

THE TOWN OF SEEKONK, MASSACHUSETTS

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

SERVICES

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

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

The Seekonk Water District provides water services to most areas within the Town. Private septic systems address sewer needs throughout the remainder of the Town. The Greater Attleboro-Taunton Regional Transit Authority provides bus service to the Town. The Tri-County Regional Vocational High School provides vocational technical education in grades nine through twelve. The Seekonk Housing Authority provides housing for eligible low income families, elderly and handicapped persons.

GOVERNING BODIES AND OFFICERS

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

The following are the principal executive officers:

<u>Office</u>	<u>Name</u>	<u>Manner of Selection and Term</u>	<u>Term Expires</u>
Selectmen	David S. Parker, Chair	Elected/3 years	2012
	Francis M. Cavaco, Vice Chair	Elected/3 years	2013
	John W. Whelan, Clerk	Elected/3 years	2012
	William L. Rice	Elected/3 years	2014
	Robert J. McLintock	Elected/3 years	2014
Town Administrator	Pamela T. Nolan	Appointed/Board of Selectmen	2014
Finance Director/ Accountant	Bruce N. Alexander	Appointed/3 years	2014
Treasurer/Tax Collector	Christine DeFontes	Appointed/3 years	2012
Town Clerk	Janet Parker	Elected/3 years	2014
Town Counsel	Kopelman & Paige	Appointed/ Indefinite	N/A

AUTHORIZATION OF GENERAL OBLIGATION BONDS AND NOTES

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

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

DEBT LIMITS

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

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

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

TYPES OF OBLIGATIONS

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

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

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

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

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

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

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

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

DEBT (1)

The following shows the direct debt outstanding as of March 15, 2012:

Long-Term Indebtedness (2) (3)		
Within General Debt Limit:		
Schools	\$16,770,000	
Other Building	<u>4,443,000</u>	
Total Within the General Debt Limit		\$21,213,000
Outside General Debt Limit		
Schools	\$ 1,286,000	
Other Outside General	<u>1,744,472</u>	
Total Long-Term Indebtedness		\$ 3,030,472
Temporary Loans in Anticipation of:		
Revenue	0	
Bonds	0	
Grants	<u>0</u>	
Total Temporary Loans		<u>0</u>
Total Direct Debt		<u>\$24,243,472</u>

(1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability, and the Refunding Bonds, but includes the Refunded Bonds.

(2) At the present time the normal general debt limit is \$114,614,055 and the double general debt limit is \$229,228,110.

(3) \$22,893,132 has been exempted from the provisions of Proposition 2 ½.

(4) \$1,350,340 is self-supporting

Authorized Unissued Debt and Prospective Financing

The Town currently has \$775,000 authorized but unissued debt for the Banna Fire Station renovation and furnishing.

The Town will be seeking voter approval for a Senior Center authorization in the amount of \$2,500,000 at the Annual Town Meeting in June, 2012. The Proposition 2 ½ exclusion ballot will be voted on April 2, 2012.

Five Years Outstanding Debt (1)

	<u>As of June 30</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Within the General Debt Limit					
Schools	\$17,860,000	\$18,910,000	\$19,925,000	\$20,905,000	\$22,040,000
Other Building	4,801,000	5,159,000	5,517,000	5,883,000	6,272,000
Athletic & Recreational Facilities	0	0	0	0	10,000
Total Within the General Debt Limit	\$22,661,000	\$24,069,000	\$25,442,000	\$26,788,000	\$28,322,000
Outside the General Debt Limit					
Schools	1,578,000	1,895,000	2,235,000	8,248,000	9,000,000
Other Outside General	1,861,216	2,120,085	2,248,274	634,988	739,702
Total Outside the General Debt Limit	3,439,216	4,015,085	4,483,274	8,882,988	9,739,702
Total Long-Term Indebtedness	\$26,100,216	\$28,084,085	\$29,925,274	\$35,670,988	\$38,061,702
Short-Term Indebtedness					
Revenue Anticipation Notes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Grant Anticipation Notes	0	0	0	0	0
Bonds Anticipation Notes	0	0	0	0	0
Total Short-Term Indebtedness	0	0	0	0	0
Total Outstanding Indebtedness	<u>\$26,100,216</u>	<u>\$28,084,085</u>	<u>\$29,925,274</u>	<u>\$35,670,988</u>	<u>\$38,061,702</u>

(1) Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability.

Bonded Debt vs. Population, Valuations and Income

	<u>As of June 30</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Amount (1)	\$26,100,216	\$28,084,085	\$29,925,274	\$35,670,988	\$38,061,702
Per Capita (2)	\$1,902	\$2,025	\$2,158	\$2,601	\$2,796
Percent of Assessed Valuation (3)	1.22%	1.28%	1.29%	1.52%	1.65%
Percent of Equalized Valuation (4)	1.14%	1.13%	1.20%	1.67%	1.78%
Per Capita as a Percent of Personal Income per Capita (2)	7.91%	8.51%	8.97%	10.81%	11.62%

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

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

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

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

Annual Debt Service (1)

Fiscal Year	<u>Outstanding as of 3/15/12</u>		Total	Cumulative
	<u>Principal (2)</u>	<u>Interest (2)</u>		<u>% Principal Retired</u>
2012	\$ 0	\$ 25,481	\$ 25,481	0.0%
2013	1,878,077	933,786	2,811,864	7.7
2014	1,894,497	852,933	2,747,430	15.6
2015	1,911,024	777,546	2,688,570	23.4
2016	1,927,441	703,976	2,631,417	31.4
2017	1,943,886	631,540	2,575,426	39.4
2018	1,940,360	560,582	2,500,943	47.4
2019	1,961,864	488,758	2,450,621	55.5
2020	1,886,903	416,065	2,302,968	63.3
2021	1,943,468	342,449	2,285,917	71.3
2022	2,000,066	265,731	2,265,797	79.6
2023	2,061,695	182,706	2,244,401	88.1
2024	2,123,357	61,879	2,185,236	96.8
2025	410,636	12,935	423,571	98.5
2026	87,366	6,330	93,697	98.9
2027	89,131	4,565	93,697	99.2
2028	90,932	2,765	93,697	99.6
2029	92,769	928	93,697	100.0%
	<u>\$24,243,472</u>	<u>\$6,270,955</u>	<u>\$30,514,428</u>	

(1) Excludes revenue anticipation notes, grant anticipation notes and bond anticipation notes, lease and installment purchase obligations, overlapping debt, unfunded pension liability as well as the Refunding Bonds but includes the Refunded Bonds.

(2) **Principal of \$22,893,132 and interest of \$6,028,459 has been excluded from the provisions of Proposition 2 ½.**

Revenue Anticipation Borrowing

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

CONTRACTS

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interest, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There is implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies. The Town awarded a 3 year contract to ABC Disposal for the collection and disposal of recycling and municipal solid waste on June 17, 2009. The Town paid \$83.50/ton for year 1, \$86.00/ton for year 2, and \$88.50/ton for year three. The amount paid by the Town for this contract in fiscal 2009 was \$261,480, for fiscal 2010 was \$320,400, for fiscal 2011 was \$225,573 and the amount budgeted for fiscal 2012 is \$305,250.

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

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

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

OVERLAPPING DEBT (1)

The following table sets forth the portion of overlapping debt relating to the Town (1):

	<u>Outstanding</u>	<u>Authorized Unissued</u>	<u>Assessments for Operations and Debt Service Fiscal Year 2012</u>
Bristol County (2)	\$0	\$0	\$11,319
Tri-County Regional Vocational Technical School District (3)	0	0	634,005
Greater Attleboro-Taunton Regional Transit Authority (4)	0	0	88,841

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

(2) Source: Treasurer, Bristol County. Debt is as of March 15, 2012. Authorized debt includes debt authorized by the County Commissioners under general laws and debt permitted by special enabling acts whether or not yet voted by County Commissioners. County expenses including debt service on County Bonds are assessed upon the Cities and Towns within the County in proportion to their valuations of taxable properties last equalized by the State Commissioner of Revenue. Amounts shown are based on the most recent equalized valuations. (See Services above for additional information regarding abolishing county government.)

(3) Source: Tri-County Regional Vocational Technical School District. Debt is as of March 15, 2012. Towns may organize regional school districts to carry out general or specialized educational functions. The operating expenses and debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the district. The other members of the District are the Towns of Franklin, Medfield, Medway, Norfolk, North Attleborough, Plainville, Sherborn, Walpole and Wrentham.

(4) Source: Greater Attleboro-Taunton Regional Transit Authority. Debt is as of March 15, 2012.

UNDERLYING DEBT

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

The Seekonk Water District provides water services to approximately 87% of the Town. The debt outstanding and amount of debt authorized and unissued as of March 15, 2012 is as follows:

	<u>Debt Outstanding</u>	<u>Authorized Unissued</u>
Seekonk Water District	\$4,441,938	\$0

RETIREMENT PLAN

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

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

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments. The most recent actuarial valuation as of January 2010 reduced the fully funded date from 2030 to 2027.

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

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

Recent legislation provides that upon local acceptance and subject to certain conditions and limitations, a municipality may establish and implement an early retirement incentive program. Any plan for such program had to be submitted to PERAC by September 27, 2010. The Town did not submit a plan and is not offering this program.

The Town participates in the contributory retirement system of Bristol County. The annual contributions of the Town to the retirement system for the current and most recent fiscal years are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2012 (budgeted)	\$2,001,555
2011	1,803,196
2010	1,773,321
2009	1,581,257
2008	1,519,606
2007	1,373,527

As of January 1, 2010, the Town's share of the total estimated unfunded actuarial liability of the system was \$15,958,463 or 6.56% of the Bristol County Retirement System unfunded actuarial liability in the amount of \$243,177,790 (1).

The foregoing data do not include the retirement system costs or liabilities attributable to employees of the county or the retirement system costs or liabilities of any other entity of which the Town is a constituent part.

(1) Source: Massachusetts Retirement Law Commission. These estimates were used by the Commission in computing actuarial liabilities of local systems for inclusion in its most recent actuarial Valuation Report of the Contributory Retirement Systems of the Commonwealth. Estimates of actuarial liabilities depend on the underlying actuarial assumptions and reference is made to the report for a description of those assumptions.

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

The Town is required to implement the new GASB reporting requirements for other post-employment benefits beginning in fiscal year 2009. The Town hired an outside firm to perform an actuarial valuation of its post-employment benefit liability. Using a 4% discount rate the unfunded actuarial accrued liability of this obligation to the Town of Seekonk as of December 31, 2009 is estimated to be \$36,243,203 which would require an increase in annual cost to the Town to fully fund of \$2,051,464.

PROPERTY TAXATION AND VALUATION

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

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

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

VALUATIONS(1)

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

	For Fiscal Year				
	<u>2012</u>	<u>2011 (4)</u>	<u>2010</u>	<u>2009</u>	<u>2008 (4)</u>
Real Property (2)	\$1,982,012,545	\$2,047,634,195	\$2,121,900,480	\$2,251,390,700	\$2,288,525,000
Personal Property (2)	<u>74,301,580</u>	<u>84,250,170</u>	<u>76,129,340</u>	<u>75,236,200</u>	<u>58,736,383</u>
Total	<u>\$2,056,314,125</u>	<u>\$2,131,884,365</u>	<u>\$2,198,029,820</u>	<u>\$2,326,626,900</u>	<u>\$2,347,261,383</u>
Equalized Value (3)	\$2,292,281,100	\$2,292,281,100	\$2,491,374,900	\$2,491,374,900	\$2,140,093,300
Percent of Total Assessed to Equalized Valuation	89.7%	93.0%	88.2%	93.4%	109.7%

(1) Source: Massachusetts Department of Revenue.

