financing requirements. For Fiscal Year 2017, the estimated total Town premiums plus implicit costs for the retiree medical program are \$2,294,059.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to begin pre-funding its other postemployment benefit (OPEB) liabilities.

*Plan Membership* – The following table represents the Plan’s membership as June 30, 2017:

|   |                   |
|---|-------------------|
| Active Members                                | 297               |
| Inactive members currently receiving benefits | <u>359</u>        |
| Total   | <u><u>656</u></u> |

**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                     | \$ 2,868,126                |
| Interest on net OPEB obligation                  | 447,500                     |
| Adjustment to annual required contribution (ARC) | <u>(744,386)</u>            |
| Annual OPEB cost (expense)                       | 2,571,240                   |
| Contributions made                               | <u>(2,294,059)</u>          |
| Change in net OPEB obligation                    | 277,181                     |
| Net OPEB obligation - beginning of year          | <u>10,374,174</u>           |
| Net OPEB obligation - end of year                | <u><u>\$ 10,651,355</u></u> |

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the eight preceding years were as follows:

| <b>Fiscal Year<br/>Ended</b> | <b>Annual OPEB<br/>Cost</b> | <b>Percentage of<br/>Annual OPEB<br/>Cost<br/>Contributed</b> | <b>Increase in Net<br/>OPEB<br/>Obligation</b> | <b>Net OPEB<br/>Obligation</b> |
|------------------------------|-----------------------------|---|--|--------------------------------|
| 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                   |
| 6/30/2017                    | \$ 2,571,240                | 89.22%  | \$ 277,181                                     | \$10,651,355                   |

**Funded Status and Funding Progress.** As of June 30, 2017, the most recent actuarial valuation date, the plan was 6.81% funded. The actuarial accrued liability for benefits was \$31.696 million, and the actuarial value of assets was \$2.160 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$29.536 million. The covered payroll (annual payroll of active employees covered by the plan) was \$24.151 million, and the ratio of the UAAL to the covered payroll was 122.3%

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**  
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In the June 30, 2017, actuarial valuation, the entry age normal actuarial cost method was used. Under this method, the annual 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 expected total service retirement/termination. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.00% percent graded downward to 6.00% over four years. 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, 2017, was 21 years.

**NOTE 14 – PENSION PLANS**

**A. Plan Descriptions**

The Town is a member of the Bristol County Contributory Retirement System (The System), a cost-sharing multiple-employer, contributory defined benefit pension plan covering eligible employees of the 37 member units deemed eligible by the system. Chapter 32 of the Massachusetts General Law assigns authority to establish and amend benefit provisions of the system. Substantially all employees are members of the system except for school teachers and certain school administrators.

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 Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>. The MTRS report may also be obtained by contacting MTRS at One Charles Park, Cambridge, Massachusetts 02142-1206.

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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*Special Funding Situation*

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No.68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2016. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$5,139,917 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$50,388,105 as of the measurement date.

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.

**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 minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members 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 a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service. There are three classes of membership in the retirement system: group 1, group 2, and group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have even been specified as hazardous. Lastly, group 4 consist of police officers, firefighters, and other hazardous positions.

Members who become permanently and totally disabled for further duty may be 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 members 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's 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.

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**C. Contributions**

*Bristol County Contributory Retirement System*

Chapter 32 of MGL governs the contributions of plan members and member employees. Active plan members are required to contribute to the system at rates ranging from 5 to 9% of their gross compensation. Members joining the system after January 1, 1979 must contribute an additional 2% on regular compensation earned at a rate in excess of \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. 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 December 31, 2016 which was \$2,386,879 and 21.79% 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.

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

*Pension Liabilities*

At June 30, 2017 the Town reported a liability of \$22,574,101 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016 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 actuarially determined. At December 31, 2016, the Town's proportion was 6.762% which had no increase from its proportion measured as of December 31, 2015.

*Pension Expense and Deferred Outflows/Inflows of Resources*

For the year ended June 30, 2017 the Town recognized pension expense of \$3,064,719. At June 30, 2017 the Town reported deferred outflows and inflows of resources related to pensions of \$4,365,379 and \$631,085 respectively.

