

TOWN OF SEEKONK, MASSACHUSETTS

Reporting Package

For the Year Ended June 30, 2020

# **REPORTING PACKAGE**

**June 30, 2020**

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Section II: *Single Audit Report*

# **TOWN OF SEEKONK, MASSACHUSETTS**

## **BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2020**



**Shawn E. Cadime  
Town Administrator**

**Bruce N. Alexander  
Finance Director**

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# HAGUE, SAHADY & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

126 President Avenue

Fall River, MA 02720

TEL. (508) 675-7889

FAX (508) 675-7859

[www.hague-sahady.com](http://www.hague-sahady.com)

## *Independent Auditor's Report*

To the Honorable Board of Selectmen  
Town of Seekonk, Massachusetts

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Seekonk, Massachusetts ("the Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Seekonk, Massachusetts, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule for the general fund, the Bristol County Contributory Retirement System Schedules related to the Town's proportionate share of the net pension liability and Town's contribution, the Massachusetts Teachers Retirement System's schedule of the Commonwealth's Collective amounts of the Net Pension Liability, the other postemployment benefits - schedules of funding progress, employer contributions, investment returns, actuarial methods and assumptions, and notes to the required supplementary information, as outlined on the pages listed within the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2021, on our consideration of the Town of Seekonk, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Seekonk, Massachusetts' internal control over financial reporting and compliance.

*Hague, Sahady & Co. PC*

**Hague, Sahady & Co., CPAs, P.C.**  
Fall River, Massachusetts

March 22, 2021

## **Town of Seekonk, Massachusetts**

### **Management Discussion & Analysis (MD&A)** *For the Year Ended June 30, 2020*

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#### **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, 2020. 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:***

##### **Government-Wide Financial Statements:**

- The liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$2,745,185 (*net position*) at the government-wide level.
- The impact of the net pension and other-post employment benefit obligations to the Town's net position totals \$71,981,572 which is included in the Town's total negative unrestricted net position.
- The government's total net position decreased by \$1,101,269 in fiscal 2020. Within this total, net position of the governmental activities decreased by \$1,130,506 from fiscal 2019. Net position of the business-type activities increased by \$29,237 from fiscal 2019. These changes year-over-year are due primarily to the continued impact of the changes in net pension and other post-employment benefit obligations.
- The total cost of all Town services for fiscal 2020 was \$75,323,489(GAAP); \$74,067,423 of which was for governmental activities, and \$1,256,066 of which was for business-type activities.
- The unrestricted net position of the Town's business-type activities is \$401,888 and may be used to meet the ongoing obligations of the Town's Curbside Trash Collection and Recycling business-type activities.

##### **Governmental Fund Financial Statements:**

- At June 30, 2020, the Town's governmental funds had combined ending fund balances of \$17,345,171. The combined governmental funds balances increased by \$1,272,560 from the prior year's ending fund balance. A total of \$1,651,829 is considered unassigned at June 30, 2020.
- The Town's general fund reported a total fund balance of \$13,253,320 at the end of fiscal 2020. The unassigned fund balance for the general fund was \$4,042,329 or 6.37% of total general fund expenditures. There was a \$1,453,873 increase in the total general fund balance for the year.

## Town of Seekonk, Massachusetts

### Management Discussion & Analysis (MD&A) For the Year Ended June 30, 2020

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#### ***Financial Highlights (Continued):***

- The Town's total bonded debt increased by \$2,303,097 or 29% during the year. Short-term bond anticipation notes decreased by \$1,502,014 from \$5,837,074 in 2019 to \$4,335,060 for 2020.
- The Town maintains an OPEB Trust Fund to pre-fund health benefits as they become due. The establishment and annual funding amounts are set by the policies of the individual City or Town and are not currently required by law. The balance of the OPEB Trust Fund at June 30, 2020 is \$3,166,339. During fiscal year 2020, the Trust yielded a 2.92% return, based on the Town's current asset allocation.

#### ***Overview of the Financial Statements:***

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

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

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

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

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

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

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

## Town of Seekonk, Massachusetts

### Management Discussion & Analysis (MD&A) For the Year Ended June 30, 2020

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

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

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

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

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

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

- The *private purpose trust funds*, the *other postemployment benefits trust fund*, and the *agency funds* are reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions “Private Purpose Trust Funds”, “Postemployment Benefits Trust”, and “Agency Funds”, respectively. The Postemployment Benefits Trust fund was established to hold the assets that will fund the long-term liability associated with town retirees’ health benefits.

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

#### **Government-wide Financial Analysis:**

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

# Town of Seekonk, Massachusetts

## Management Discussion & Analysis (MD&A) For the Year Ended June 30, 2020

### ***Government-wide Financial Analysis (continued):***

Statement of Net Position - Primary Government						
June 30, 2020 and 2019						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Assets</b>						
Current assets	\$ 29,039,493	\$ 27,237,961	\$ 501,675	\$ 438,275	\$ 29,541,168	\$ 27,676,236
Non-current assets	46,556,253	43,094,933	13,185	32,168	46,569,438	43,127,101
Total assets	<u>75,595,746</u>	<u>70,332,894</u>	<u>514,860</u>	<u>470,443</u>	<u>76,110,606</u>	<u>70,803,337</u>
<b>Deferred outflows of resources</b>	<u>18,653,370</u>	<u>10,557,534</u>	<u>29,945</u>	<u>19,052</u>	<u>18,683,315</u>	<u>10,576,586</u>
Total assets and deferred outflows of resources	<u><u>\$ 94,249,116</u></u>	<u><u>\$ 80,890,428</u></u>	<u><u>\$ 544,805</u></u>	<u><u>\$ 489,495</u></u>	<u><u>\$ 94,793,921</u></u>	<u><u>\$ 81,379,923</u></u>
<b>Liabilities</b>						
Current liabilities	\$ 11,524,963	\$ 11,238,689	\$ 34,342	\$ 29,840	\$ 11,559,305	\$ 11,268,529
Long-term liabilities	84,177,779	69,593,077	90,424	68,132	84,268,203	69,661,209
Total liabilities	<u>95,702,742</u>	<u>80,831,766</u>	<u>124,766</u>	<u>97,972</u>	<u>95,827,508</u>	<u>80,929,738</u>
<b>Deferred inflows of resources</b>	<u>1,706,632</u>	<u>2,088,414</u>	<u>4,966</u>	<u>5,687</u>	<u>1,711,598</u>	<u>2,094,101</u>
<b>Net Position</b>						
Net investment in capital assets	35,022,027	33,643,094	13,185	32,168	35,035,212	33,675,262
Restricted	6,482,351	4,273,164	-	-	6,482,351	4,273,164
Unrestricted	(44,664,636)	(39,946,010)	401,888	353,668	(44,262,748)	(39,592,342)
Total net position	<u>(3,160,258)</u>	<u>(2,029,752)</u>	<u>415,073</u>	<u>385,836</u>	<u>(2,745,185)</u>	<u>(1,643,916)</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 94,249,116</u></u>	<u><u>\$ 80,890,428</u></u>	<u><u>\$ 544,805</u></u>	<u><u>\$ 489,495</u></u>	<u><u>\$ 94,793,921</u></u>	<u><u>\$ 81,379,923</u></u>