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

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

(4) Revaluation year.

The following table shows the breakdown of the total assessed valuation for fiscal years 2012 through 2010 by classification:

<u>Class</u>	<u>Fiscal 2012 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Fiscal 2011 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Fiscal 2010 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Residential	\$1,542,303,298	75.0%	\$1,586,259,721	74.4%	\$1,643,105,133	74.8%
Commercial	402,284,947	19.6	421,984,774	19.8	438,066,747	19.9
Industrial	37,424,300	1.8	39,389,700	1.8	40,728,600	1.9
Personal	74,301,580	3.6	84,250,170	4.0	76,129,340	3.5
Total	<u>\$2,056,314,125</u>	<u>100.0%</u>	<u>\$2,131,884,365</u>	<u>100.0%</u>	<u>\$2,198,029,820</u>	<u>100.0%</u>

Tax Rates

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

<u>Fiscal Year</u>	<u>Actual Tax Rate</u>	<u>Average Tax Rate</u>	<u>Estimated Full Value Tax Rate</u>
2012	\$12.19 (Residential/Open Space) 24.47 (Commercial/Industrial) 24.40 (Personal)	\$15.26	\$13.69
2011	\$11.39 (Residential/Open Space) 22.62 (Commercial/Industrial) 22.51 (Personal)	\$14.26	\$13.26
2010	\$10.57 (Residential/Open Space) 21.57 (Commercial/Industrial) 21.46 (Personal)	13.34	11.77
2009	\$ 9.64 (Residential/Open Space) 20.04 (All Other)	12.22	11.41
2008	\$ 8.98 (Residential/Open Space) 20.09 (All Other)	11.48	12.59

LARGEST TAXPAYERS

The following is a list of the largest taxpayers for fiscal year 2012 (1):

<u>Name</u>	<u>Nature of Business</u>	<u>Fiscal 2012 Assessed Valuation</u>	<u>Amount of Tax</u>	<u>% of Total Levy</u>
Darling Development Corp.	Retail/PP	\$ 32,730,100	\$ 801,328	2.55%
Algonquin Gas	Utility	25,379,600	619,264	1.97
Seekonk Shopping Center Equities	Retail	16,063,500	393,074	1.25
Seekonk Square Realty Trust	Retail	15,708,700	384,392	1.23
Inland Western Seekonk Power	Retail	13,600,000	332,792	1.06
S/J/L Commerce Way LLC	Retail (Target)	12,949,900	316,884	1.01
Shetty Seekonk, LLC	Retail (Stop & Shop)	12,100,000	296,087	0.94
EDF Seekonk II LLC	Retail (Home Depot)	12,066,300	295,262	0.94
Wal-Mart	Retail/PP	11,242,020	275,060	0.88
R & F Seekonk LLC	Retail/PP	10,485,190	256,566	0.82
		<u>\$162,325,310</u>	<u>\$3,970,709</u>	<u>12.66%</u>

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

TAX LEVIES

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

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

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

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

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

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

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

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

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

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

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

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

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculations of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. **As noted above, debt service on \$22,893,132 of currently outstanding bonds are exempt from the limitations of Proposition 2 1/2, subject to the provisions of Chapter 44, Section 20 of the General Laws.** It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

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

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

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

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

Calculation of Tax Levies

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

	For Fiscal Year (000 omitted)				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Gross Amount to be Raised:					
Appropriations	\$44,965	\$43,808	\$42,134	\$41,649	\$40,701
Other Local Expenditures	132	158	27	33	34
State & County Charges	357	324	330	326	303
Overlay Reserve	<u>462</u>	<u>459</u>	<u>466</u>	<u>498</u>	<u>331</u>
Total Gross Amount to be Raised	<u>45,916</u>	<u>44,749</u>	<u>42,957</u>	<u>42,506</u>	<u>41,369</u>
Less Estimated Receipts & Other Revenue:					
Estimated Receipts from State	6,785	6,830	7,149	8,412	8,243
Estimated Receipts - Local	4,994	5,136	4,521	4,226	4,556
Available Funds Appropriated:					
Free Cash	1,638	941	1,448	980	1,151
Other Available Funds	1,125	1,443	511	458	471
Free Cash & Other Revenue Used to Reduce the Tax Rate	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Estimated Receipts & Revenue	<u>\$14,542</u>	<u>\$14,349</u>	<u>\$13,628</u>	<u>\$14,077</u>	<u>\$14,421</u>
Net Amount to be Raised (Tax Levy)	<u>\$31,373</u>	<u>\$30,400</u>	<u>\$29,329</u>	<u>\$28,429</u>	<u>\$26,948</u>

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

	For Fiscal Year (000 omitted)				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Primary Levy Limit (1)	\$51,408	\$53,297	\$54,951	\$58,166	\$58,682
Prior Fiscal Year Levy Limit	29,016	27,934	26,797	25,412	24,252
2.5% Levy Growth	725	698	670	635	606
New Growth (2)	311	384	467	750	554
Overrides	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Growth Levy Limit	30,052	29,016	27,934	26,797	25,412
Debt Exclusions	1,338	1,388	1,442	1,647	1,520
Other Adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>22</u>	<u>39</u>
Tax Levy Limit	31,390	30,404	29,376	28,466	26,971
Tax Levy	<u>31,373</u>	<u>30,400</u>	<u>29,329</u>	<u>28,429</u>	<u>26,948</u>
Unused Levy Capacity (3)	<u>\$ 17</u>	<u>\$ 4</u>	<u>\$ 47</u>	<u>\$ 37</u>	<u>\$ 23</u>
Unused Primary Levy Capacity (4)	<u>\$21,356</u>	<u>\$24,281</u>	<u>\$27,017</u>	<u>\$31,369</u>	<u>\$33,270</u>

(1) 2.5% of assessed valuation.

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

(3) Tax Levy Limit less Tax Levy.

(4) Primary Levy Limit less Growth Levy Limit.

(5) Recalculated due to certification of retroactive growth.

TAX COLLECTIONS AND ABATEMENTS

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

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

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

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

	For Fiscal Year				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total Tax Levy	\$31,373,321	\$30,400,260	\$29,328,973	\$28,429,039	\$26,947,704
Overlay Reserve for Abatements	<u>461,772</u>	<u>458,585</u>	<u>466,026</u>	<u>497,923</u>	<u>330,587</u>
Net Tax Levy(1)	<u>\$30,911,550</u>	<u>\$29,941,675</u>	<u>\$28,862,947</u>	<u>\$27,931,116</u>	<u>\$26,617,117</u>
Amount Collected					
During Fiscal Year Payable(2)	N/A	\$29,484,680	\$28,565,098	\$27,530,345	\$26,113,194
Percent of Net Tax Levy	N/A	98.5%	99.0%	98.6%	98.1%
Amount Collected					
Through 01/31/12	\$19,610,716	\$29,817,374	\$28,806,592	\$27,830,854	\$26,490,469
Percent of Net Tax Levy	63.4%	99.6%	99.8%	99.6%	99.5%

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

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

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

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

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

	For Fiscal Year				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax Levy	\$31,373,321	\$30,400,260	\$29,328,973	\$28,429,039	\$26,947,704
Overlay Reserve for Abatements	461,772	458,585	466,026	497,923	330,587
Percent of Tax Levy	1.5%	1.5%	1.6%	1.8%	1.2%
Abatements Granted					
During Fiscal Year of Levy	N/A	\$93,721	\$51,978	\$72,590	\$79,726
Through 01/31/12	\$20,538	\$120,865	\$159,361	\$162,894	\$88,645

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

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

Taxes Outstanding

	For Fiscal Year				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Aggregate (1)	\$522,570	\$467,980	\$474,114	\$949,981	\$386,948
For Current Year (1)	92,037	69,721	151,542	624,856	102,335
Tax Titles and Tax Possessions	406,576	375,497	397,438	452,046	359,944

(1) Excludes abated taxes, and includes taxes in litigation, if any.

TOWN FINANCES

Budget and Appropriation Process

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

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

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

School committees are no longer autonomous with respect to school expenditures for current purposes. The school budget is limited to the total amount appropriated by the Town meeting, but the school committee retains full power to allocate the funds appropriated. In fiscal years 1994 through 2010 and as budgeted for 2011, the Town's net school spending exceeded the minimum required local contribution.

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

Budget Comparison (1)

The following table sets forth the actual budgets for fiscal years 2012-2008:

	(000 omitted)				
<u>Category</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Government	\$ 1,923	\$ 2,009	\$ 1,760	\$ 1,770	\$ 1,682
Public Safety	5,692	5,557	5,374	5,221	5,054
Education	20,290	20,056	19,350	19,569	19,119
Highway and Streets	1,036	1,045	982	945	877
Environmental	38	37	35	25	21
Human Services	475	478	463	480	452
Cultural Recreation	859	845	832	788	767
Debt Service	2,771	2,813	2,907	3,801	3,944
Employee Benefits	5,776	5,566	5,221	4,824	4,380
Retirement	2,002	1,803	1,773	1,581	1,520
Other	60	163	78	78	55
Insurance	<u>568</u>	<u>562</u>	<u>513</u>	<u>508</u>	<u>505</u>
Total	<u>\$41,490</u>	<u>\$40,934</u>	<u>\$39,288</u>	<u>\$39,590</u>	<u>\$38,376</u>

STATE AID

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

Legislation was enacted in 1991 to help municipalities compensate for additional local aid reductions by the Commonwealth for fiscal 1992. Under the law, municipalities could defer budgeting for teacher's summer compensation payable at the end of the fiscal years 1992 and 1993. Municipalities that chose to defer such amounts were required to amortize the resulting budget deficiency by raising at least one fifteenth of the deferred amount in each of the fiscal years 1997 through 2011, or in accordance with a more rapid amortization schedule. *The Town did not adopt this legislation.*

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

The following table sets forth the actual state aid received in each of the most recent fiscal years as well as the amount budgeted for fiscal 2012:

<u>Fiscal</u> <u>Year</u>	<u>Total</u> <u>State Aid</u>
2012 (budgeted)	\$5,396,154
2011	6,764,873
2010	6,804,899
2009	7,754,456
2008	8,243,128
2007	7,576,632

State School Building Assistance Program

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

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

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

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by

municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality. In most cases, the receipt of these progress payments from the Authority eliminates the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs.

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

MOTOR VEHICLE EXCISE

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

The following table sets forth the amount of motor vehicle excise receipts in each of the most recent fiscal years, the amount budgeted for fiscal 2012:

<u>Fiscal Year</u>	<u>Motor Vehicle Excise Taxes (1)</u>
2012 (budgeted)	\$1,600,000
2011	1,769,126
2010	1,651,140
2009	1,817,150
2008	2,036,975
2007	1,707,681

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

OTHER TAXES

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

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

The following table show the actual receipts collected pursuant to the room occupancy tax for the most recent fiscal years and the amount budgeted for fiscal 2012:

<u>Fiscal Year</u>	<u>Receipts</u>
2012 (budgeted)	\$450,000
2011	463,387
2010	323,424
2009	343,129
2008	368,074
2007	365,983

INVESTMENTS

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

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

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

COMMUNITY PRESERVATION ACT

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

A city or town may approve a surcharge of up to 3% of the real property tax levy, and it may accept one or more exemptions to the surcharge under the CPA, including an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property, and an exemption for commercial and industrial properties in cities and towns with classified tax rates. The surcharge is not counted in the total taxes assessed for the purpose of

determining the permitted levy amount under Proposition 2½ (see “Tax Limitations” under “Property Tax” above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge on the real property tax levy. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula which requires that 80% of the amount in the state trust fund be used to match an equal percentage of the amount raised locally by each city and town, and that the remaining 20% of the amount in the fund be distributed only to those cities and towns that levy the maximum 3% surcharge based on a formula which takes into account equalized property valuation and population, resulting in larger distributions to those communities with low valuations and small populations. The total state distribution made to any city or town may not, however, exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

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

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged. **The Town has voted to accept the provisions of the Community Preservation Act. The Town has approved a 1.25% surcharge and approved a \$100,000 exemption for residents.** The balance as of June 30, 2011 was \$459,679.