The balances of deferred outflows and inflows as June 30, 2017 consist of the following:

| <u>Deferred Category</u>                             | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> | <u>Total</u>        |
|--|---|--|---------------------|
| Differences between expected and actual experience   | \$ 921,788                                    | \$ -   | \$ 921,788          |
| Changes of Assumptions                               | -   | (541,376)                                    | (541,376)           |
| Net difference between projected and actual earnings | 3,019,214                                     | -  | 3,019,214           |
| Changes in proportionate share of contributions      | <u>424,377</u>                                | <u>(89,709)</u>                              | <u>334,668</u>      |
| Total Deferred Outflows (Inflows) of Resources       | <u>\$ 4,365,379</u>                           | <u>\$ (631,085)</u>                          | <u>\$ 3,734,294</u> |

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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The Town's net deferred outflows/inflows of resources related to pensions will be recognized in future pension expense is as follows:

| <u>Year ended June 30</u> | <u>Amount</u>       |
|---------------------------|---------------------|
| 2018                      | \$ 1,317,723        |
| 2019                      | 1,317,723           |
| 2020                      | 984,203             |
| 2021                      | 114,645             |
| Totals                    | <u>\$ 3,734,294</u> |

**E. Actuarial Assumptions**

The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2016.

|                               |   |
|-------------------------------|---|
| Valuation date                | January 1, 2016   |
| Actuarial cost method         | Entry age   |
| Amortization method           | Level percent, open group   |
| Remaining amortization period | 12 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 style="text-align: center;"><u>Service</u></th><th style="text-align: center;"><u>Rate</u></th></tr> <tr> <td style="text-align: center;">0-1</td><td style="text-align: center;">5.50%</td></tr> <tr> <td style="text-align: center;">2</td><td style="text-align: center;">4.00%</td></tr> <tr> <td style="text-align: center;">3-4</td><td style="text-align: center;">3.50%</td></tr> <tr> <td style="text-align: center;">5-7</td><td style="text-align: center;">3.00%</td></tr> <tr> <td style="text-align: center;">8+</td><td style="text-align: center;">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 \$18,000/year   |                |             |     |       |   |       |     |       |     |       |    |       |
| Discount Rate              | 7.75%  |                |             |     |       |   |       |     |       |     |       |    |       |
| Inflation                  | 4.00%  |                |             |     |       |   |       |     |       |     |       |    |       |

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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|                     |  |
|---------------------|--|
| Rates of retirement | Varies based upon age for general employees, police and fire employees   |
| Rates of disability | General employees, 35% ordinary (65% service connected).<br>Police and fire, 5% ordinary (95% are service connected).  |
| Mortality rates:    |  |
| Pre-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, Fully Generational   |
| Disabled retiree    | RP-2000 Mortality Table set forward six years for group 1 and 2, and RP-2000 mortality table set forward 2 years for group 4. Generational adjusting is based on scale MP2014. |
| 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                  |

**F. 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            | 46.5%                   | 7.8%                              |
| Infrastructure    | 5.0%                    | 8.0%                              |
| Fixed Income      | 24.5%                   | 5.0%                              |
| Real Estate Funds | 7.5%                    | 6.3%                              |
| Private equity    | 8.5%                    | 11.3%                             |
| Hedge Funds       | 5.0%                    | 7.1%                              |
| Timber            | 3.0%                    | 7.5%                              |

The system's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the plan.

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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For the year ended December 31, 2016 the System's annual money-weighted rate of return on pension plan investments net of pension plan investment expense was 2.94%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**G. Discount Rate**

The discount rate used to measure the total pension liability as of December 31, 2016 was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Under Chapter 32 of the MGL, employers are required to make the necessary contributions such that the plan reaches full funding status by 2040. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**H. Sensitivity of the net pension liability to changes in the discount rate**

The following presents the net pension liability of the system, as of December 31, 2016 calculated using the discount rate of 7.75%, as well as what the system's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

|  | 1% Decrease<br>(6.75%) | Current<br>Discount Rate<br>(7.75%) | 1% Increase<br>(8.75%) |
|--|------------------------|-------------------------------------|------------------------|
| The Towns proportionate<br>share of the net pension<br>liability | \$ 30,984,818          | \$ 22,574,101                       | \$ 16,624,521          |

Detailed information about the pension plan's fiduciary net position 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, 2017, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is believed the amount, if any, would not be material.

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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The Towns three landfills have all been capped. The post-closure monitoring of the sites are fourteen (14) years for two sites and twenty three (23) years for the third site. The estimated liability has been recorded in the Statement of Net Position, Governmental Activities. The \$371,200 reported as landfill post-closure liability at June 30, 2017 is based on what it would cost to perform all post-closure care at June 30, 2017. 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, 2017, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2017.

**NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During fiscal year 2017, the following GASB pronouncements were implemented:

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*, was 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 #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*, was 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 #82**, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, was implemented in 2017. 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 #75**, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, this 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.