# Town of Seekonk, Massachusetts

## Management Discussion & Analysis (MD&A)

*For the Year Ended June 30, 2020*

### ***Government-wide Financial Analysis (continued):***

#### **Changes in Net Position for the period ending June 30, 2020 and June 30, 2019 (Government-wide level)**

	<b>Changes in Net Position Primary Government</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Revenues:</b>						
Program Revenues:						
Charges for service	\$ 2,990,999	\$ 2,853,022	\$ 1,335,264	\$ 1,345,502	\$ 4,326,263	\$ 4,198,524
Operating grants & contributions	19,044,063	16,152,375	-	-	19,044,063	16,152,375
Capital grants & contributions	902,025	545,907	-	-	902,025	545,907
General Revenues:						
Real estate and personal property, net of tax refunds payable	43,861,533	41,486,974	-	-	43,861,533	41,486,974
Tax liens	256,717	282,997	-	-	256,717	282,997
Motor vehicle and other excise taxes	2,958,609	2,905,887	-	-	2,958,609	2,905,887
Hotel / motel and meals tax	1,213,433	1,357,332	-	-	1,213,433	1,357,332
Penalties and interest on taxes	197,569	205,524	-	-	197,569	205,524
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Unrestricted investment income	953,675	254,086	-	-	953,675	254,086
Miscellaneous	-	-	-	-	-	-
Contributions to permanent funds	-	-	-	-	-	-
Total revenue	<b>72,378,623</b>	<b>66,044,104</b>	<b>1,335,264</b>	<b>1,345,502</b>	<b>73,713,887</b>	<b>67,389,606</b>
<b>Expenses:</b>						
General government	3,533,046	3,320,872	-	-	3,533,046	3,320,872
Public safety	13,697,876	12,120,140	-	-	13,697,876	12,120,140
Education	51,016,243	45,114,406	-	-	51,016,243	45,114,406
Public works	2,421,231	3,961,730	-	-	2,421,231	3,961,730
Human services	733,271	812,805	-	-	733,271	812,805
Conservation	429,857	99,888	-	-	429,857	99,888
Culture and recreation	1,199,968	1,479,004	-	-	1,199,968	1,479,004
Employee benefits	-	-	-	-	-	-
State and county assessments	574,093	605,837	-	-	574,093	605,837
Interest	461,838	346,352	-	-	461,838	346,352
Sanitation (enterprise)	-	-	<b>1,256,066</b>	<b>1,245,689</b>	<b>1,256,066</b>	<b>1,245,689</b>
Total expenses	<b>74,067,423</b>	<b>67,861,034</b>	<b>1,256,066</b>	<b>1,245,689</b>	<b>75,323,489</b>	<b>69,106,723</b>
Increase(decrease) in net position before transfers	(1,688,800)	(1,816,930)	79,198	99,813	(1,609,602)	(1,717,117)
Special Item - Proceeds from bond premium, net of costs	508,333	-	-	-	508,333	-
Transfers in (out)	49,961	48,737	(49,961)	(48,737)	-	-
Transfers in - employee contributions - sanitation	-	-	-	-	-	-
Transfers out - employee benefits - sanitation	-	-	-	-	-	-
Transfer of capital assets net of debt - sanitation	558,294	-	-	-	558,294	-
Increase (decrease) in net position	(1,130,506)	(1,768,193)	29,237	51,076	(1,101,269)	(1,717,117)
Net position - beginning of year	<b>(2,029,752)</b>	<b>(261,559)</b>	<b>385,836</b>	<b>334,760</b>	<b>(1,643,916)</b>	<b>73,201</b>
Net position - end of year	<b>\$ (3,160,258)</b>	<b>\$ (2,029,752)</b>	<b>\$ 415,073</b>	<b>\$ 385,836</b>	<b>\$ (2,745,185)</b>	<b>\$ (1,643,916)</b>

## Town of Seekonk, Massachusetts

### Management Discussion & Analysis (MD&A) For the Year Ended June 30, 2020

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#### ***Government-wide Financial Analysis (continued):***

As noted earlier, liabilities plus deferred inflows of resources exceeded its assets plus deferred outflows of resources by \$2,745,185 at the close of fiscal year 2020.

The largest component of the Town's total net position is its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets. This totals \$35,035,212 for the Town as a whole at June 30, 2020. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Other resources are needed to repay the debt because the capital assets cannot be used to finance these liabilities.

A modest amount of the Town's net position totaling \$6,482,351 is subject to external restrictions on how they may be used. The remaining negative balance of unrestricted net position totals \$44,262,748. This negative net position is largely due to pension and OPEB liabilities recorded at the government-wide level of \$31,166,759 and \$40,814,813 (respectively) at June 30, 2020.

The Town increased its total liabilities by \$14,897,770 over fiscal year 2020 primarily due to \$3,340,000 issuance of bonds, an increase of \$6,079,703 for the net pension liability, and an increase of \$6,496,730 for the OPEB liability. Total assets increased by \$5,307,269 with assets of the governmental activities increasing by \$5,262,852 and assets of business-type activities increasing by \$44,417 from fiscal 2019. The increase in assets was primarily due to changes in the cash and investments.

#### ***Financial Analysis of Governmental Funds:***

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

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

The general fund is the chief operating fund of the Town. At June 30, 2020, unassigned fund balance of the general fund was \$4,042,329 while the total fund balance was \$13,253,320. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 6.37% of total general fund expenditures, while total fund balance represents 20.87% of the same amount.

General fund revenues increased by \$4,878,364, while total fund balance of the general fund increased by \$1,453,873. Real estate and personal property taxes increased by \$2,046,457, while intergovernmental revenues increased by \$2,544,001 compared to 2019. This result is also the product of management's conservative planning and budgeting and utilization of unassigned fund balance to maintain the Town's services.

The four stabilization funds have accumulated fund balances of \$6,042,952, which represents 9.67% of general fund expenditures, at the close of fiscal year 2020. At fiscal year ended June 30, 2019, the stabilization funds totaled \$6,156,935.

## Town of Seekonk, Massachusetts

### Management Discussion & Analysis (MD&A) For the Year Ended June 30, 2020

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

There was a \$732,040 increase between the original and final budget of the Town approved Town Meetings. The Town budgeted \$57,031,681 in revenues and \$59,068,923 in expenditures, which includes encumbrances carried forward from 2019 of \$647,633, drawing on the fund balance of \$1,737,471 plus carry forward articles to finance the difference. A detailed budget and actual can be found in the Required Supplementary Information.

#### ***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, 2020, amounts to \$46,569,438. The investment in capital assets includes land, buildings, capital improvements (other than buildings), machinery and equipment, vehicles, infrastructure, and construction in progress.

	<b>Capital Asset and Debt Administration</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Land	\$ 5,344,354	\$ 5,344,354	\$ -	\$ -	\$ 5,344,354	\$ 5,344,354
Construction in progress	2,745,505	1,098,329	-	-	2,745,505	1,098,329
Infrastructure, net	5,107,780	4,761,699	-	-	5,107,780	4,761,699
Buildings, net	25,286,620	25,487,484	-	-	25,286,620	25,487,484
Capital improvements, net	1,144,830	844,774	-	-	1,144,830	844,774
Machinery & equipment, net	3,667,051	2,635,671	13,185	32,168	3,680,236	2,667,839
Vehicles, net	3,260,113	2,922,622	-	-	3,260,113	2,922,622
 Total	 \$ 46,556,253	 \$ 43,094,933	 \$ 13,185	 \$ 32,168	 \$ 46,569,438	 \$ 43,127,101

The governmental activities capital assets had additions of \$6,779,363 during the current fiscal year. Total depreciation expense was \$3,318,043 resulting in a net increase to capital assets of \$3,461,320.

***Long term debt*** – The Town's debt burden is reasonable in relation to other communities its size. Outstanding long-term debt, as of June 30, 2020, totaled \$10,209,420. Total debt consists of the following:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
General obligation bonds	\$ 10,209,420	\$ 7,906,323	\$ -	\$ -	\$ 10,209,420	\$ 7,906,323
Notes payable	4,335,060	5,837,074	-	-	4,335,060	5,837,074
Capital leases	1,239,457	1,447,963	-	-	1,239,457	1,447,963
 Total	 \$ 15,783,937	 \$ 15,191,360	 \$ -	 \$ -	 \$ 15,783,937	 \$ 15,191,360

Please refer to the Notes to the Financial Statements for further discussion of the major capital and debt activities.

## **Town of Seekonk, Massachusetts**

### Management Discussion & Analysis (MD&A) *For the Year Ended June 30, 2020*

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#### ***Economic Factors and Next Year's Budget and Rates***

The following factors were considered in preparing the Town's fiscal year 2021 budget:

- *Pension Costs*
- *Health Insurance*
- *Sustainability of Revenues*
- *Regional Economics*
- *COVID-19 Expenses and Revenue Shortfalls*
- *State Aid Projections*
- *Collective Bargaining Agreements*

#### ***Request for Information***

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

**Town of Seekonk, Massachusetts**

Statement of Net Position

*June 30, 2020*

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<b>Primary Government</b>			
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and short-term investments	\$ 18,357,870	\$ 487,157	\$ 18,845,027
Investments	7,674,469	-	7,674,469
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes	837,549	-	837,549
Tax liens	723,391	-	723,391
Motor vehicle excise taxes	379,125	-	379,125
User fees	566,706	14,518	581,224
Departmental and other	16,436	-	16,436
Intergovernmental	278,818	-	278,818
Special assessments	205,129	-	205,129
Total current assets	<u>29,039,493</u>	<u>501,675</u>	<u>29,541,168</u>
Non-current assets			
Capital assets, net of accumulated depreciation	46,556,253	13,185	46,569,438
Total non-current assets	<u>46,556,253</u>	<u>13,185</u>	<u>46,569,438</u>
Total assets	<u>75,595,746</u>	<u>514,860</u>	<u>76,110,606</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
GASB 68 - Pension related	10,291,107	29,945	10,321,052
GASB 75 - OPEB related	8,362,263	-	8,362,263
Total deferred outflows of resources	<u>18,653,370</u>	<u>29,945</u>	<u>18,683,315</u>
Total assets and deferred outflows of resources	<u>\$ 94,249,116</u>	<u>\$ 544,805</u>	<u>\$ 94,793,921</u>