TAX INCREMENT FINANCING FOR DEVELOPMENT DISTRICTS

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

UNDESIGNATED GENERAL FUND BALANCE AND FREE CASH

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

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

<u>July 1</u>	<u>Undesignated Fund Balance</u>	<u>Free Cash</u>
2011 (unaudited)	\$2,629,044	\$1,569,728
2010	2,526,653	1,126,735
2009	2,531,870	1,324,386
2008	2,216,968	1,050,333
2007	1,910,304	1,453,148

STABILIZATION FUND

The Town has maintained a Stabilization Fund for several years. Under Massachusetts statutes, funds may be appropriated from the Fund for any municipal purpose by a two thirds vote of the Town Meeting. Recently the Town created a Municipal Capital Stabilization Fund which it began funding in Fiscal 2006. The following are the balances in the accounts at the end of the most recent fiscal years:

<u>Fiscal Year</u>	<u>Municipal Capital Stabilization</u>	<u>General Stabilization</u>	<u>Total</u>
2012 (thru 3-1-12)	\$623,680	\$1,706,272	\$2,329,952
2011 (unaudited)	123,680	1,206,272	1,329,952
2010	91,853	1,180,840	1,272,693
2009	423,008	1,161,496	1,584,504
2008	4,738	1,137,467	1,142,205
2007	347,228	1,093,387	1,440,615

COLLECTIVE BARGAINING

Under Massachusetts Law, strikes by municipal employees are prohibited. Employees of Massachusetts municipalities have certain organizational and representational rights which include the right to organize, to bargain collectively by representatives of their choice on questions of wages, hours and other terms and conditions of employment, and to engage in lawful concerted activities for bargaining or other mutual aid or protection.

The Town has approximately 758 full and part-time employees, of which approximately 53 percent belong to unions or other collective bargaining groups as follows:

<u>Union</u>	<u>Department</u>	<u>Number of People</u>	<u>Contract Expires (1)</u>
United Steelworkers, Local #16031	Department Heads	14	6/30/11
United Steelworkers, Local #16031	Clerical - Town Hall and various others	14	6/30/11
Fraternal Order of Police/MASSCOPS Local #215	Police Officers	32	6/30/10
AFSCME Local #1701	DPW	15	6/30/11
International Assoc. Firefighters Local #1931	Firefighters	29	6/30/11
AFSCME Local #1701	Police Dispatchers/Secretaries	9	6/30/11
Seekonk Educators Assoc./ Mass. Teachers Assoc./ National Education Assoc.	School Teachers	169	8/31/11
AFSCME Local #1701	Admin. Sec., Bus Drivers, Custodians, Aides	80	6/30/11
Seekonk Police Specials Assoc.		20	6/30/10
Seekonk Call Firefighters	Call Firefighters	5	6/30/12
Seekonk Public Library Employee Assoc. Mass. Library Staff Assoc. Local #4928 AFT-MA, AFT, AFL-CIO	Library Staff	<u>15</u>	6/30/11
		<u>402</u>	

(1) Negotiations underway for the expired contracts.

PHYSICAL AND ECONOMIC CHARACTERISTICS

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

The principal employers, as listed below, are mainly large retail chains along Routes 6 and 44 that provide a regional destination for residents of the Fall River and Providence, RI metropolitan areas. In addition, they provide employment opportunities and tax revenues to the Town. Two village centers, one in the northern part of Town and one in the central part of Town, serve the local residents' needs. Those neighborhood commercial centers contribute to the pool of locally owned and operated business. The Town's unemployment rate compares favorably to the surrounding larger municipalities and the median family income has outpaced the Providence-Pawtucket-Fall River Consolidated Metropolitan Statistical Area (CMSA) and Bristol County as a whole.

Principal Employers

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

<u>Company</u>	<u>Nature of Business</u>	<u>Approximate Current Employees (1)</u>
Wal-Mart	Department Store	230
Stop & Shop	Supermarket	276 (2)
Target	Department Store	200
Sam's Club	Discount Store	170
Home Depot	Building Supplies	150
Kohl's	Department Store	142
Lowe's	Building Supplies	135
Johnson & Wales University	Restaurant/Hotel	110
Raymour & Flanigan	Discount Furniture	50
Showcase Cinemas	Movie Theaters	50

(1) The individual employers as of March, 2012.

(2) Expanded to two stores in Seekonk.

Employment by Industry(1)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Construction & Natural Resources	381	431	533	519	538
Manufacturing	198	170	215	191	198
Trade, Transportation & Utilities	3,389	3,379	3,750	3,858	3,946
Financial Activities	159	150	158	160	166
Professional & Business Services	417	806	995	978	948
Education & Health Services	609	617	620	629	630
Leisure & Hospitality	1,509	1,483	1,566	1,604	1,663
Information & Other Services	<u>475</u>	<u>482</u>	<u>520</u>	<u>534</u>	<u>560</u>
Total Employment	7,315	7,738	8,357	8,473	8,649
Number of Establishments	626	600	602	612	622
Total Annual Wage (000)	\$228,016	\$237,787	\$260,210	\$255,160	\$247,294
Average Weekly Wage	\$599	\$591	\$583	\$565	\$537

(1) Source: Massachusetts Division of Unemployment Assistance.

Building Permits

<u>Fiscal Year</u>	<u>Number</u>	<u>Estimated Value</u>
2012 (through 1/31/12)	305	\$8,029,871
2011	487	20,058,941
2010	501	15,797,727
2009	453	11,060,721
2008	637	20,914,779

OTHER DATA

Employment (1)

<u>Year</u>	<u>Seekonk</u>	<u>Massachusetts</u>	<u>United States</u>
2011 (December)	8.8%	6.5%	8.3%
2010	10.6	8.5	9.6
2009	10.7	8.4	9.3
2008	6.2	5.3	5.8
2007	4.8	4.5	4.6

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

Population (1)

<u>Year</u>	<u>Seekonk</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>
2010 (Prelim.)	13,722	2.2%	548,285	2.5%	6,547,629	3.1%
2000	13,425	2.9	534,678	5.6	6,349,097	5.5
1990	13,046	6.3	506,325	6.7	6,016,425	4.9
1980	12,269	10.4	474,641	6.8	5,737,037	0.8
1970	11,116		444,301		5,689,170	

(1) Source: U.S. Department of Commerce for actuals and estimates, Massachusetts Institute for Social & Economic Research for projections.

Population Density (1)

<u>Year</u>	<u>Seekonk</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Density (2)</u>	<u>Number</u>	<u>Density</u>	<u>Number</u>	<u>Density</u>
2010 (Prelim.)	13,722	749.1	548,285	986.1	6,547,629	835.4
2000	13,425	732.9	534,678	961.6	6,349,097	810.0
1990	13,046	712.2	506,325	910.6	6,016,425	767.6
1980	12,269	669.8	474,641	853.6	5,737,037	732.0
1970	11,116	606.8	444,301	799.0	5,689,170	725.8

(1) Source: U.S. Department of Commerce for actuals and estimates, Massachusetts Institute for Social & Economic Research for projections.

(2) Based on 18.3 square miles.

Population Composition 2000 (1)

<u>Age</u>	<u>Seekonk</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5 Years	751	5.6%	34,286	6.4%	397,268	6.3%
5 Years to 19 Years	2,938	21.9	111,666	20.9	1,277,845	20.1
20 Years to 64 Years	7,926	59.0	313,214	58.6	3,813,822	60.1
65 Years & Over	<u>1,810</u>	<u>13.5</u>	<u>75,512</u>	<u>14.1</u>	<u>860,162</u>	<u>13.5</u>
Total	<u>13,425</u>	<u>100.0%</u>	<u>534,678</u>	<u>100.0%</u>	<u>6,349,097</u>	<u>100.0%</u>
Median Age	39.7		36.7		36.5	
Median Age (1990)	36.1		33.8		33.6	

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

Per Capita Income Levels (1)

<u>Year</u>	<u>Seekonk</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Amount</u>	<u>% Change from Previous Census</u>	<u>Amount</u>	<u>% Change from Previous Census</u>	<u>Amount</u>	<u>% Change from Previous Census</u>
1999	\$24,058	38.7%	\$20,978	51.4%	\$25,952	50.7%
1989	17,345	125.6	13,853	121.7	17,224	131.0
1979	7,688		6,249		7,457	
Median Family Income (1999)	\$62,361		\$53,733		\$61,664	
Median Household Income (1999)	\$56,364		\$43,496		\$50,502	
% Below Poverty Level (1999)	2.4%		10.0%		9.3%	

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

Family Income Distribution 1999 (1)

<u>Income for Families</u>	<u>Seekonk</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
Less than \$10,000	27	0.7%	7,469	5.3%	71,198	4.5%
\$10,000 - \$24,999	438	11.3	20,231	14.3	175,120	11.0
\$25,000 - \$49,999	936	24.1	37,067	26.2	368,418	23.2
\$50,000 - \$74,999	1,144	29.5	35,262	24.9	359,202	22.6
\$75,000 - \$99,999	673	17.3	21,331	15.1	251,231	15.8
\$100,000 - \$149,999	483	12.5	14,574	10.3	222,234	14.0
\$150,000 or more	<u>178</u>	<u>4.6</u>	<u>5,611</u>	<u>4.0</u>	<u>140,134</u>	<u>8.8</u>
Total	<u>3,879</u>	<u>100.0%</u>	<u>141,545</u>	<u>100.0%</u>	<u>1,587,537</u>	<u>100.0%</u>

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

Household Income Distribution 1999 (1)

<u>Income for Households</u>	<u>Seekonk</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Households</u>	<u>Percent</u>	<u>Households</u>	<u>Percent</u>	<u>Households</u>	<u>Percent</u>
Less than \$10,000	124	2.6%	21,933	10.7%	214,700	8.8%
\$10,000 - \$24,999	729	15.1	39,658	19.3	385,395	15.8
\$25,000 - \$49,999	1,249	25.9	53,983	26.3	608,320	24.9
\$50,000 - \$74,999	1,226	25.4	43,089	21.0	490,998	20.1
\$75,000 - \$99,999	733	15.2	24,316	11.8	312,741	12.8
\$100,000 - \$149,999	516	10.7	16,305	7.9	267,300	10.9
\$150,000 or more	<u>253</u>	<u>5.2</u>	<u>6,272</u>	<u>3.1</u>	<u>165,134</u>	<u>6.8</u>
Total	<u>4,830</u>	<u>100.0%</u>	<u>205,556</u>	<u>100.0%</u>	<u>2,444,588</u>	<u>100.0%</u>