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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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 #83**, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #84**, *Fiduciary Activities*, which is required to be implemented in 2020. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #85**, *Omnibus 2017*, 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 #86**, *Certain Debt Extinguishment Issues*, 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 #87**, *Leases*, which is required to be implemented in 2021. 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, 2017**

**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, 2016</u> | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
|--|--------------------------|--------------------------|--------------------------|
| Town's proportion of the net pension liability   | 6.762%                   | 6.762%                   | 6.846%                   |
| Town's proportionate share of the net pension liability  | \$ 22,574,101            | \$ 22,748,741            | \$ 19,559,219            |
| Town's covered-employee payroll  | \$ 10,951,259            | \$ 10,264,919            | \$ 9,712,251             |
| Town's proportionate share of the net pension liability as a percentage of it's covered-employee payroll | 206.13%                  | 220.74%                  | 201.39%                  |
| Plan fiduciary net position as a percentage of the total pension liability                               | 64.17%                   | 62.95%                   | 67.11%                   |

**Note:** This schedule is intended to present information for 10 years. Until a 10 year trend is compiled, 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, 2017**

**SCHEDULE OF TOWN'S CONTRIBUTION**

|   | <u>December 31 ,2016</u> | <u>December 31 ,2015</u> | <u>December 31 ,2014</u> |
|---|--------------------------|--------------------------|--------------------------|
| Actuarily determined contribution                                     | \$ 2,386,879             | \$ 2,248,231             | \$ 2,159,815             |
| Contribution in relation to the actuarilly<br>determined contribution | <u>(2,386,879)</u>       | <u>(2,248,231)</u>       | <u>(2,159,815)</u>       |
| Contribution deficiency (excess)                                      | <u>\$ -</u>              | <u>\$ -</u>              | <u>\$ -</u>              |
| Town's covered-employee payroll                                       | \$ 10,951,259            | \$ 10,264,919            | \$ 9,712,251             |
| Contribution as a percentage of covered -<br>employee payroll         | 21.80%                   | 21.90%                   | 21.82%                   |

**Note:** This Town schedule is intended to present information for 10 years. Until a 10 year trend is compiled, 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, 2017**

**The following schedule is presented in accordance with GASB Statement No. 74**

**Schedule of the Commonwealth's Collective amounts of the Net Pension Liability**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of total liability.

| <u>Fiscal Year</u> | <u>Commonwealth's<br/>100% Share of the<br/>Net Pension<br/>Liability Associated<br/>with the Town</u> | <u>Town's Expense<br/>and Revenue<br/>Recognized for the<br/>Commonwealth's<br/>Support</u> | <u>Plan Fiduciary Net<br/>Position as a<br/>Percentage of the<br/>Total Pension Liability</u> |
|--------------------|--|---|---|
| 2017               | \$ 50,388,105  | \$ 5,139,917  | 52.73%  |
| 2016               | 45,553,944   | 3,694,830   | 55.38%  |
| 2015               | 36,170,859   | 2,512,963   | 61.64%  |

**Note:** This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**TOWN OF SEEKONK, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2017**

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

**Schedules of Funding Progress and Employer Contributions**

Schedule of Funding Progress:

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability (AAL) -<br>Entry Age<br>(b) | Unfunded AAL<br>(UAAL)<br>(b - a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage of<br>Covered Payroll<br>[(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%   |
| 6/30/2017                      | \$ 2,159,805                           | \$ 31,696,219   | \$ 29,536,414                     | 6.8%                     | \$ 24,151,041             | 122.3%   |

Schedule of Employer Contributions

| Year Ended<br>June 30 | Annual<br>OPEB Cost | Percentage of<br>Annual<br>OPEB Cost<br>Contributed | Increase in<br>Net OPEB<br>Obligation | Net OPEB<br>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          |
| 2017                  | \$ 2,571,240        | 89.22%  | \$ 277,181                            | \$ 10,651,355          |

**TOWN OF SEEKONK, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2017**

**Actuarial Methods and Assumptions**

|                               |  |
|-------------------------------|--|
| Valuation date                | June 30, 2017                                    |
| Discount Rate                 | 4.00%  |
| Medical Trend                 | 8.00% grading downward to 6.00% in<br>Year 2021  |
| Cost Method                   | Entry Age Normal Actuarial Cost Method           |
| Amortization Method           | Level dollar amount over 30 years at transition  |
| Remaining Amortization Period | 21   |
| Mortality                     | RP-2014 mortality table with projected mortality |

Plan Participants:

|   |                   |
|---|-------------------|
| Current retirees, beneficiaries, and dependants | 359               |
| Current active members/participants             | <u>297</u>        |
| Total   | <u><u>656</u></u> |

**TOWN OF SEEKONK**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2017**

**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 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 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 on covered payroll.

**C. Schedule of the Commonwealth's Collective amounts of the Net Pension Liability**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total pension liability.

**Other Postemployment Benefits Schedules**

**A. Schedules of Funding Progress and Employer Contributions**

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated assets and the Schedule of Employer Contributions presents multi-year trend information for the Town's required and actual contributions relating to the plan.

**B. Actuarial Methods and Assumptions**

The actuarial methods and assumptions presents factors that significantly affect the identification of trends in the amount reported.