*The accompanying notes are an integral part of the financial statements*

# Town of Seekonk, Massachusetts

## Statement of Net Position

*June 30, 2020*

<b>Primary Government</b>					
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>		<b>Total</b>	
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued expenses	\$ 4,979,057	\$ 34,342	\$	5,013,399	
Accrued interest	85,349	-	\$	85,349	
Landfill postclosure care costs	37,746	-	\$	37,746	
Compensated absences	133,100	-	\$	133,100	
Capital leases payable	521,183	-	\$	521,183	
Bonds and notes payable	<u>5,768,528</u>	<u>-</u>	<u>\$</u>	<u>5,768,528</u>	
	<u>11,524,963</u>	<u>34,342</u>	<u>\$</u>	<u>11,559,305</u>	
Total current liabilities					
Portion due or payable in more than one year:					
Landfill postclosure care costs	1,123,957	-	\$	1,123,957	
Compensated absences	1,668,448	-	\$	1,668,448	
Net OPEB liability (NOL)	40,814,813	-	\$	40,814,813	
Net pension liability (NPL)	31,076,335	90,424	\$	31,166,759	
Capital leases payable	718,274	-	\$	718,274	
Bonds and notes payable	<u>8,775,952</u>	<u>-</u>	<u>\$</u>	<u>8,775,952</u>	
	<u>84,177,779</u>	<u>90,424</u>	<u>\$</u>	<u>84,268,203</u>	
Total long-term liabilities					
Total liabilities	<u>95,702,742</u>	<u>124,766</u>	<u>\$</u>	<u>95,827,508</u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>					
GASB 68 - Pension related	<u>1,706,632</u>	<u>4,966</u>	<u>\$</u>	<u>1,711,598</u>	
Total deferred inflows of resources	<u>1,706,632</u>	<u>4,966</u>	<u>\$</u>	<u>1,711,598</u>	
<b>NET POSITION</b>					
Net investment in capital assets	35,022,027	13,185	\$	35,035,212	
Restricted	6,482,351	-	\$	6,482,351	
Unrestricted	<u>(44,664,636)</u>	<u>401,888</u>	<u>\$</u>	<u>(44,262,748)</u>	
	<u>(3,160,258)</u>	<u>415,073</u>	<u>\$</u>	<u>(2,745,185)</u>	
Total net position	<u>\$ 94,249,116</u>	<u>\$ 544,805</u>	<u>\$</u>	<u>94,793,921</u>	

*The accompanying notes are an integral part of the financial statements*

# Town of Seekonk, Massachusetts

## Statement of Activities

*For the Year Ended June 30, 2020*

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	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General government	\$ 3,533,046	\$ 217,812	\$ 2,213,867	\$ -
Public safety	13,697,876	1,596,159	240,255	-
Education	51,016,243	673,767	16,383,642	-
Public works	2,421,231	88,286	53,656	902,025
Human services	733,271	260,471	124,040	-
Conservation	429,857	25,916	292	-
Culture and recreation	1,199,968	128,588	28,311	-
State and county assessments	574,093	-	-	-
Interest	461,838	-	-	-
Total governmental activities	<u>74,067,423</u>	<u>2,990,999</u>	<u>19,044,063</u>	<u>902,025</u>
<b>Business-Type Activities:</b>				
Sanitation (non-major)	<u>1,256,066</u>	<u>1,335,264</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>1,256,066</u>	<u>1,335,264</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 75,323,489</u>	<u>\$ 4,326,263</u>	<u>\$ 19,044,063</u>	<u>\$ 902,025</u>

*The accompanying notes are an integral part of the financial statements*

**Town of Seekonk, Massachusetts**

Statement of Activities  
For the Year Ended June 30, 2020

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<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Governmental Activities:</b>			
General government	\$ (1,101,367)	\$ -	\$ (1,101,367)
Public safety	(11,861,462)	-	(11,861,462)
Education	(33,958,834)	-	(33,958,834)
Public works	(1,377,264)	-	(1,377,264)
Human services	(348,760)	-	(348,760)
Conservation	(403,649)	-	(403,649)
Culture and recreation	(1,043,069)	-	(1,043,069)
State and county assessments	(574,093)	-	(574,093)
Interest	(461,838)	-	(461,838)
Total governmental activities	<u>(51,130,336)</u>	-	<u>(51,130,336)</u>
<b>Business-Type Activities:</b>			
Sanitation (non-major)	-	79,198	79,198
Total business-type activities	<u>-</u>	<u>79,198</u>	<u>79,198</u>
Total primary government	<u>\$ (51,130,336)</u>	<u>\$ 79,198</u>	<u>\$ (51,051,138)</u>

*The accompanying notes are an integral part of the financial statements*

# Town of Seekonk, Massachusetts

## Statement of Activities For the Year Ended June 30, 2020

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>General revenues:</b>			
Real estate and personal property, net of tax refunds payable	\$ 43,861,533	\$ -	\$ 43,861,533
Tax liens	256,717	-	256,717
Motor vehicle and other excise taxes	2,958,609	-	2,958,609
Hotel / motel and meals tax	1,213,433	-	1,213,433
Penalties and interest on taxes	197,569	-	197,569
Grants and contributions not restricted to specific programs	-	-	-
Unrestricted investment income and market adjustments	953,675	-	953,675
Miscellaneous	-	-	-
Contributions to permanent funds	-	-	-
Total general revenues	<u>49,441,536</u>	-	<u>49,441,536</u>
Special Item - Proceeds from bond premium, net of costs	508,333	-	508,333
Transfers in	1,044,961	-	1,044,961
Transfers out	(995,000)	(49,961)	(1,044,961)
Total special items and transfers	<u>558,294</u>	<u>(49,961)</u>	<u>508,333</u>
Total general revenues, special items, and transfers	<u>49,999,830</u>	<u>(49,961)</u>	<u>49,949,869</u>
Changes in net position	(1,130,506)	29,237	(1,101,269)
Net position - beginning of year	<u>(2,029,752)</u>	<u>385,836</u>	<u>(1,643,916)</u>
Net position - end of year	<u>\$ (3,160,258)</u>	<u>\$ 415,073</u>	<u>\$ (2,745,185)</u>

*The accompanying notes are an integral part of the financial statements*

**Town of Seekonk, Massachusetts**

*June 30, 2020*

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# Town of Seekonk, Massachusetts

## Governmental Funds

### Balance Sheet

*June 30, 2020*

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	<b>Major Fund</b>	<b>Non-Major</b>	<b>Total</b>
	<b>General Fund</b>	<b>Governmental Funds</b>	<b>Governmental Funds</b>
<b>Assets</b>			
Cash and short-term investments	\$ 11,055,955	\$ 7,301,915	\$ 18,357,870
Investments	5,179,010	2,495,459	7,674,469
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes	837,549	-	837,549
Tax liens	723,391	-	723,391
Motor vehicle excise	379,125	-	379,125
User fees	566,706	-	566,706
Departmental and other	686	15,750	16,436
Intergovernmental	-	278,818	278,818
Special assessments	-	205,129	205,129
Total assets	<u>18,742,422</u>	<u>10,297,071</u>	<u>29,039,493</u>
<b>Deferred outflows of resources</b>			
None	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 18,742,422</u>	<u>\$ 10,297,071</u>	<u>\$ 29,039,493</u>
<b>Liabilities</b>			
Warrants, accounts and accrued expenses payable	\$ 3,328,315	\$ 1,650,742	\$ 4,979,057
Bond anticipation notes payable	-	4,335,060	4,335,060
Total liabilities	<u>3,328,315</u>	<u>5,985,802</u>	<u>9,314,117</u>
<b>Deferred inflows of resources</b>			
Deferred property tax revenues	1,594,241	-	1,594,241
Deferred user fees and fines	566,546	-	566,546
Deferred revenue other	-	219,418	219,418
Total deferred inflows of resources	<u>2,160,787</u>	<u>219,418</u>	<u>2,380,205</u>
<b>Fund balance</b>			
Nonspendable	-	364,609	364,609
Restricted	-	6,117,742	6,117,742
Committed	6,807,123	-	6,807,123
Assigned	2,403,868	-	2,403,868
Unassigned	4,042,329	(2,390,500)	1,651,829
Total fund balance	<u>13,253,320</u>	<u>4,091,851</u>	<u>17,345,171</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 18,742,422</u>	<u>\$ 10,297,071</u>	<u>\$ 29,039,493</u>

*The accompanying notes are an integral part of the financial statements*

## Town of Seekonk, Massachusetts

### Reconciliation of the Governmental Funds Balance Sheet

#### Total Fund Balances to the Statement of Net Position

*June 30, 2020*

---

Total governmental fund balances	\$ 17,345,171
Record allowance for doubtful accounts that are financial resources, for the governmental funds.	-
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	46,556,253
To record deferred outflows and deferred inflows of resources related to pensions and OPEB as required by GASB Statement Nos. 68 and 75 (respectively)	16,946,738
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,380,205
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(85,349)
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	(10,209,420)
Capital leases	(1,239,457)
Landfill postclosure care costs	(1,161,703)
Compensated absences	(1,801,548)
Net pension liability (NPL)	(31,076,335)
Net OPEB liability (NOL)	<u>(40,814,813)</u>
Net position of governmental activities	<u>\$ (3,160,258)</u>