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

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

<u>Units</u>	<u>Seekonk</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than \$100,000	106	2.7%	10,319	10.3%	113,263	9.5%
\$100,000 - \$149,999	1,501	37.7	38,596	38.6	277,571	23.4
\$150,000 - \$199,999	1,406	35.3	28,144	28.2	273,542	23.0
\$200,000 - \$299,999	706	17.7	17,075	17.1	286,599	24.1
\$300,000 - \$499,999	210	5.3	4,889	4.9	170,536	14.4
\$500,000 or more	<u>49</u>	<u>1.2</u>	<u>896</u>	<u>0.9</u>	<u>66,360</u>	<u>5.6</u>
Total	<u>3,978</u>	<u>100.0%</u>	<u>99,919</u>	<u>100.0%</u>	<u>1,187,871</u>	<u>100.0%</u>
Median Value	\$162,200		\$151,500		\$185,700	

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

Age Distribution Housing Units 2000 (1)

<u>Year Built</u>	<u>Seekonk</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
1990 to March 2000	530	10.7%	22,625	10.4%	218,407	8.3%
1980 to 1989	610	12.3	24,069	11.1	292,701	11.2
1940 to 1979	2,856	57.7	94,404	43.5	1,205,183	46.0
1939 or Earlier	<u>951</u>	<u>19.2</u>	<u>75,820</u>	<u>35.0</u>	<u>905,698</u>	<u>34.5</u>
Total	<u>4,947</u>	<u>100.0%</u>	<u>216,918</u>	<u>100.0%</u>	<u>2,621,989</u>	<u>100.0%</u>

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

Housing Unit Inventory 2000 (1)

<u>Units in Structure</u>	<u>Seekonk</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
1, Detached	4,365	88.2%	111,183	51.3%	1,374,479	52.4%
1, Attached	78	1.6	6,367	2.9	104,129	4.0
2 to 4	479	9.7	60,890	28.1	603,917	23.0
5 to 9	21	0.4	16,849	7.8	156,135	6.0
10 to 19	0	0.0	6,453	3.0	113,697	4.3
20 or More	4	0.1	11,661	5.4	244,892	9.3
Mobil Home, Trailer, or Other	<u>0</u>	<u>0.0</u>	<u>3,515</u>	<u>1.6</u>	<u>24,740</u>	<u>0.9</u>
Total	<u>4,947</u>	<u>100.0%</u>	<u>216,918</u>	<u>100.0%</u>	<u>2,621,989</u>	<u>100.0%</u>

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

Educational Attainment 2000 (1)

<u>Years of School Completed</u>	<u>Seekonk</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th Grade	556	6.0%	46,991	13.1%	247,556	5.8%
9th to 12th Grade, No Diploma	1,007	10.9	48,928	13.7	403,537	9.4
High School Graduate	2,914	31.6	105,920	29.6	1,165,489	27.3
Some College, No Degree	1,556	16.9	58,313	16.3	730,135	17.1
Associate's Degree	762	8.3	26,560	7.4	308,263	7.2
Bachelor's Degree	1,657	18.0	48,088	13.4	834,554	19.5
Graduate or Professional Degree	<u>761</u>	<u>8.3</u>	<u>23,029</u>	<u>6.4</u>	<u>583,741</u>	<u>13.7</u>
Total	<u>9,213</u>	<u>100.0%</u>	<u>357,829</u>	<u>100.0%</u>	<u>4,273,275</u>	<u>100.0%</u>
High School Graduate or Higher	7,650	83.0%	261,910	73.2%	3,622,182	84.8%
Bachelor's Degree or Higher	2,418	26.2%	71,117	19.9%	1,418,295	33.2%

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

Public School Enrollments (1)(2)

	<u>Actual</u>					<u>Projected</u>	
	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-2014</u>
Preschool-Kindergarten	175	148	150	158	152	53	155
Grades 1 – 4	614	625	638	618	626	43	615
Grades 5 – 6	370	349	341	327	335	296	330
Grades 7 – 8	359	383	383	362	347	302	350
Grades 9 – 12	<u>648</u>	<u>640</u>	<u>642</u>	<u>677</u>	<u>676</u>	<u>606</u>	<u>670</u>
Total	<u>2,166</u>	<u>2,145</u>	<u>2,154</u>	<u>2,142</u>	<u>2,136</u>	<u>1,900</u>	<u>2,120</u>

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

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

School Facilities (1)

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

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

LITIGATION

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

**TOWN OF SEEKONK
Massachusetts**

By: /s/ Christine DeFontes
Town Treasurer

Dated: March 15, 2012

APPENDIX A

The following Balance Sheet for June 30, 2011 is unaudited and prepared by the Town.

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

**TOWN OF SEEKONK
MASSACHUSETTS
Balance Sheet
General Fund - Unaudited
June 30, 2011**

ASSETS

Cash	\$4,862,257.56
Receivables	1,756,168.28
Provision for Abatement & Exemption	(680,618.87)
Deferred Revenue	(1,204,255.30)
Tax Forclosures	<u>100,771.89</u>
Total Assets	<u>\$4,834,323.56</u>

LIABILITIES

Accounts Payable	\$ (97,059.64)
Encumbrances	1,665,686.78
Payroll Withholdings	<u>340,389.94</u>
Total Liabilities	<u>\$1,909,017.08</u>

FUND EQUITY

Fund Balances:	
Reserved for Carryovers	\$ 28,560.25
Reserved for Expenditures	267,702.43
Unreserved, Undesignated	<u>2,629,043.80</u>
Total Fund Equity	<u>\$2,925,306.48</u>
Total Liabilities and Fund Equity	<u>\$4,834,323.26</u>

TOWN OF SEEKONK
Massachusetts
General Fund (1)
Balance Sheets
June 30,

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>					
Cash and Investments	\$5,726,003	\$5,549,415	\$ 5,054,424	\$ 5,119,412	\$ 4,591,576
Receivables, net of uncollectible accounts:					
Property Taxes	399,094	546,125	484,334	550,204	311,003
Tax Liens & Foreclosures	463,599	502,799	452,761	204,193	225,067
Motor Vehicle Excise	124,964	98,875	178,115	330,869	130,871
Departmental	10,340	10,270	55	11,540	8,233
Due From Other Governments	18,138,001	19,477,637	28,207,830	30,503,412	12,905,997
User Fees	6,567	7,937	7,063	6,945	0
Accounts Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,043</u>
Total Assets	<u>\$24,868,568</u>	<u>\$26,193,058</u>	<u>\$34,384,582</u>	<u>\$36,726,575</u>	<u>\$18,177,790</u>
<u>LIABILITIES</u>					
Accounts Payable	\$2,411,850	\$2,631,425	\$ 1,934,382	\$ 2,108,600	\$ 1,755,592
Deferred Revenue	18,945,769	20,448,391	29,303,288	31,607,163	13,586,214
Other Liabilities	<u>46,511</u>	<u>33,565</u>	<u>57,710</u>	<u>13,091</u>	<u>31,178</u>
Total Liabilities	<u>\$21,404,130</u>	<u>\$23,113,381</u>	<u>\$31,295,386</u>	<u>\$33,728,854</u>	<u>\$15,372,984</u>
Fund Equity					
Fund Balances:					
Reserved for Encumbrances	\$ 647,785	\$ 410,072	\$ 868,228	\$ 775,220	\$ 389,339
Unreserved Fund Balance:					
Designated	290,000	137,735	4,000	312,197	90,000
Undesignated	<u>2,526,653</u>	<u>2,531,870</u>	<u>2,216,968</u>	<u>1,910,304</u>	<u>2,325,467</u>
Total Fund Equity	<u>\$ 3,464,438</u>	<u>\$ 3,079,677</u>	<u>\$ 3,089,196</u>	<u>\$ 2,997,721</u>	<u>\$ 2,804,806</u>
Total Liabilities and Fund Equity	<u>\$24,868,568</u>	<u>\$26,193,058</u>	<u>\$34,384,582</u>	<u>\$36,726,575</u>	<u>\$18,177,790</u>

(1) Compiled from Independent Auditors reports.

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

REVENUES:	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Property Taxes	\$29,289	\$28,293	\$26,556	\$25,536	\$24,242
Motor Vehicle Excise	1,653	1,795	2,064	1,708	2,049
Motel Tax	323	343	368	364	348
Penalties & Interest on Taxes	139	123	104	90	90
Earnings on Investments	60	152	242	330	287
Departmental	1,112	929	1,036	943	995
Intergovernmental – State	<u>11,217</u>	<u>11,710</u>	<u>11,863</u>	<u>10,839</u>	<u>9,465</u>
Total Revenues	<u>\$43,794</u>	<u>\$43,456</u>	<u>\$42,233</u>	<u>\$39,810</u>	<u>37,476</u>
EXPENDITURES:					
General Government	2,084	2,198	1,695	1,554	1,387
Public Safety	5,440	5,233	5,041	4,421	4,037
Education	19,314	19,919	18,496	17,337	17,347
Public Works	980	1,043	936	753	827
Environmental	33	0	40	19	20
Human Services	468	491	506	508	434
Culture & Recreation	815	796	758	708	636
Debt Service	2,958	3,475	3,925	4,106	3,741
Intergovernmental Charges	321	329	311	319	317
Employee Benefits & Insurance	<u>11,036</u>	<u>9,984</u>	<u>9,742</u>	<u>8,964</u>	<u>8,299</u>
Total Expenditures	<u>43,448</u>	<u>43,496</u>	<u>41,478</u>	<u>38,689</u>	<u>37,045</u>
Excess (Deficiency) of Revenues over Expenditures	<u>346</u>	<u>(150)</u>	<u>755</u>	<u>1,121</u>	<u>431</u>
OTHER FINANCING SOURCES (USES):					
Refunding Bond & State Grant Proceeds	0	8,038	0	0	0
Issuance of Refunding Bonds Premium	0	25	0	0	0
Operating Transfers In	539	504	433	519	369
Operating Transfers Out	<u>(500)</u>	<u>(307)</u>	<u>(1,096)</u>	<u>(1,447)</u>	<u>712</u>
Total Other Financing Sources (Uses)	39	141	(663)	(928)	(343)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	385	(10)	91	192	88
Fund Equity at Beginning of Year	<u>3,080</u>	<u>3,089</u>	<u>2,998</u>	<u>2,805</u>	<u>2,717</u>
Fund Equity at End of Year	<u>\$ 3,464</u>	<u>\$ 3,080</u>	<u>\$ 3,089</u>	<u>\$ 2,998</u>	<u>\$ 2,805</u>

(1) Compiled from Independent Auditors reports.

APPENDIX B

There follows in this Appendix unaudited financial statements of the Town of Seekonk, Massachusetts, as of June 30, 2010 together with the auditor's report of R.E. Brown & Company, Certified Public Accountants.

TOWN OF SEEKONK, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2010

**TOWN OF SEEKONK, MASSACHUSETTS
REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

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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, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Seekonk, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Seekonk, Massachusetts, as of June 30, 2010, and the respective changes in financial position, and, where applicable, cash flow thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2011, on our consideration of the Town of Seekonk, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages **3** through **9**, and other post employment benefits information: schedules of funding progress and employer contributions on pages **51** through **52** are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it

R. E. Brown & Company

July 19, 2011

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, 2010. 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 \$39.5 million (*net assets*). Of this amount, \$17.3 million is considered unrestricted (*unrestricted net assets*).
- The unrestricted net assets of the Town's governmental activities are \$17.0 million, and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net assets of the Town's business-type activities are \$ 260 thousand and may be used to meet the ongoing obligations of the Town's Curbside Trash Collection and Recycling business-type activities.
- The government's total net assets decreased by \$2.13 million or 5% in fiscal 2010. Within this total, net assets of governmental activities decreased by \$2.12 million, a 5% decrease from fiscal 2009. Net assets of business-type activities decreased by \$1,687 or .4% from 2009.
- At June 30, 2010, the Town's governmental funds had a combined ending fund balance of \$9.51 million. The combined governmental funds balance increased by \$830 thousand or 10% from the prior year's ending fund balance. A total of \$8.328 million is considered unreserved at June 30, 2010.
- The Town's general fund reported a total fund balance of \$3.464 million at the end of fiscal 2010. The unreserved fund balance for the general fund was \$2.817 million or 6.48% of total general fund expenditures and transfers to other funds. There was a \$385 thousand increase in total general fund unreserved fund balance for the year. A total of \$ 290 thousand of the unreserved fund balance was designated for funding the fiscal year 2011 budget.
- The total cost of all Town services for fiscal 2010 was \$49.321 million; \$48.242 million of which was for governmental services, and \$1.078 million of which was for business-type activities.
- The Town's total bonded debt decreased by \$1.841 million or 6% during the year.