**Town of Seekonk, Massachusetts**  
**Governmental Funds**  
**Statement of Revenue, Expenditures and Changes in Fund Balances**  
*For the Year Ended June 30, 2020*

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	<b>Major Fund</b> <b>General</b> <b>Fund</b>	<b>Non-Major</b> <b>Governmental</b> <b>Funds</b>	<b>Total</b> <b>Governmental</b> <b>Funds</b>
<b>Revenues:</b>			
Real estate and personal property taxes, net refunds	\$ 43,840,492	\$ -	\$ 43,840,492
Motor vehicle and other excise	2,849,279	-	2,849,279
Intergovernmental	15,059,028	3,102,728	18,161,756
Hotel / motel and meals tax	1,213,433	-	1,213,433
Penalties and interest on taxes	197,569	-	197,569
Charges for services	548,358	2,430,035	2,978,393
Investment income	784,507	169,168	953,675
Contributions and donations	-	6,200	6,200
Departmental and other	496,955	1,278,481	1,775,436
Total revenue	<u>64,989,621</u>	<u>6,986,612</u>	<u>71,976,233</u>
<b>Expenditures :</b>			
General government	2,486,681	451,204	2,937,885
Public safety	9,008,828	3,105,927	12,114,755
Education	36,021,564	6,342,596	42,364,160
Public works	1,864,812	788,134	2,652,946
Human services	522,167	12,279	534,446
Conservation	74,569	330,372	404,941
Culture and recreation	1,075,870	80,746	1,156,616
Employee benefits	10,254,205	-	10,254,205
State and county assessments	574,093	-	574,093
Capital outlay	174,461	-	174,461
Debt service:			
Principal	959,417	-	959,417
Interest	<u>474,042</u>	<u>-</u>	<u>474,042</u>
Total expenditures	<u>63,490,709</u>	<u>11,111,258</u>	<u>74,601,967</u>
Excess (deficiency) of revenues over expenditures	1,498,912	(4,124,646)	(2,625,734)
<b>Other financing sources (uses):</b>			
Proceeds from bonds and notes	-	3,340,000	3,340,000
Proceeds from bond premium, net of costs	-	508,333	508,333
Transfers in	949,961	95,000	1,044,961
Transfers out	<u>(995,000)</u>	<u>-</u>	<u>(995,000)</u>
Other financing sources (uses)	<u>(45,039)</u>	<u>3,943,333</u>	<u>3,898,294</u>
Excess of revenue and other sources over expenditures and other uses	1,453,873	(181,313)	1,272,560
Fund balance - beginning	<u>11,799,447</u>	<u>4,273,164</u>	<u>16,072,611</u>
Fund balance - ending	<u>\$ 13,253,320</u>	<u>\$ 4,091,851</u>	<u>\$ 17,345,171</u>

*The accompanying notes are an integral part of the financial statements*

**Town of Seekonk, Massachusetts**  
 Reconciliation of the Statement of Revenues, Expenditures and  
 Changes in Funds Balances of Governmental Funds to the Statement of Activities  
*For the Year Ended June 30, 2020*

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Net change in fund balances - total governmental funds	\$ 1,272,560
To record allowance for doubtful accounts that are resources for the governmental funds. This amount represent the net change in the allowance.	-
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. This is the amount by which capital outlays exceeded depreciation in the current period.	3,461,320
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, MWPAT, etc.) differ between the two statements. This amount represents the net change in deferred revenue.	402,390
The issuance of long-term debt (e.g., bonds and leases) 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(2,094,591)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	12,204
The other postemployment benefit expense reported in the statement of activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds (GASB Statement No. 75)	(1,696,066)
The pension expense required by GASB Statement No. 68, reported in the statement of activities, requires the use of current financial resources and is not reported as an expenditure in the governmental funds	(6,057,411)
To record the change in deferred outflows and deferred inflows of resources related to pensions as required by GASB Statement No. 68	3,676,954
Some expenses reported in the Statement of Activities, such as compensated absences, and landfill postclosure care costs do not require the current financial resources, and therefore, are not reported as expenditures in the governmental funds	<u>(107,866)</u>
Change in net position of governmental activities	<u>\$ (1,130,506)</u>

*The accompanying notes are an integral part of the financial statements*

**Town of Seekonk, Massachusetts**

Proprietary Fund

Statement of Net Position

*June 30, 2020*

---

	<b>Business-Type Activities - Proprietary Funds</b>
	<b>Non-Major Fund</b>
	<b>Sanitation Enterprise</b>
<b>ASSETS</b>	
Current assets:	
Cash and short-term investments, unrestricted	\$ 487,157
Receivables, net:	
User fees	<u>14,518</u>
Total current assets	<u>501,675</u>
Non-current assets:	
Capital assets, net	<u>13,185</u>
Total non-current assets:	<u>13,185</u>
Total assets	<u>514,860</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related	<u>29,945</u>
Total deferred outflows of resources	<u>29,945</u>
Total assets and deferred outflows of resources	<u>\$ 544,805</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	<u>\$ 34,342</u>
Total current liabilities	<u>34,342</u>
Non-current liabilities:	
Net pension liability (NPL)	<u>90,424</u>
Total non-current liabilities	<u>90,424</u>
Total liabilities	<u>124,766</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related	<u>4,966</u>
Total deferred inflows of resources	<u>4,966</u>
<b>NET POSITION</b>	
Net investment in capital assets	13,185
Restricted	-
Unrestricted	<u>401,888</u>
Total net position	<u>415,073</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 544,805</u>

*The accompanying notes are an integral part of the financial statements*

**Town of Seekonk, Massachusetts**  
 Proprietary Fund  
 Statement of Revenue, Expenses and Changes in Net Position  
*For the Year Ended June 30, 2020*

---

	<b>Business-Type Activities - Proprietary Funds</b>
	<b>Non-Major Fund</b>
	<b>Sanitation Enterprise</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 1,335,264
Total operating revenues	<u>1,335,264</u>
<b>OPERATING EXPENSES</b>	
General services	1,237,083
Depreciation	<u>18,983</u>
Total operating expenses	<u>1,256,066</u>
Operating income (loss)	<u>79,198</u>
Income (loss) before transfers	<u>79,198</u>
<b>TRANSFERS</b>	
Transfers out - operating	<u>(49,961)</u>
Total transfers	<u>(49,961)</u>
Change in net position	29,237
Total net position - beginning	<u>385,836</u>
Total net position - ending	<u>\$ 415,073</u>

*The accompanying notes are an integral part of the financial statements*

**Town of Seekonk, Massachusetts**

Proprietary Fund

Statement of Cash Flows

*For the Year Ended June 30, 2020*

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	<b>Business-Type Activities - Proprietary Funds</b>
	<b>Non-Major Fund</b>
	<b>Sanitation Enterprise</b>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 1,403,720
Payments to suppliers and employees	<u>(1,221,903)</u>
Net cash provided (used) by operating activities	<u>181,817</u>
<b>Cash flows from noncapital financing activities:</b>	
Transfers in (out)	<u>(49,961)</u>
Net cash provided by noncapital financing activities	<u>(49,961)</u>
<b>Cash flows from capital and related financing activities:</b>	
Purchases and construction of capital assets	<u>-</u>
Net cash used by capital and related financing activities	<u>-</u>
<b>Cash flows from investing activities:</b>	
Interest and dividends	<u>-</u>
Net cash used by investing activities	<u>-</u>
Net increase in cash and cash equivalents	131,856
Balances - beginning of the year	<u>355,301</u>
Balances - end of the year	<u>\$ 487,157</u>
Displayed as:	
Cash and short-term investments	<u>\$ 487,157</u>

*The accompanying notes are an integral part of the financial statements*

**Town of Seekonk, Massachusetts**

Proprietary Fund

Statement of Cash Flows

*For the Year Ended June 30, 2020*

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	<b>Business-Type Activities - <u>Proprietary Funds</u></b>
	<b>Non-Major Fund</b>
	<b>Sanitation Enterprise</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss) \$ 79,198	
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	18,983
Change in assets and liabilities:	
(Increase) decrease in user charges receivables, net	68,456
(Increase) decrease in deferred outflows	(10,893)
Increase (decrease) accounts payable and accrued expenses	4,502
Increase (decrease) in net pension liability (NPL)	22,292
Increase (decrease) in deferred inflows	(721)
Net cash provided (used) by operating activities	<u><u>\$ 181,817</u></u>