Overview of the Financial Statements:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis:

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

As noted earlier, assets exceeded liabilities by \$39,537,950 at the close of fiscal year 2010. The Town is able to report positive balances in all categories of net assets, both government as a whole, and for its separate governmental and business-type activities.

The largest component of the Town’s total net assets are its unrestricted net assets totaling \$17,295,007 (44%), which may be used to meet the government’s ongoing obligations to its citizens and creditors.

The Town’s investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets, is \$18,042,832 or 46% of net assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in the Town’s capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Town increased its total liabilities by \$276 thousand over fiscal year 2009, while total assets decreased by \$1,853,925, or 2%. Total assets of the governmental activities decreased by \$1,905,995 a 2% decrease from fiscal 2009. Total assets of the business-type activities increased by \$52,070 or 13% from fiscal 2009.

Town of Seekonk - Financial Highlights

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009
Assets:						
Current assets	\$ 15,505,727	\$ 15,055,341	\$ 337,735	\$ 270,815	\$ 15,843,462	\$ 15,326,156
Noncurrent assets (excluding capital)	16,699,877	18,088,757	-	-	16,699,877	18,088,757
Capital assets	45,806,752	46,774,253	126,225	141,075	45,932,977	46,915,328
Total assets	78,012,356	79,918,351	463,960	411,890	78,476,316	80,330,241
Liabilities:						
Current liabilities (excluding debt)	4,559,970	5,012,357	77,586	23,829	4,637,556	5,036,186
Noncurrent liabilities (excluding debt)	5,457,745	2,937,627	-	-	5,457,745	2,937,627
Current debt	2,310,773	2,223,351	-	-	2,310,773	2,223,351
Noncurrent debt	26,532,292	28,465,113	-	-	26,532,292	28,465,113
Total liabilities	38,860,780	38,638,448	77,586	23,829	38,938,366	38,662,277
Net Assets:						
Capital assets net of related debt	17,916,607	17,045,624	126,225	141,075	18,042,832	17,186,699
Restricted	4,200,109	4,373,913	-	-	4,200,109	4,373,913
Unrestricted	17,034,860	19,860,366	260,149	246,986	17,295,009	20,107,352
Total net assets	\$ 39,151,576	\$ 41,279,903	\$ 386,374	\$ 388,061	\$ 39,537,950	\$ 41,667,964
Revenues						
<i>Program Revenues:</i>						
Charges for services	\$ 2,020,085	\$ 1,892,987	\$ 1,179,223	\$ 1,090,973	\$ 3,199,308	\$ 2,983,960
Operating grants and contributions	10,470,180	8,971,799	-	-	10,470,180	8,971,799
Capital grants and contributions	470,570	463,531	-	-	470,570	463,531
<i>General Revenues:</i>						
Real Estate and personal property taxes	28,829,971	27,972,578	-	-	28,829,971	27,972,578
Tax Liens	323,954	267,524	-	-	323,954	267,524
Motor vehicle and other excise taxes	1,679,518	1,715,942	-	-	1,679,518	1,715,942
Hotel/Motel Tax	472,569	343,129	-	-	472,569	343,129
Penalties and Interest on Taxes	139,367	123,411	-	-	139,367	123,411
Nonrestricted grants and contributions	1,435,590	1,462,501	-	-	1,435,590	1,462,501
Unrestricted investment income	131,185	232,931	-	-	131,185	232,931
Other revenues	33,647	19,243	-	-	33,647	19,243
Total Revenues	46,006,636	43,465,576	1,179,223	1,090,973	47,185,859	44,556,549
Expenses:						
General Government	2,138,580	2,367,273	-	-	2,138,580	2,367,273
Public Safety	5,994,472	5,844,258	-	-	5,994,472	5,844,258
Education	22,377,057	23,651,849	-	-	22,377,057	23,651,849
Public Works	1,308,775	1,258,015	-	-	1,308,775	1,258,015
Human Services	577,598	536,476	-	-	577,598	536,476
Conservation	32,571	29,526	-	-	32,571	29,526
Culture and Recreation	952,451	1,026,814	-	-	952,451	1,026,814
Employee Benefits	13,431,159	12,103,772	-	-	13,431,159	12,103,772
State and County Assessments	321,834	328,788	-	-	321,834	328,788
Interest	1,108,236	1,371,241	-	-	1,108,236	1,371,241
Sanitation	-	-	1,078,140	977,968	1,078,140	977,968
Total Expenses	48,242,733	48,518,012	1,078,140	977,968	49,320,873	49,495,980
Increase (decrease) in Net Assets before Contributions to Permanent Endowments and Transfers	(2,236,097)	(5,052,436)	101,083	113,005	(2,135,014)	(4,939,431)
Contributions to permanent endowments	5,000	-	-	-	5,000	-
Transfers	102,770	45,362	(102,770)	(45,362)	-	-
Change in Net Assets	(2,128,327)	(5,007,074)	(1,687)	67,643	(2,130,014)	(4,939,431)
Net Assets - beginning	41,279,903	46,286,977	388,061	320,418	41,667,964	46,607,395
Net Assets - ending	\$ 39,151,576	\$ 41,279,903	\$ 386,374	\$ 388,061	\$ 39,537,950	\$ 41,667,964

Financial Analysis of Governmental Funds:

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

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

The general fund is the chief operating fund of the Town. At June 30, 2010, unreserved fund balance of the general fund was \$2,816,653 while the total fund balance was \$3,464,438. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 6.48% of total general fund expenditures, while total fund balance 8% of the same amount.

General fund revenues increased by \$448,724, and the fund balance of the general fund increased by \$384,761. This result is the product of management's conservative planning and budgeting and the use of unreserved fund balance to maintain the Town's services.

The stabilization funds have accumulated fund balances of \$2,297,982, which represents 5% of general fund expenditures.

General Fund Budget Highlights

There was an increase of \$200,903 between the original and final budget of the Town approved at Town Meeting. The Town budgeted \$39.070 million in revenues and \$40.011 million in expenses, drawing on fund balance (\$902 thousand) 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, 2010, amounts to \$45,932,977. The investment in capital assets includes land, buildings, capital improvements (other than buildings), machinery and equipment, vehicles, infrastructure, and construction in progress.

Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009
Land	\$ 4,354,657	\$ 4,354,657	\$ -	\$ -	\$ 4,354,657	\$ 4,354,657
Buildings	34,353,314	35,930,694	-	-	34,353,314	35,930,694
Capital Improvements (other than buildings)	1,823,185	1,785,479	-	-	1,823,185	1,785,479
Machinery and Equipment	1,339,173	1,304,934	126,225	141,075	1,465,398	1,446,009
Vehicles	1,463,887	1,572,704	-	-	1,463,887	1,572,704
Infrastructure	2,342,048	1,699,081	-	-	2,342,048	1,699,081
Construction in Progress	130,488	126,704	-	-	130,488	126,704
Total Capital Assets	\$ 45,806,752	\$ 46,774,253	\$ 126,225	\$ 141,075	\$ 45,932,977	\$ 46,915,328

The governmental activities capital assets had additions of \$1,445,581 during the current fiscal year. Total depreciation was \$2,413,082 resulting in a net decrease to capital assets of \$967,501.

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, 2010, totaled \$28,084,085. Total debt consists of the following:

Outstanding Debt at Year End

Governmental Activities	Outstanding June 30, 2010	Outstanding June 30, 2009
School Construction	\$ 20,805,000	\$ 22,160,000
MWPAT Septic loan	234,560	255,274
Police & Fire Facility	5,159,000	5,517,000
Landfill	1,885,525	1,993,000
Total Governmental Activities	\$ 28,084,085	\$ 29,925,274
Business-type Activities	Outstanding June 30, 2010	Outstanding June 30, 2009
Sanitation	\$ -	\$ -
Total Business-type Activities	\$ -	\$ -

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

Economic Factors and Next Year’s Budget and Rates

The following factors were considered in preparing the Town’s fiscal year 2011 budget:

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

Request for Information

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

**TOWN OF SEEKONK, MASSACHUSETTS
STATEMENT OF NET ASSETS
JUNE 30, 2010**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 8,219,553	\$ 259,385	\$ 8,478,938
INVESTMENTS	3,330,549	-	3,330,549
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	399,094	-	399,094
TAX LIENS	463,599	-	463,599
MOTOR VEHICLE EXCISE TAXES	124,964	-	124,964
USER FEES	6,567	78,350	84,917
DEPARTMENTAL AND OTHER	303,492	-	303,492
INTERGOVERNMENTAL	2,657,909	-	2,657,909
NONCURRENT:			
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
INTERGOVERNMENTAL	16,699,877	-	16,699,877
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	45,806,752	126,225	45,932,977
TOTAL ASSETS	<u>78,012,356</u>	<u>463,960</u>	<u>78,476,316</u>
<u>LIABILITIES</u>			
CURRENT:			
ACCOUNTS PAYABLE	2,763,703	77,586	2,841,289
OTHER LIABILITIES	46,511	-	46,511
ACCRUED INTEREST	449,184	-	449,184
LANDFILL POSTCLOSURE CARE COSTS	60,350	-	60,350
COMPENSATED ABSENCES	299,597	-	299,597
POSTEMPLOYMENT BENEFITS	940,625	-	940,625
CAPITAL LEASES PAYABLE	464,069	-	464,069
BONDS AND NOTES PAYABLE	1,846,704	-	1,846,704
NONCURRENT:			
LANDFILL POSTCLOSURE CARE COSTS	1,366,300	-	1,366,300
COMPENSATED ABSENCES	568,390	-	568,390
POSTEMPLOYMENT BENEFITS	3,523,055	-	3,523,055
CAPITAL LEASE PAYABLE	294,911	-	294,911
BONDS AND NOTES PAYABLE	26,237,381	-	26,237,381
TOTAL LIABILITIES	<u>38,860,780</u>	<u>77,586</u>	<u>38,938,366</u>
<u>NET ASSETS</u>			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	17,916,607	126,225	18,042,832
RESTRICTED FOR:			
STREETS	1,293,886	-	1,293,886
PERMANENT FUNDS:			
EXPENDABLE	38,808	-	38,808
NONEXPENDABLE	243,453	-	243,453
OTHER PURPOSES	2,623,962	-	2,623,962
UNRESTRICTED	17,034,860	260,149	17,295,009
TOTAL NET ASSETS	<u>\$ 39,151,576</u>	<u>\$ 386,374</u>	<u>\$ 39,537,950</u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2010**

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>			<u>NET (EXPENSE) REVENUE</u>
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 2,138,580	\$ 213,459	\$ 59,741	\$ -	\$ (1,865,380)
PUBLIC SAFETY	5,994,472	813,898	272,862	30,277	(4,877,435)
EDUCATION	22,377,057	598,674	5,957,746	-	(15,820,637)
PUBLIC WORKS	1,308,775	150,422	15,791	428,375	(714,187)
HUMAN SERVICES	577,598	147,599	50,405	11,918	(367,676)
CONSERVATION	32,571	-	-	-	(32,571)
CULTURE & RECREATION	952,451	96,033	20,976	-	(835,442)
EMPLOYEE BENEFITS	13,431,159	-	4,092,659	-	(9,338,500)
STATE & COUNTY ASSESSMENTS	321,834	-	-	-	(321,834)
INTEREST	1,108,236	-	-	-	(1,108,236)
TOTAL GOVERNMENTAL ACTIVITIES	48,242,733	2,020,085	10,470,180	470,570	(35,281,898)
BUSINESS-TYPE ACTIVITIES:					
NON-MAJOR	1,078,140	1,179,223	-	-	101,083
TOTAL BUSINESS-TYPE ACTIVITIES	1,078,140	1,179,223	-	-	101,083
TOTAL PRIMARY GOVERNMENT	\$ 49,320,873	\$ 3,199,308	\$ 10,470,180	\$ 470,570	\$ (35,180,815)

See accompanying notes to the basic financial statements

(continued)

**TOWN OF SEEKONK, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2010**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CHANGES IN NET ASSETS:			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (35,281,898)	\$ 101,083	\$ (35,180,815)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	28,829,971	-	28,829,971
TAX LIENS	323,954	-	323,954
MOTOR VEHICLE AND OTHER EXCISE TAXES	1,679,518	-	1,679,518
HOTEL/MOTEL TAX	472,569	-	472,569
PENALTIES AND INTEREST ON TAXES	139,367	-	139,367
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	1,435,590	-	1,435,590
UNRESTRICTED INVESTMENT INCOME	131,185	-	131,185
MISCELLANEOUS	33,647	-	33,647
CONTRIBUTIONS TO PERMANENT FUNDS	5,000	-	5,000
TRANSFERS, NET	102,770	(102,770)	-
TOTAL GENERAL REVENUES AND TRANSFERS	33,153,571	(102,770)	33,050,801
CHANGE IN NET ASSETS	(2,128,327)	(1,687)	(2,130,014)
NET ASSETS:			
BEGINNING OF YEAR	41,279,903	388,061	41,667,964
END OF YEAR	\$ 39,151,576	\$ 386,374	\$ 39,537,950

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF SEEKONK, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2010**

<u>ASSETS</u>	GENERAL	MUNICIPAL CAPITAL STABILIZATION	STABILIZATION	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
CASH AND SHORT-TERM INVESTMENTS	\$ 5,442,535	\$ 588,144	\$ -	\$ 2,188,874	\$ 8,219,553
INVESTMENTS	283,468	500,000	1,209,838	1,337,243	3,330,549
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:					
REAL ESTATE AND PERSONAL PROPERTY TAXES	399,094	-	-	-	399,094
TAX LIENS	463,599	-	-	-	463,599
MOTOR VEHICLE EXCISE TAXES	124,964	-	-	-	124,964
USER FEES	6,567	-	-	-	6,567
DEPARTMENTAL AND OTHER	10,340	-	-	293,152	303,492
INTERGOVERNMENTAL	18,138,001	-	-	1,219,785	19,357,786
TOTAL ASSETS	\$ 24,868,568	\$ 1,088,144	\$ 1,209,838	\$ 5,039,054	\$ 32,205,604
 <u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
ACCOUNTS PAYABLE	\$ 2,411,850	\$ -	\$ -	\$ 351,853	\$ 2,763,703
OTHER LIABILITIES	46,511	-	-	-	46,511
DEFERRED REVENUES	18,945,769	-	-	940,095	19,885,864
TOTAL LIABILITIES	21,404,130	-	-	1,291,948	22,696,078
FUND BALANCES:					
RESERVED FOR:					
ENCUMBRANCES AND CONTINUING APPROPRIATIONS	647,785	-	-	-	647,785
PERPETUAL PERMANENT FUNDS	-	-	-	243,453	243,453
UNRESERVED					
DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES	290,000	-	-	-	290,000
UNDESIGNATED, REPORTED IN:					
GENERAL FUND	2,526,653	-	-	-	2,526,653
SPECIAL REVENUE FUNDS	-	1,088,144	1,209,838	3,270,905	5,568,887
CAPITAL PROJECTS FUNDS	-	-	-	193,940	193,940
PERMANENT FUNDS	-	-	-	38,808	38,808
TOTAL FUND BALANCES	3,464,438	1,088,144	1,209,838	3,747,106	9,509,526
TOTAL LIABILITIES AND FUND BALANCES	\$ 24,868,568	\$ 1,088,144	\$ 1,209,838	\$ 5,039,054	\$ 32,205,604

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, 2010**

	GENERAL	MUNICIPAL CAPITAL STABILIZATION	STABILIZATION	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 29,289,062	\$ -	\$ -	\$ -	\$ 29,289,062
MOTOR VEHICLE AND OTHER EXCISE TAXES	1,653,429	-	-	-	1,653,429
INTERGOVERNMENTAL	11,217,361	-	-	2,133,392	13,350,753
HOTEL/MOTEL OCCUPANCY TAX	323,424	-	-	-	323,424
PENALTIES & INTEREST ON TAXES	139,367	-	-	-	139,367
CHARGES FOR SERVICES	-	-	-	1,254,613	1,254,613
INVESTMENT INCOME	59,592	3,468	48,342	32,552	143,954
CONTRIBUTIONS & DONATIONS	-	-	-	70,886	70,886
DEPARTMENTAL AND OTHER	1,112,066	-	-	363,716	1,475,782
TOTAL REVENUES	43,794,301	3,468	48,342	3,855,159	47,701,270
EXPENDITURES:					
CURRENT:					
GENERAL GOVERNMENT	2,083,767	3,967	-	34,970	2,122,704
PUBLIC SAFETY	5,440,186	87,667	-	252,627	5,780,480
EDUCATION	19,314,045	22,866	-	1,860,384	21,197,295
PUBLIC WORKS	979,636	-	-	938,802	1,918,438
HUMAN SERVICES	467,575	-	-	108,650	576,225
CONSERVATION	32,571	-	-	-	32,571
CULTURE & RECREATION	814,802	154,090	-	49,958	1,018,850
EMPLOYEE BENEFITS	11,035,976	-	-	-	11,035,976
STATE & COUNTY ASSESSMENTS	321,834	-	-	-	321,834
DEBT SERVICE					
PRINCIPAL	1,841,189	-	-	-	1,841,189
INTEREST	1,116,493	-	-	11,119	1,127,612
TOTAL EXPENDITURES	43,448,074	268,590	-	3,256,510	46,973,174
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	346,227	(265,122)	48,342	598,649	728,096
OTHER FINANCING SOURCES (USES)					
OPERATING TRANSFERS IN	538,534	500,000	-	-	1,038,534
OPERATING TRANSFERS OUT	(500,000)	-	-	(435,764)	(935,764)
TOTAL OTHER FINANCING SOURCES (USES)	38,534	500,000	-	(435,764)	102,770
NET CHANGE IN FUND BALANCES	384,761	234,878	48,342	162,885	830,866
FUND BALANCES AT BEGINNING OF YEAR	3,079,677	853,266	1,161,496	3,584,221	8,678,660
FUND BALANCES AT END OF YEAR	\$ 3,464,438	\$ 1,088,144	\$ 1,209,838	\$ 3,747,106	\$ 9,509,526

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS
FISCAL YEAR ENDED JUNE 30, 2010**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 9,509,526
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		45,806,752
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		19,885,864
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(449,184)
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS		
BONDS AND NOTES PAYABLE	(28,084,085)	
CAPITAL LEASES PAYABLE	(758,980)	
COMPENSATED ABSENCES	(867,987)	
POSTEMPLOYMENT BENEFITS	(4,463,680)	
LANDFILL POSTCLOSURE CARE COSTS	<u>(1,426,650)</u>	
NET EFFECT OF REPORTING LONG-TERM LIABILITIES		<u>(35,601,382)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 39,151,576</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, 2010**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 830,866
<p>GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE.</p>		
CAPITAL OUTLAY	1,445,581	
DEPRECIATION EXPENSE	<u>(2,413,082)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		(967,501)
<p>REVENUES IN THE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE FULLY DEFERRED IN THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES. THEREFORE, THE RECOGNITION OF REVENUE FOR VARIOUS TYPES OF ACCOUNTS RECEIVABLE (I.E. REAL ESTATE AND PERSONAL PROPERTY, MOTOR VEHICLE EXCISE, ETC.) DIFFER BETWEEN THE TWO STATEMENTS. THIS AMOUNT REPRESENTS THE NET CHANGE IN DEFERRED REVENUE</p>		
		(1,689,634)
<p>THE ISSUANCE OF LONG-TERM DEBT (E.G., BONDS) PROVIDES CURRENT FINANCIAL RESOURCES TO GOVERNMENTAL FUNDS, WHILE THE REPAYMENT OF THE PRINCIPAL OF LONG-TERM DEBT CONSUMES THE FINANCIAL RESOURCES OF GOVERNMENTAL FUNDS. NEITHER TRANSACTION, HOWEVER, HAS ANY EFFECT ON NET ASSETS. ALSO, GOVERNMENTAL FUNDS REPORT THE EFFECT OF ISSUANCE COSTS, PREMIUMS, DISCOUNTS, AND SIMILAR ITEMS WHEN DEBT IS FIRST ISSUED, WHEREAS THESE AMOUNTS ARE DEFERRED AND AMORTIZED IN THE STATEMENT OF ACTIVITIES.</p>		
DEBT SERVICE PRINCIPAL PAYMENTS	<u>1,841,189</u>	
NET EFFECT OF REPORTING LONG-TEM DEBT		1,841,189
<p>SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS.</p>		
NET CHANGE IN COMPENSATED ABSENCES ACCRUAL	17,033	
NET CHANGE IN POSTEMPLOYMENT BENEFITS ACCRUAL	(2,412,216)	
NET CHANGE IN CAPITAL LEASES	4,210	
NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL	228,350	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>19,376</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>(2,143,247)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ (2,128,327)</u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2010**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGETARY AMOUNTS</u>	<u>VARIANCE OVER(UNDER)</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>		
REVENUES:				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 28,862,947	\$ 28,862,947	\$ 29,289,062	\$ 426,115
MOTOR VEHICLE AND OTHER EXCISE TAXES	1,680,000	1,680,000	1,653,429	(26,571)
PENALTIES & INTEREST ON TAXES	90,000	90,000	139,367	49,367
INTERGOVERNMENTAL	7,121,310	7,121,310	7,113,531	(7,779)
HOTEL/MOTEL OCCUPANCY TAX	340,000	340,000	323,424	(16,576)
INVESTMENT INCOME	95,000	95,000	59,592	(35,408)
DEPARTMENTAL AND OTHER	880,932	880,932	1,112,066	231,134
	<u>39,070,189</u>	<u>39,070,189</u>	<u>39,690,471</u>	<u>620,282</u>
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	2,108,322	2,245,741	2,200,282	45,459
PUBLIC SAFETY	5,559,724	5,560,550	5,414,530	146,020
EDUCATION	19,350,155	19,412,610	19,411,481	1,129
PUBLIC WORKS	982,025	985,326	959,078	26,248
HUMAN SERVICES	523,123	523,635	503,316	20,319
CONSERVATION	34,706	34,706	32,572	2,134
CULTURE & RECREATION	831,703	831,190	820,547	10,643
EMPLOYEE BENEFITS	7,129,895	7,126,798	6,933,569	193,229
STATE & COUNTY ASSESSMENTS	330,140	330,140	321,834	8,306
DEBT SERVICE:				
PRINCIPAL	1,841,189	1,841,189	1,841,189	-
INTEREST	1,119,694	1,119,694	1,104,575	15,119
	<u>39,810,676</u>	<u>40,011,579</u>	<u>39,542,973</u>	<u>468,606</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(740,487)</u>	<u>(941,390)</u>	<u>147,498</u>	<u>1,088,888</u>
OTHER FINANCING SOURCES (USES):				
OPERATING TRANSFERS IN	538,534	538,534	538,534	-
OPERATING TRANSFERS OUT	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
	<u>38,534</u>	<u>38,534</u>	<u>38,534</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(701,953)	(902,856)	186,032	1,088,888
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	<u>2,618,661</u>	<u>2,618,661</u>	<u>2,618,661</u>	<u>-</u>
BUDGETARY FUND BALANCE, END OF YEAR	<u>\$ 1,916,708</u>	<u>\$ 1,715,805</u>	<u>\$ 2,804,693</u>	<u>\$ 1,088,888</u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF NET ASSETS
 JUNE 30, 2010**