**Town of Seekonk, Massachusetts**

Fiduciary Funds

Statement of Fiduciary Net Position

*June 30, 2020*

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	<b>Private Purpose Trust Funds</b>	<b>Other Postemployment Benefits Trust</b>	<b>Agency Funds</b>
<b>Assets</b>			
Cash and Short-Term Investments	\$ -	\$ 19,328	\$ 354,043
Investments:			
Fixed income securities	-	1,061,352	-
Equities / real estate	-	2,070,636	-
Other investments	82,024	15,023	-
Receivables:			
Departmental and Other	-	-	35,736
Total assets	<u>82,024</u>	<u>3,166,339</u>	<u>389,779</u>
<b>Deferred outflows of resources</b>			
None	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 82,024</u>	<u>\$ 3,166,339</u>	<u>\$ 389,779</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ -	\$ -	68,282
Deposits held	<u>-</u>	<u>-</u>	<u>321,497</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>389,779</u>
<b>Deferred inflows of resources</b>			
None	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>			
Restricted - scholarships and awards	82,024	-	-
Restricted - OPEB trust	<u>-</u>	<u>3,166,339</u>	<u>-</u>
Total net position	<u>82,024</u>	<u>3,166,339</u>	<u>-</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 82,024</u>	<u>\$ 3,166,339</u>	<u>\$ 389,779</u>

*The accompanying notes are an integral part of the financial statements*

**Town of Seekonk, Massachusetts**

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

*For the Year Ended June 30, 2020*

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	<b>Private Purpose Trust Funds</b>	<b>Other Postemployment Benefits Trust</b>
<b>Additions</b>		
Contributions:		
Employer contributions	\$ -	\$ (100,561)
Other	<u>6,393</u>	<u>-</u>
Total contributions	<u>6,393</u>	<u>(100,561)</u>
Net investment income:		
Dividends and interest	<u>-</u>	<u>138,882</u>
Net appreciation in fair value of investments	<u>-</u>	<u>69,224</u>
Total investment income	<u>-</u>	<u>208,106</u>
Less: investment expense	<u>-</u>	<u>-</u>
Net investment income	<u>-</u>	<u>208,106</u>
Total additions	<u>6,393</u>	<u>107,545</u>
<b>Deductions</b>		
Administrative expenditures	<u>-</u>	<u>-</u>
Scholarship expenditures	<u>4,100</u>	<u>-</u>
Total deductions	<u>4,100</u>	<u>-</u>
Change in net position	<u>2,293</u>	<u>107,545</u>
Net position - beginning	<u>79,731</u>	<u>3,058,794</u>
Net position - ending	<u>\$ 82,024</u>	<u>\$ 3,166,339</u>

*The accompanying notes are an integral part of the financial statements*

## **Town of Seekonk, Massachusetts**

### Notes to Financial Statements

*June 30, 2020*

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **A. Reporting Entity**

##### *Primary Government*

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

##### *Joint Venture*

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

Name	Purpose	Address	Annual Assessment
Tri-County Regional Vocational-Technical School	To provide vocational education services for grades 9-12	147 Pond Street Franklin, MA 02038	\$ 1,166,448

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 Financial Statements

*June 30, 2020*

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## **B. Government-Wide and Fund Financial Statements**

### *Government-Wide Financial Statements*

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

### *Fund Financial Statements*

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

### *Major Fund Criteria*

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

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

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

Fiduciary funds are reported by fund type.

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

### *Government-Wide Financial Statements*

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

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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#### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

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

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

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

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

#### *Fund Financial Statements*

##### ***Governmental Fund Financial Statements***

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

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

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

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

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

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 town's non-major governmental funds are comprised of:

- 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 Financial Statements

*June 30, 2020*

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## **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

### ***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 *Other Postemployment Benefits Trust fund* is used to account for assets held that will fund the long term liability associated with the Towns retirees health benefits.
- The *Agency fund* is used to account for assets held in a purely custodial capacity.

## **D. Cash and Investments**

### ***Government-Wide and Fund Financial Statements***

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

## **E. Fair Value Measurements**

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

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

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

## **Town of Seekonk, Massachusetts**

### Notes to Financial Statements

*June 30, 2020*

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#### **E. Fair Value Measurements (Continued)**

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

#### **F. Accounts Receivable**

##### *Government-Wide and Fund Financial Statements*

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

##### *Real Estate, Personal Property Taxes and Tax Liens*

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

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

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

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

## **Town of Seekonk, Massachusetts**

### Notes to Financial Statements

*June 30, 2020*

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#### **F. Accounts Receivable (Continued)**

##### *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 uncollectible is estimated based on historical trends and specific account analysis.

##### *Departmental and Other*

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

##### *Special Assessments*

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

##### *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 uncollectible.

#### **G. Inventories**

##### *Government-Wide and Fund Financial Statements*

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

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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## **H. Capital Assets**

### *Government-Wide and Proprietary Fund Financial Statements*

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

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

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

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

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

### *Governmental Fund Financial Statements*

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

## **I. Interfund Receivables and Payables**

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

## **Town of Seekonk, Massachusetts**

### Notes to Financial Statements

*June 30, 2020*

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## **I. Interfund Receivables and Payables (Continued)**

### *Government-Wide Financial Statements*

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

### *Fund Financial Statements*

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

## **J. Interfund Transfers**

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

### *Government-Wide Financial Statements*

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

### *Fund Financial Statements*

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

## **K. Deferred Outflows/Inflows of Resources**

### *Government-Wide Financial Statements (Net Position)*

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

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

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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## **K. Deferred Outflows/Inflows of Resources (Continued)**

### *Governmental Funds Financial Statements*

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

## **L. Net Position and Fund Equity**

### *Government-Wide Financial Statements (Net Position)*

Net position is classified into three components:

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

Net position have been “restricted” for the following:

- *Permanent funds - expendable* represents amounts held in trust for which the expenditures are restricted by various trust agreements.
- *Permanent funds - nonexpendable* represents amounts held in trust for which only investment earnings may be expended.
- *Other specific purposes* represent restrictions placed on assets from outside parties.

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

### *Fund Financial Statements (Fund Balances)*

The Town uses the following criteria for fund balance classification:

- For *nonspendable* fund balance: includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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#### **L. Net Position and Fund Equity (Continued)**

- For *restricted* fund balance: when constraints placed on the use of the resources are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- For *committed* fund balance: (1) the government's highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment.
- For *assigned* fund balance: (1) the body or official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which the authorization is given.
- For *unassigned* fund balance: is the residual classification for the general fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

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

#### **M. Long-term debt**

##### *Government-Wide and Proprietary Fund Financial Statements*

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The proprietary fund has no long-term debt outstanding as of June 30, 2020.

##### *Governmental Fund Financial Statements*

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

#### **N. Investment Income**

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

## **Town of Seekonk, Massachusetts**

### Notes to Financial Statements

*June 30, 2020*

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#### **O. Compensated Absences**

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

##### *Government-Wide Financial Statements*

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

##### *Governmental Fund Financial Statements*

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2020 is recorded in the governmental fund financial statements.

#### **P. Pensions**

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

#### **Q. Post Retirement Benefits**

##### *Government-Wide and Fund Financial Statements*

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

## **Town of Seekonk, Massachusetts**

### Notes to Financial Statements

*June 30, 2020*

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#### **R. Use of Estimates**

##### *Government-Wide and Fund Financial Statements*

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

#### **S. Total Column**

##### *Government-Wide Financial Statements*

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

##### *Fund Financial Statements*

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

### **NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### *A. Budgetary Basis of Accounting*

Pursuant to Chapter 44, Section 32 of the Massachusetts General Laws, the Town adopts an annual budget for the general fund as well as for those special revenue funds for which the provisions of Chapter 44, Section 53F ½ have been adopted. The budgets for all departments and operations of the Town, except that of the public schools, are prepared under the direction of the Town Administrator. The School Department budget is prepared under the direction of the School Committee. The level of expenditures may not legally exceed appropriations for each department or undertaking in the following categories: (1) salaries and wages; (2) ordinary maintenance; and (3) capital outlays.

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

Original and supplemental appropriations are enacted upon by a Town Meeting vote. Management may not amend the budget without seeking the approval of the governing body. The Town's Finance Committee can legally transfer funds from its reserve fund to other appropriations within the budget without seeking Town Meeting approvals. The original fiscal year 2020 approved budget authorized \$57,689,250 in current year appropriations and other amounts to be raised. Supplemental appropriations of \$732,040 were approved at Special Town Meeting for fiscal year 2020.