	BUSINESS-TYPE ACTIVITIES
<u>ASSETS</u>	NON MAJOR ENTERPRISE FUND
CURRENT:	
CASH AND SHORT-TERM INVESTMENTS	\$ 259,385
USER FEES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:	78,350
TOTAL CURRENT ASSETS	337,735
NONCURRENT:	
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	126,225
TOTAL ASSETS	463,960
 <u>LIABILITIES</u>	
CURRENT:	
ACCOUNTS PAYABLE	77,586
 <u>NET ASSETS</u>	
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	126,225
UNRESTRICTED	260,149
TOTAL NET ASSETS	\$ 386,374

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FISCAL YEAR ENDED JUNE 30, 2010**

	BUSINESS-TYPE ACTIVITIES
	NON MAJOR ENTERPRISE FUND
<u>OPERATING REVENUES:</u>	
CHARGES FOR SERVICES	\$ 1,179,223
<u>OPERATING EXPENSES:</u>	
GENERAL SERVICES	1,063,290
DEPRECIATION	14,850
TOTAL OPERATING EXPENSES	1,078,140
OPERATING INCOME (LOSS)	101,083
<u>OPERATING TRANSFERS:</u>	
OPERATING TRANSFERS OUT	(102,770)
CHANGE IN NET ASSETS	(1,687)
NET ASSETS AT BEGINNING OF YEAR	388,061
NET ASSETS AT END OF YEAR	\$ 386,374

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FISCAL YEAR ENDED JUNE 30, 2010**

	<u>BUSINESS-TYPE ACTIVITIES NON MAJOR ENTERPRISE FUND</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
RECEIPTS FROM CUSTOMERS AND USERS	\$ 1,160,446
PAYMENTS TO SUPPLIERS	(904,003)
PAYMENTS TO EMPLOYEES	<u>(105,531)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>150,912</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
OPERATING TRANSFERS IN (OUT)	<u>(102,770)</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(102,770)</u>
NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	48,142
CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR	<u>211,243</u>
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	<u><u>\$ 259,385</u></u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>	
<u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>	
OPERATING INCOME (LOSS)	<u>\$ 101,083</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)	
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
DEPRECIATION	14,850
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	(18,777)
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	<u>53,756</u>
TOTAL ADJUSTMENTS	<u>49,829</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 150,912</u></u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010**

	<u>PRIVATE PURPOSE TRUST FUNDS</u>	<u>AGENCY FUNDS</u>
<u>ASSETS</u>		
CASH AND SHORT-TERM INVESTMENTS	\$ 671	\$ 406,712
INVESTMENTS	71,009	-
DEPARTMENTAL	-	54,819
	<hr/>	<hr/>
TOTAL ASSETS	71,680	461,531
	<hr/>	<hr/>
<u>LIABILITIES</u>		
ACCOUNTS PAYABLE	-	19,945
OTHER LIABILITIES	-	441,586
	<hr/>	<hr/>
TOTAL LIABILITIES	-	461,531
	<hr/>	<hr/>
<u>NET ASSETS</u>		
HELD IN TRUST FOR OTHER PURPOSES	<u>\$ 71,680</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FISCAL YEAR ENDED JUNE 30, 2010**

	PRIVATE PURPOSE TRUST FUNDS
<u>ADDITIONS:</u>	
CONTRIBUTIONS:	
PRIVATE DONATIONS	\$ 1,500
NET INVESTMENT INCOME (LOSS):	
INVESTMENT INCOME	2,258
TOTAL ADDITIONS	3,758
<u>DEDUCTIONS:</u>	
EDUCATIONAL SCHOLARSHIPS	3,000
CHANGE IN NET ASSETS	758
NET ASSETS AT BEGINNING OF YEAR	70,922
NET ASSETS AT END OF YEAR	\$ 71,680

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Primary Government

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

Joint Venture

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

Name	Purpose	Address	Annual Assessment
Tri-County Regional Vocational-Technical School	To provide vocational education services for grades 9-12	147 Pond Street Franklin, MA 02038	\$ 662,712

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, 2010

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

Fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

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

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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

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

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

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

Fund Financial Statements

Governmental Fund Financial Statements

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

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

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

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

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

The Town reports the following major governmental funds:

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

Proprietary Fund Financial Statements

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

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

The following nonmajor proprietary fund is reported:

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

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

Fiduciary Fund Financial Statements

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

The following fiduciary fund types are reported:

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

Government-Wide and Fund Financial Statements

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

E. Accounts Receivable

Government-Wide and Fund Financial Statements

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

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

Real Estate, Personal Property Taxes and Tax Liens

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

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

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

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

Motor Vehicle Excise

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

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

Departmental and Other

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

Intergovernmental

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

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

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

F. Inventories

Government-Wide and Fund Financial Statements

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

G. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

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

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

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

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

Governmental Fund Financial Statements

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

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

H. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

I. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

J. Deferred Revenue

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

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

K. Net Assets and Fund Equity

Government-Wide Financial Statements (Net Assets)

Net assets are classified into three components:

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

Net assets have been “restricted” for the following:

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

Fund Financial Statements (Fund Balances)

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

Fund balances have been reserved for the following:

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

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

Fund balances have been designated for the following:

- *Subsequent year's expenditures* represents amounts appropriated for the fiscal year 2011 operating budget.
- b. *Undesignated fund balances* – all other fund balances that do not meet the definition of “reserved” or “designated.”

L. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net assets. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The proprietary fund has no long-term debt outstanding as of June 30, 2010.

Governmental Fund Financial Statements

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

M. Investment Income

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

N. Compensated Absences

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

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2010 is recorded in the governmental fund financial statement.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

O. Post Retirement Benefits

Government-Wide and Fund Financial Statements

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

P. Use of Estimates

Government-Wide and Fund Financial Statements

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

Q. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

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.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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 2010 approved budget authorized \$39,810,676 in current year appropriations and other amounts to be raised. Supplemental appropriations of \$200,903 were approved at two Special Town Meetings for fiscal year 2010.

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, 2010, is presented below:

Net change in fund balance - budgetary basis	\$ 186,032
Basis of accounting differences:	
Increase in revenue for on-behalf payments - MTRS	4,091,912
Increase in expenditures for on-behalf payments - MTRS	(4,091,912)
Adjustment for encumbrances and continuing appropriations	629,073
Increase in revenue for the MWPAT subsidy	11,918
Increase in expenditures for the MWPAT subsidy	(11,918)
Adjustment for expenditures from prior year authorizations	<u>(430,344)</u>
Net change in fund balance - GAAP basis	<u>\$ 384,761</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 2011.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Deposits

- *Custodial Credit Risk – Deposits*

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

The following table illustrates how much of the Town’s bank deposits are insured or collateralized, and how much of the Town’s bank deposits are uninsured, uncollateralized, or collateral held by the pledging bank’s trust department not in the Town’s name as of June 30, 2010:

Total bank balances		<u>\$ 8,465,313</u>
Bank balances covered by deposit insurance		
Depositor's Insurance Fund (DIF)	4,714,985	
Federal Deposit Insurance Corporation (FDIC)	<u>1,350,000</u>	
Total bank balances covered by deposit insurance		6,064,985
Balances subject to custodial credit risk		
Bank balances uninsured & uncollateralized	1,267,010	
Bank balances collateralized with securities held by the pledging financial institution's trust department or agent not in the Town's name	<u>1,133,318</u>	
Total bank balances subject to custodial credit risk		<u>2,400,328</u>
Total bank balances		<u>\$ 8,465,313</u>

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

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

Investments

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

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

a) Credit Risk

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

Investment type	Fair value	Minimum Legal Rating	Rating as of Year End			
			AAA	AA+	A	Unrated
U.S. Government & Agency Securities	\$ 2,433,766	N/A	\$ 2,433,766	\$ -	\$ -	\$ -
Corporate Bonds	281,525	N/A	-	214,816	66,709	-
Certificate of Deposit	270,366	N/A	-	-	-	270,366
Money Market Mutual Funds	353,358	N/A	-	-	-	353,358
Bond Mutual Funds	62,403	N/A	-	-	-	62,403
Common stock	140	N/A	-	-	-	140
Total Investments	\$ 3,401,558		\$ 2,433,766	\$ 214,816	\$ 66,709	\$ 686,267

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

b) Custodial Credit Risk

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

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

c) Interest Rate Risk

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

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

Investment type	Fair value	Investment maturities (in years)		
		Less than 1	1-5	6-10
<i>Debt Related Securities:</i>				
U.S. Government & Agency	\$ 2,433,766	\$ -	\$ 1,875,153	\$ 558,613
Corporate Bonds	281,525	-	281,525	-
Bond Mutual Funds	62,403	62,403	-	-
Total - Debt related securities	<u>\$ 2,777,694</u>	<u>\$ 62,403</u>	<u>\$ 2,156,678</u>	<u>\$ 558,613</u>
<i>Other Investments:</i>				
Certificate of Deposit	270,366	96,517	173,849	-
Money Market Mutual Funds	353,358	353,358	-	-
Common Stock	140	140	-	-
Total Other Investments	<u>623,864</u>	<u>450,015</u>	<u>173,849</u>	<u>-</u>
Total Investments	<u><u>\$ 3,401,558</u></u>	<u><u>\$ 512,418</u></u>	<u><u>\$ 2,330,527</u></u>	<u><u>\$ 558,613</u></u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

d) Concentration of Credit Risk

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

Issuer	Percentage of Total Investments
General Electric Cap Corp	6.29%

NOTE 4 – RECEIVABLES

The receivables at June 30, 2010 for the Town's individual major, nonmajor governmental funds, and the fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate taxes	\$ 375,689	\$ -	\$ 375,689
Personal property taxes	72,405	(49,000)	23,405
Real Estate and personal property taxes	448,094	(49,000)	399,094
Tax liens	463,599	-	463,599
Motor vehicle and other excise taxes	199,442	(74,478)	124,964
Departmental and other	810,300	(451,989)	358,311
Intergovernmental	19,357,786	-	19,357,786
User Fees	6,567	-	6,567
Total	\$ 21,285,788	\$ (575,467)	\$ 20,710,321

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

The sanitation enterprise fund receivables as of June 30, 2010, consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Sanitation</i>			
User fees	\$ 78,350	\$ -	\$ 78,350

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

Deferred Revenue Analysis			
Receivable Type:	General Fund	Nonmajor Governmental Funds	Total
Property Taxes	\$ 251,542	\$ -	\$ 251,542
Tax Liens	463,599	-	463,599
Motor vehicle excise taxes	124,964	-	124,964
Departmental and other	10,340	293,152	303,492
User fees	6,567	-	6,567
Intergovernmental	18,088,757	646,943	18,735,700
Total	\$ 18,945,769	\$ 940,095	\$ 19,885,864