## **Town of Seekonk, Massachusetts**

### Notes to Financial Statements

*June 30, 2020*

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

#### *B. 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 2021.

### **NOTE 3 – DEPOSITS AND INVESTMENTS**

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

#### *Deposits*

- *Custodial Credit Risk – Deposits*

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

**Town of Seekonk, Massachusetts**

Notes to Financial Statements

*June 30, 2020*

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**NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

The following table illustrates how much of the Town's bank deposits are insured, and how much of the Town's bank deposits are uninsured, uncollateralized, or collateral held by the pledging banks trust department not in the Town's name as of June 30, 2020:

Total bank balances	<u>\$ 19,826,685</u>
Bank balances covered by deposit insurance	
Depositor's Insurance Fund (DIF)	12,851,123
Federal Deposit Insurance Corporation (FDIC)	<u>1,609,129</u>
Total bank balances covered by deposit insurance	
	14,460,252
Balances subject to custodial credit risk	
Bank balances collateralized with securities held by the pledging financial institution's trust department or agent not in the Town's name	-
Bank balances uninsured & uncollateralized	<u>5,366,432</u>
Total bank balances subject to custodial credit risk	
	<u>5,366,432</u>
Total bank balances	<u>\$ 19,826,685</u>

The Town's book balance as of June 30, 2020 includes the following:

	<b>Cash</b>	<b>Investments</b>	<b>Total</b>
Governmental Activities	\$ 18,357,870	\$ 7,674,469	\$ 26,032,339
Proprietary Activities	487,157	-	487,157
Private Purpose Trust Funds	-	82,024	82,024
OPEB Trust Funds	19,328	3,147,011	3,166,339
Agency Funds	354,043	-	354,043
Total Book Balance	<u>\$ 19,218,398</u>	<u>\$ 10,903,504</u>	<u>\$ 30,121,902</u>

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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#### **NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

##### *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).

b) *Custodial Credit Risk*

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

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

c) *Interest Rate Risk*

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

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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### **NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

Presented below is the actual rating as of year-end for each investment type of the Town.

*Bartholomew Trust Funds*

<b>Investment Type</b>	<b>Fair Value</b>	<b>S&amp;P Rating</b>				
		<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>BB</b>
<b>Corporate Bonds</b>						
Manufacturer and Traders	\$ 70,766	\$ -	\$ -	\$ 70,767	\$ -	\$ -
Procter and Gamble Co.	292,279	-	292,279	-	-	-
Consolidated Edison Inc. Bond	359,381	-	-	-	359,381	-
Wells Fargo Co.	178,047	-	-	178,047	-	-
Coca-Cola Co.	152,171	-	-	152,172	-	-
Kimberly Clark Corp.	327,429	-	-	327,429	-	-
Northstar Power Co.	267,173	-	-	267,173	-	-
Bank of America Corp L	332,722	-	-	332,722	-	-
Georgia Power Co 2020	182,098	-	-	182,098	-	-
Georgia Power Co 2019	209,908	-	-	209,908	-	-
Bank of America Corp N	176,389	-	-	176,389	-	-
<b>U.S. Treasury/Agency Securities</b>						
United States Treasury	1,405,162	1,405,162	-	-	-	-
Federal Home LN MTG Corp MTN	336,850	336,850	-	-	-	-
Federal Home Loan Bank Bond	957,915	-	957,915	-	-	-
Total Debt Securities	\$ 5,248,292	\$ 1,742,013	\$ 1,250,194	\$ 1,896,704	\$ 359,381	\$ -
<b>Other Investments (not rated):</b>						
Equities	\$ 3,029,438					
Money Market	214,605					
CDs	1,434,423					
Fixed Income	976,747					
Total Investments	<u>\$ 10,903,504</u>					

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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#### **NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

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

<i>Governmental Activities</i>		<b>Remaining Maturity (in years)</b>		
<b>Investment Type</b>	<b>Fair Value</b>	<b>0-1 years</b>	<b>1-2 years</b>	<b>2-5 years</b>
Debt Securities				
U.S. Government & Agency	\$ 2,699,927	\$ 686,604	\$ 893,772	\$ 1,119,551
Corporate Bonds	2,548,363	722,427	1,257,541	568,395
Mutual Funds	-	-	-	-
Common Stock	880,191	880,191	-	-
Certificate of Deposit	1,155,749	166,597	989,152	-
Total Debt Securities	<u>7,284,230</u>	<u>2,455,819</u>	<u>3,140,465</u>	<u>1,687,947</u>
<b>Other Investments:</b>				
Money Market	390,239	390,239	-	-
<b>Total Governmental Activities</b>	<b><u>\$ 7,674,469</u></b>	<b><u>\$ 2,846,058</u></b>	<b><u>\$ 3,140,465</u></b>	<b><u>\$ 1,687,947</u></b>
<b><i>Fiduciary Fund - OPEB Trust:</i></b>				
<b>Other Investments:</b>				
Mutual Funds - Fixed Income Securities	\$ 1,061,352	\$ 1,061,352	\$ -	\$ -
Mutual Funds - Equities	2,070,636	2,070,636	-	-
Money Market	15,023	15,023	-	-
<b><i>Fiduciary Fund - Private Purpose Trust Fund:</i></b>				
Money Market	\$ 82,024	\$ 82,024	\$ -	\$ -
<b>Total Fiduciary Fund</b>	<b><u>\$ 3,229,035</u></b>	<b><u>\$ 3,229,035</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

#### *d) Concentration of Credit Risk*

The Town places no limit on the amount the government may invest in any one issuer. There were no Town investments more than 5% as of June 30, 2020.

#### *Fair Market Value of Investments*

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

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

# Town of Seekonk, Massachusetts

## Notes to Financial Statements

*June 30, 2020*

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### **NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

The Town has the following recurring fair value measurement as of June 30, 2020.

<b>Investment Type</b>	<b>June 30, 2020</b>	<b>Fair Value Measurements Using:</b>			
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)*</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	
<b><u>Governmental Activities:</u></b>					
<b>Debt Securities:</b>					
U.S. Government and Agency	\$ 2,699,927	\$ 2,699,927	\$ -	\$ -	
Certificate of Deposits	1,155,749	1,155,749	-	-	
Corporate Bonds	2,548,363	-	2,548,363	-	
<b>Total debt securities</b>	<b>6,404,039</b>	<b>3,855,676</b>	<b>2,548,363</b>	<b>-</b>	
<b>Other Investments:</b>					
Money Market	390,239	-	-	-	
Common Stock	880,191	880,191	-	-	
<b>Total other investments</b>	<b>1,270,430</b>	<b>880,191</b>	<b>-</b>	<b>-</b>	
<b>Total Investments (Governmental Activities)</b>	<b>\$ 7,674,469</b>	<b>\$ 4,735,867</b>	<b>\$ 2,548,363</b>	<b>\$ -</b>	
<b><u>Fiduciary Fund - OPEB:</u></b>					
Money Market	15,023	-	-	-	
Mutual Funds - Fixed Income Securities	1,061,352	-	1,061,352	-	
Mutual Funds - Equities	2,070,636	2,070,636	-	-	
<b><u>Fiduciary Fund - Private Purpose Trust Fund</u></b>					
Money Market	82,024	-	-	-	
<b>Total Investments (fiduciary fund)</b>	<b>\$ 3,229,035</b>	<b>\$ 2,070,636</b>	<b>\$ 1,061,352</b>	<b>\$ -</b>	
<b>Total investments measured at fair value</b>	<b>\$ 10,903,504</b>	<b>\$ 6,806,503</b>	<b>\$ 3,609,715</b>	<b>\$ -</b>	

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

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

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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#### **NOTE 4 – RECEIVABLES**

The receivables at June 30, 2020 for the Town's governmental activities and business-type activities, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Real Estate and Personal Property Taxes	\$ 837,549	\$ -	\$ 837,549
Tax Liens	723,391	-	723,391
Motor Vehicle and Other Excise Taxes	379,125	-	379,125
User Fees	566,706	-	566,706
Departmental and Other	16,436	-	16,436
Intergovernmental	278,818	-	278,818
Special Assessments	205,129	-	205,129
 Total Governmental Activities	 \$ 3,007,154	 \$ -	 \$ 3,007,154
  <i>Sanitation</i>			
User Fees	\$ 14,518	-	\$ 14,518
 Total Business-Type Activities	 \$ 14,518	 -	 \$ 14,518

#### **NOTE 5 – INTERFUND TRANSACTIONS**

Operating transfers between funds for the year ended June 30, 2020 were as follows:

	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>
<b><u>Major Governmental Funds</u></b>		
General Fund	\$ 749,961	\$ 995,000
Stabilization Funds	200,000	-
<b><u>Non-Major Governmental Funds</u></b>		
Non-Major Governmental Funds	95,000	-
<b><u>Proprietary Funds</u></b>		
Sanitation	-	49,961
<b>Totals</b>	<b>\$ 1,044,961</b>	<b>\$ 1,044,961</b>

# Town of Seekonk, Massachusetts

## Notes to Financial Statements

*June 30, 2020*

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### **NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

<b>Government Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land & easements	\$ 5,344,354	\$ -	\$ -	\$ 5,344,354
Construction & infrastructure in progress	1,098,329	1,647,176	-	2,745,505
Total capital assets not being depreciated:	<u>6,442,683</u>	<u>1,647,176</u>	<u>-</u>	<u>8,089,859</u>
Capital assets being depreciated:				
Buildings and improvements	60,499,321	1,530,115	-	62,029,436
Capital improvements (other than buildings)	3,088,722	429,551	-	3,518,273
Machinery and equipment	6,696,472	1,496,184	-	8,192,656
Vehicles	10,400,388	994,185	-	11,394,573
Infrastructure	22,729,659	682,152	-	23,411,811
Total capital assets, being depreciated:	<u>103,414,562</u>	<u>5,132,187</u>	<u>-</u>	<u>108,546,749</u>
Accumulated depreciation:				
Buildings and improvements	35,011,837	1,730,979	-	36,742,816
Capital improvements (other than buildings)	2,243,948	129,495	-	2,373,443
Machinery and equipment	4,060,800	464,805	-	4,525,605
Vehicles	7,477,767	656,693	-	8,134,460
Infrastructure	17,967,960	336,071	-	18,304,031
Total accumulated depreciation:	<u>66,762,312</u>	<u>3,318,043</u>	<u>-</u>	<u>70,080,355</u>
Total capital assets being depreciated, net	<u>36,652,250</u>	<u>1,814,144</u>	<u>-</u>	<u>38,466,394</u>
Governmental activities capital assets, net	<u>\$43,094,933</u>	<u>\$3,461,320</u>	<u>\$ -</u>	<u>\$46,556,253</u>

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

#### **Governmental Activities:**

General government	\$ 183,041
Public safety	957,107
Education	1,549,095
Public works	543,288
Health and human services	1,661
Culture and recreation	83,851
 Total governmental activities depreciation expense	 <u>\$ 3,318,043</u>

**Town of Seekonk, Massachusetts**

Notes to Financial Statements

*June 30, 2020*

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**NOTE 6 – CAPITAL ASSETS (CONTINUED)**

<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land & easements	\$ -	\$ -	\$ -	\$ -
Construction & infrastructure in progress	_____	_____	_____	_____
Total capital assets not being depreciated:	_____	_____	_____	_____
Capital assets being depreciated:				
Machinery and equipment	265,574	-	-	265,574
Vehicles	174,800	-	-	174,800
Total capital assets, being depreciated:	440,374	_____	_____	440,374
Accumulated depreciation:				
Machinery and equipment	233,406	18,983	-	252,389
Vehicles	174,800	-	-	174,800
Total accumulated depreciation:	408,206	18,983	-	427,189
Total capital assets being depreciated, net	32,168	(18,983)	-	13,185
Business-type activites capital assets, net	<u>\$ 32,168</u>	<u>\$ (18,983)</u>	<u>\$ -</u>	<u>\$ 13,185</u>

## **Town of Seekonk, Massachusetts**

### Notes to Financial Statements

*June 30, 2020*

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#### **NOTE 7 – CAPITAL LEASES**

The Town has entered into lease agreements as lessee for financing the acquisition of police vehicles, dump trucks, fire trucks, an ambulance, pickup trucks, a compact loader, front end loader, a fire rescue pumper truck and police vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

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

	<u>Governmental Activities</u>
Assets:	
Vehicles	\$ 2,554,526
Machinery & Equipment	386,387
Total Assets Acquired Through Leases:	<u>\$ 2,940,913</u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2020, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2021	\$ 568,565
2022	339,216
2023	253,966
2024	87,745
2025	<u>87,745</u>
 Total minimum lease payments	 1,337,237
Less: amounts representing interest	<u>(97,780)</u>
 Present value of minimum lease payments	 <u>\$ 1,239,457</u>

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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#### **NOTE 8 – SHORT-TERM FINANCING**

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

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

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

The following is a summary of changes in short-term debt for the year ended June 30, 2020:

Type	Purpose	Rate (%)	Due Date	Beginning Balance	Renewed/ Issued	Retired/ Redeemed	Ending Balance
BAN	Public Safety Radio Project	2.29	2/15/2020	\$ 1,500,000	\$ -	\$ 1,500,000	\$ -
BAN	Public Safety Radio Project	2.29	2/15/2020	1,516,174	-	1,516,174	-
BAN	Municipal Purpose Loan	2.13	5/22/2020	950,000	-	950,000	-
BAN	Municipal Purpose Loan	2.00	5/21/2021	1,370,900	835,060	1,370,900	835,060
BAN	Municipal Purpose Loan	2.00	5/21/2021	500,000	500,000	500,000	500,000
BAN	Municipal Purpose Loan	2.00	5/21/2021	-	2,000,000	-	2,000,000
BAN	Municipal Purpose Loan	2.00	5/21/2021	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total Short-Term Debt				<u>\$ 5,837,074</u>	<u>\$ 4,335,060</u>	<u>\$ 5,837,074</u>	<u>\$ 4,335,060</u>

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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#### **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, 2020:

#### **Bonds and Notes Payable Schedule – Governmental Funds (Acquired through Public Sale)**

Project	Interest Rate (%)	Outstanding Balance			Outstanding Balance			Balance Due in 2021
		July 1, 2019	Increases	Decreases	Refunding	June 30, 2020		
MWPAT Sewer Loan	Var.	\$ 47,085	\$ -	\$ 9,417	\$ -	\$ 37,668	\$ 9,417	
Landfill	2.00%	849,238	-	77,486	-	771,752		79,051
School Construction	4.03%	1,455,000	-	365,000	-	1,090,000		365,000
Banna Fire Remodeling	2.31%	1,000,000	-	100,000	-	900,000		100,000
Senior Center	1.96%	2,585,000	-	145,000	-	2,440,000		145,000
Police & Fire Facility	2.00%	1,970,000	-	340,000	-	1,630,000		335,000
Police Radios Feb 2018	5.00%	-	1,170,000	-	-	1,170,000		165,000
Police Radios Feb 2019	5.00%	-	1,335,000	-	-	1,335,000		170,000
Animal Shelter	Var.	-	\$ 835,000	-	-	\$ 835,000		65,000
Total Direct Borrowing		<u>\$ 7,906,323</u>	<u>\$ 3,340,000</u>	<u>\$ 1,036,903</u>	<u>\$ -</u>	<u>\$ 10,209,420</u>		<u>\$ 1,433,468</u>

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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#### **NOTE 9 – LONG-TERM DEBT (Continued)**

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2020 are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	1,433,468	292,539	1,726,007
2022	1,445,066	253,085	1,698,151
2023	1,441,695	210,509	1,652,204
2024	1,068,357	168,151	1,236,508
2025	1,050,636	133,520	1,184,156
2026-2030	2,780,198	281,763	3,061,961
2031-2035	710,000	71,405	781,405
2036-2037	280,000	6,440	286,440
<b>Total</b>	<b><u>\$ 10,209,420</u></b>	<b><u>\$ 1,417,412</u></b>	<b><u>\$ 11,626,832</u></b>

#### **Loans Authorized and Unissued**

As of June 30, 2020, the Town has loans authorized and unissued as follows:

<b>Description</b>	<b>Date of Vote</b>	<b>Amount Authorized &amp; Unissued</b>
Aitken Window Repair	5/14/2018	\$ 9,002
Aitken School Addition	5/13/2019	8,000,000
Aitken School A/C	5/13/2019	1,750,000
Senior Center Phase II	11/18/2019	1,477,938
South End Fire Station	6/22/2020	<u>425,000</u>
<b>Total Authorized and Unissued Debt</b>		<b><u>\$ 11,661,940</u></b>

Events of default include failure to make principal and interest payments when due, defaults related to the performance or observance of any other covenants, agreements or conditions that have not been remedied, or the Town's inability to pay its debts. Upon notice of any events of default, all principal and accrued interest may be declared due and payable immediately.