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 4,354,657	\$ -	\$ -	\$ 4,354,657
Construction in progress	126,704	109,722	(105,938)	130,488
Total capital assets not being depreciated	4,481,361	109,722	(105,938)	4,485,145
<i>Capital assets being depreciated:</i>				
Buildings and improvements	54,985,533	-	-	54,985,533
Capital improvements (other than buildings)	2,669,566	98,862	105,938	2,874,366
Machinery and equipment	3,285,724	293,553	-	3,579,277
Vehicles	6,104,264	175,675	-	6,279,939
Infrastructure	17,256,241	767,769	-	18,024,010
Total capital assets being depreciated	84,301,328	1,335,859	105,938	85,743,125
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(19,054,838)	(1,577,380)	-	(20,632,218)
Capital improvements (other than buildings)	(884,088)	(167,094)	-	(1,051,182)
Machinery and equipment	(1,980,791)	(259,314)	-	(2,240,105)
Vehicles	(4,531,560)	(284,492)	-	(4,816,052)
Infrastructure	(15,557,159)	(124,802)	-	(15,681,961)
Total accumulated depreciation	(42,008,436)	(2,413,082)	-	(44,421,518)
Total capital assets being depreciated, net	42,292,892	(1,077,223)	105,938	41,321,607
Total governmental activities capital assets, net	\$ 46,774,253	\$ (967,501)	\$ -	\$ 45,806,752

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

Business-Type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets being depreciated:</i>				
Machinery & Equipment	\$ 220,500	\$ -	\$ -	\$ 220,500
Vehicles	130,000	-	-	130,000
Total capital assets being depreciated	350,500	-	-	350,500
<i>Less accumulated depreciation for:</i>				
Machinery & Equipment	(79,425)	(14,850)	-	(94,275)
Vehicles	(130,000)	-	-	(130,000)
Total accumulated depreciation	(209,425)	(14,850)	-	(224,275)
Total capital assets being depreciated, net	141,075	(14,850)	-	126,225
Total business-type activities capital assets, net	\$ 141,075	\$ (14,850)	\$ -	\$ 126,225

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

Governmental Activities:	
General government	\$ 25,777
Public safety	470,540
Education	1,680,304
Public works	164,153
Human services	1,373
Culture and recreation	70,935
Total depreciation expense - governmental activities	\$ 2,413,082
Business-Type Activities:	
Sanitation	\$ 14,850

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 6 – CAPITAL LEASES

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

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

	Governmental Activities
Assets:	
Vehicles	\$ 1,631,553
Machinery & Equipment	293,553
Total Assets	1,925,106
Less: Accumulated depreciation	(253,780)
	\$ 1,671,326

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2010, are as follows:

Year Ending June 30	Governmental Activities
2011	\$ 495,587
2012	183,375
2013	131,461
Total minimum lease payments	810,423
Less: amounts representing interest	(51,443)
Present value of minimum lease payments	\$ 758,980

**TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 7 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2010, are summarized as follows:

<u>Operating Transfers Out:</u>	<u>Operating Transfers In:</u>		
	<u>General Fund</u>	<u>Municipal Capital Stabilization Fund</u>	<u>Total</u>
Nonmajor Governmental Funds	\$ 435,764	\$ -	\$ 435,764 (1)
Sanitation Enterprise Fund	102,770	-	102,770 (2)
General Fund	-	500,000	500,000 (3)
 Total	 <u>\$ 538,534</u>	 <u>\$ 500,000</u>	 <u>\$ 1,038,534</u>

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

NOTE 8 – SHORT-TERM FINANCING

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

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

Short-term loans are general obligations of the Town and maturity dates are governed by statute. Interest expenditures for short-term borrowings are accounted for in the general fund. There was no short-term financing activity during fiscal year 2010.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
MWPAT Sewer Loan	Var.	\$ 255,274	\$ -	\$ 20,714	\$ 234,560
Municipal Purpose	Var.	2,700,000	-	395,000	2,305,000
Landfill	2.00	1,700,000	-	75,475	1,624,525
School Construction	4.03	19,925,000	-	1,015,000	18,910,000
Police & Fire Facility	3.77	5,345,000	-	335,000	5,010,000
Total		<u>\$ 29,925,274</u>	<u>\$ -</u>	<u>\$ 1,841,189</u>	<u>\$ 28,084,085</u>

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2010 are as follows:

Fiscal Year	Principal	Interest	Total
2011	\$ 1,846,704	\$ 1,064,584	\$ 2,911,288
2012	1,863,138	997,223	2,860,361
2013	1,884,601	936,336	2,820,937
2014	1,901,152	855,352	2,756,504
2015	1,917,814	779,830	2,697,644
2016-2020	9,696,517	2,810,226	12,506,743
2021-2025	8,579,078	871,212	9,450,290
2026-2029	395,081	16,001	411,082
Total	<u>\$ 28,084,085</u>	<u>\$ 8,330,764</u>	<u>\$ 36,414,849</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

Loans Authorized and Unissued

As of June 30, 2010, the Town has loans authorized and unissued as follows:

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

Massachusetts School Building Authority Reimbursements

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

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

The Town has been approved for 70% percent state school construction grants through the Massachusetts School Building Authority (MSBA) to cover eligible project costs, including debt service associated with the financing of these projects, subject to annual appropriation by the state legislature. The Town received \$1,388,880 in FY 2010 from the MSBA for completed school construction projects. .

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2010:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds and notes payable	\$ 29,925,274	\$ -	\$ (1,841,189)	\$ 28,084,085	\$ 1,846,704
Compensated absences	885,020	-	(17,033)	867,987	299,597
Landfill postclosure care costs	1,655,000	-	(228,350)	1,426,650	60,350
Capital leases payable	763,190	439,768	(443,978)	758,980	464,069
Other post-employment benefits	2,051,464	2,412,216	-	4,463,680	940,625
Total governmental activities long-term liabilities	<u>\$ 35,279,948</u>	<u>\$ 2,851,984</u>	<u>\$ (2,530,550)</u>	<u>\$ 35,601,382</u>	<u>\$ 3,611,345</u>

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

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 10 – STABILIZATION FUND

At June 30, 2010, \$1,209,838 has been set aside in the stabilization fund, which is classified as a major fund in the governmental funds financial statements. The stabilization fund balance can be used for general and/or capital purposes as approved by Town Meeting vote.

NOTE 11 – MUNICIPAL CAPITAL STABILIZATION FUND

At June 30, 2010, \$1,088,144 has been set aside in the municipal capital stabilization fund, which is classified as a major fund in the governmental funds financial statements. The municipal capital stabilization fund balance can be used for capital purposes as approved by Town Meeting vote.

NOTE 12 – RISK FINANCING

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

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

The Town is insured for general liability; however, Chapter 258 of the Massachusetts General Laws limits the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal civil rights, eminent domain and breach of contract. Such claims are charged to the general fund. There were no such claims in 2010.

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

NOTE 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

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

Funding Policy. The contribution requirements of plan members and the Town are established and may be amended by local by-law. The required contribution is based on projected pay-as-you-go financing requirements. For Fiscal Year 2010, the estimated total Town premiums plus implicit costs for the retiree medical program are \$940,625.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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

Annual required contribution	\$ 3,386,926
Interest on net OPEB obligation	82,059
Adjustment to annual required contribution (ARC)	<u>(116,144)</u>
Annual OPEB cost (expense)	3,352,841
Contributions made	<u>(940,625)</u>
Increase in net OPEB obligation	4,293,466
Net OPEB obligation - beginning of year	<u>2,051,464</u>
Net OPEB obligation - end of year	<u>\$ 6,344,930</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2008	N/A	N/A	N/A
6/30/2009	\$ 3,165,535	35.19%	\$ 2,051,464
6/30/2010	\$ 3,352,841	28.05%	\$ 4,463,680

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

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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

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

In the December 31, 2009, actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, the normal cost and actuarial liability are both based on an accrual of projected benefits over the period for which benefits are accrued. The normal cost is the actuarial present value of one year's benefit accrual on this basis. The actuarial accrued liability is the actuarial present value of the projected benefit times the ration of past service to total service. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.13% percent graded down to 7.10% over six years. Both rates included a 3.2% inflation assumption. The actuarial value of assets was determined using market value. The UAAL is being amortized as a level dollar amount over 30 years at transition. The remaining amortization period at July 1, 2010, was 28 years.

NOTE 14 – PENSION PLANS

A. Plan Descriptions

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

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

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

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

B. Funding Policies

Bristol County Contributory Retirement System

Plan members are required to contribute to the “System” at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the “System”, its share of the remaining system-wide, actuarially determined, contribution plus administration costs, which are apportioned among the employers, based on active covered payroll. The Commonwealth of Massachusetts reimburses the “system” for a portion of the benefit payments for the cost of living increases. The contributions to the “System” for years ended June 30, 2010, 2009, and 2008 were \$1,773,321, \$1,581,257, and \$1,519,606, respectively, which were equal to its required contributions for each of these years.

Massachusetts Teachers’ Retirement System

Plan members (at varying rates of annual covered compensation) and the Commonwealth of Massachusetts fund contributions to the MTRS. The Commonwealth of Massachusetts contributed “on-behalf” payments to the MTRS totaling \$4,091,912 for fiscal year 2010. In accordance with GASB Statement No. 24, these on-behalf” payments have been recorded in the general fund as intergovernmental revenues and pension expenditures.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2010, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is believed the amount, if any, would not be material.

The Towns three landfills have all been capped. The post-closure monitoring of the sites are nineteen (19) years for two sites and twenty nine (29) years for the third site. The estimated liability has been recorded in the Statement of Net Assets, Governmental Activities. The \$1,426,650 reported as landfill post-closure liability at June 30, 2010 is based on what it would cost to perform all post-closure care at June 30, 2010. 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, 2010, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2010.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2010, the following GASB pronouncements were implemented:

The GASB issued **Statement #51** *Accounting and Financial Reporting for Intangible Assets* was implemented in FY2010. This pronouncement did not require additional disclosure or impact the basic financial statements.

The GASB issued **Statement #53** *Accounting and Financial Reporting for Derivative Instruments* was implemented in FY2010. The Town does not invest in derivative instruments. Therefore, this pronouncement did not require additional disclosure or impact the basic financial statements.

The GASB issued **Statement #58** *Accounting and Financial Reporting for Chapter 9 Bankruptcies* was implemented in FY2010. This pronouncement did not require additional disclosure or impact the basic financial statements.

Future GASB Pronouncements:

The GASB issued **Statement #54** *Fund Balance Reporting and Governmental Fund Type Definitions* which is required to be implemented in FY2011. Management believes this pronouncement will require additional disclosure and reclassify/redefine some fund balances in the basic financial statements.

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

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

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

Schedules of Funding Progress and Employer Contributions

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

Projected Schedule of Funding Progress:

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

Schedule of Employer Contributions (1):

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed *	Net OPEB Obligation
2009	\$ 3,165,535	35.19%	\$ 2,051,464
2010	\$ 3,352,841	28.05%	\$ 4,463,680

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

* Based on expected premium payments.

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

Valuation date	December 31, 2009
Discount Rate	4.00%
Medical Trend	8.13% grading down to 7.1% in Year 2016
Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level dollar amount over 30 years at transition
Remaining Amortization Period	28
Mortality	Society of Actuaries Group Life 1985-1989 mortality table

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

Plan Participants:

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