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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#### **NOTE 9 – LONG-TERM DEBT (Continued)**

##### **Changes in Long-term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2020:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Bonds Payable	\$ 7,906,323	\$ 3,340,000	\$ 1,036,903	\$ 10,209,420	\$ 1,433,468
Compensated Absences	1,693,682	107,866	-	1,801,548	133,100
Landfill Postclosure Care Costs	1,161,703	-	-	1,161,703	37,746
Capital Leases Payable	1,447,963	557,598	766,104	1,239,457	521,183
Net Pension Liability	25,018,924	6,057,411	-	31,076,335	-
Net OPEB Liability	34,318,083	6,496,730	-	40,814,813	-
Short-term Debt	<u>5,837,074</u>	<u>4,335,060</u>	<u>5,837,074</u>	<u>4,335,060</u>	-
<b>Total Governmental Activities:</b>					
Long-Term Liabilities	<u>\$ 77,383,752</u>	<u>\$ 20,894,665</u>	<u>\$ 7,640,081</u>	<u>\$ 90,638,336</u>	<u>\$ 2,125,497</u>
<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Net Pension Liability	<u>\$ 68,132</u>	<u>\$ 22,292</u>	<u>\$ -</u>	<u>\$ 90,424</u>	<u>\$ -</u>

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

##### **Advance and Current Year Refunding**

On November 1, 2016 (fiscal year 2017), the Town issued general obligation refunding bonds in the amount of \$2,660,000 with an interest rate of 2.00% to advance refund \$3,000,000 of general obligation bond dated 8/15/05 with interest rate of 3.77%. The advance refunded bonds mature on August 1, 2024 and is callable on August 15, 2015. The general obligation refunding bonds were issued at a net interest cost of 1.42% and, after receiving a bond premium of \$77,454 and paying issuance costs of \$45,804, the net proceeds were \$2,691,650. The net proceeds from the issuance of the general obligation refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the advance refunded bonds are called on March 1, 2015. The refunding resulted in a net present value benefit of \$130,935 in future debt service costs. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the Town's financial statements.

During fiscal year 2020, the Town did not issue any general obligation refunding bonds.

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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#### **NOTE 10 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

The Town has classified its governmental fund balances with the following hierarchy, as required by GASB Statement No. 54:

	<b>Major Fund</b>	<b>Non-Major</b>	
	<b>General</b>	<b>Governmental</b>	
	<b>Fund</b>	<b>Funds</b>	<b>Total</b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Permanent fund principal	\$ -	\$ 364,609	\$ 364,609
<b>Restricted for:</b>			
General government	- -	446,434	446,434
Public safety	- -	3,007,270	3,007,270
Education	- -	- -	- -
Public works	- -	84,710	84,710
Human services	- -	150,814	150,814
Culture & recreation	- -	369,321	369,321
Community preservation fund	- -	2,059,193	2,059,193
<b>Committed to:</b>			
Continuing appropriations:			
General government			- -
Public safety	71,798	- -	71,798
Public works	692,373	- -	692,373
Culture & recreation	- -	- -	- -
Conservation	- -	- -	- -
Culture & recreation	- -	- -	- -
Municipal capital stabilization fund	1,176,055	- -	1,176,055
Special education stabilization fund	92,750	- -	92,750
Economic stabilization	4,566,529	- -	4,566,529
Public building and infrastructure	207,618	- -	207,618
<b>Assigned to:</b>			
Encumbered for:			
General government	12,138	- -	12,138
Public safety	23,010	- -	23,010
Education	1,466,951	- -	1,466,951
Public works	101,769	- -	101,769
Subsequent years expenditures	800,000	- -	800,000
<b>Unassigned:</b>			
General fund	4,042,329	- -	4,042,329
Nonmajor governmental funds	- -	(2,390,500)	(2,390,500)
	<hr/> <u>\$ 13,253,320</u>	<hr/> <u>\$ 4,091,851</u>	<hr/> <u>\$ 17,345,171</u>

## **Town of Seekonk, Massachusetts**

### Notes to Financial Statements

*June 30, 2020*

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#### **NOTE 11 – STABILIZATION ARRANGEMENTS**

The Town has established several funds where the Town has set aside amounts for economic stabilization purposes, special education, and capital needs. These funds consist of the following;

- The *Stabilization Fund* can be used for any purpose. The additions or the use of the fund requires a 2/3 vote at the Annual or Special Town Meeting. The fund has been classified as committed fund balance in the general fund. At June 30, 2020, the net position of the Stabilization Fund was \$4,566,529.
- The *Municipal Capital Fund* is a stabilization fund that is intended to be used for capital purchases. The additions or the use of the fund requires a 2/3 vote at the Annual or Special Town Meeting. The fund has been classified as committed fund balance in the general fund. At June 30, 2020, the net position of the Municipal Capital Stabilization Fund was \$1,176,055.
- The *Special Education Fund* is a stabilization fund that is intended to be used for special education expenses. The additions or the use of the fund requires a 2/3 vote at the Annual or Special Town Meeting. The fund has been classified as a committed fund balance in the general fund. At June 30, 2020, the net position of the Special Education Stabilization Fund was \$92,750.
- The *Public Buildings and Infrastructure Stabilization Account* is a stabilization fund that is intended to be used for public building renovation or infrastructure. The additions or the use of the fund requires a 2/3 vote at the Annual or Special Town Meeting. The fund has been classified as a committed fund balance in the general fund. At June 30, 2020, the net position of the Public Building and Infrastructure Stabilization fund was \$207,618.

#### **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 2020.

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

## **Town of Seekonk, Massachusetts**

### Notes to Financial Statements

*June 30, 2020*

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## **NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

### ***General Information about the OPEB Plan***

*Plan description.* The Town provides health and life insurance benefits to actives, retirees, their dependents and beneficiaries in accordance with Chapter 32B of Massachusetts General Laws under various contributory plans. Specific benefit provisions and contribution rates are established by collective-bargaining agreements, state laws and Town ordinance. All benefits are provided through third-party insurance carriers and health maintenance organizations that administer, assume and pay all claims for specific plans. The Plan does not issue a standalone financial report.

GASB Statement No. 75 requires the following disclosures in the financial statements:

*Benefits provided.* The contribution requirements of Plan members and the Town are established and may be amended by the Town. Fifty percent of the calculated contribution is paid by the retirees through pension benefit deductions. The remainder (fifty percent) of such cost is funded by the Town. The Town contributes seventy-five percent of the premium costs for active employees.

The Town currently contributes as a “partially funded” plan, or one where only the employer pays more than the pay-as-you-go cost but less than the full funding amount.

*Employees covered by benefit terms.* At June 30, 2020 (the measurement date), the following employees were covered by the benefit terms:

Retired, Disabled, Survivors and Beneficiaries receiving benefits	367
Active plan members	<u>305</u>
Subtotal	<u>672</u>

*Contributions.* The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the 2019 fiscal year, total Town premiums plus implicit costs for the retiree medical program are \$1,436,864. The Town did not make a contribution to the OPEB Trust during fiscal year 2020.

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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#### ***Net OPEB Liability***

The Town's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

*Actuarial assumptions.* The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<b>Valuation Date:</b>	June 30, 2019
<b>Measurement Date:</b>	June 30, 2020
<b>Actuarial Cost Method:</b>	Entry Age Normal
<b>Discount Rate:</b>	2.27% (partial prefunding, rate is net of investment expenses)
<b>Investment Rate of Return:</b>	2.92% on funded amount
<b>Healthcare Cost Trend Rate:</b>	6.5% year 1, decreasing by 0.5% each year to an ultimate rate of 4.5%

It is assumed that for actives, retirees and disabled participants, mortality is represented by the RP-2014 Mortality table with projected mortality improvements.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results the experience of the plan and reasonable expectations and, in combination, represent the best estimate of the anticipated experience under the plan.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. OPEB plan investments are held in the OPEB Trust Fund.

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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The plan is currently 100% invested in a PPS Custom NFS Other-Post Employment Benefit Trust administered by the Commonwealth Financial Network. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return (Average)</u>
Domestic Equities	6.00%
Fixed Income	1.50%
Private Equity	6.00%
Real Estate	5.50%
Cash	0.00%

*Discount rate.* The discount rate used to measure the total OPEB liability was 3.70%. The actuarial firm contracted to perform the valuation performs a cash flow study of the Trust assets. It was determined that the assets of the OPEB Trust would only support OPEB benefits for a certain time period. For the time period where the assets are sufficient to cover plan obligations, a rate consistent with the Town's investment strategy (2.92%) is used. For the period subsequent to this, where there would be no plan assets, a rate based on 20-year Municipal General Obligation bonds (3.50%) is used. A single rate producing an equivalent present value of benefits is calculated. This is the 3.70% rate used for the Town of Seekonk.

	<u>Total OPEB Liability (a)</u>	<u>Increase (Decrease)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) - (b)</u>
<b>Balances at the beginning of the period (GASB 75)</b>	\$ 37,376,877		\$ 3,058,794	\$ 34,318,083
<b>Changes for the year:</b>				
Service cost	854,017		-	854,017
Interest	1,372,162		-	1,372,162
Differences between expected and actual experience	-		-	-
Changes in assumptions	5,799,937		-	5,799,937
Contributions - employer	-		-	-
Net investment income	-		92,522	(92,522)
Benefit payments, including refunds of employee contributions	(1,436,864)		-	(1,436,864)
Administrative expense	-		-	-
<b>Net changes</b>	<b>6,589,252</b>		<b>92,522</b>	<b>6,496,730</b>
<b>Balances at the end of the period</b>	<b>\$ 43,966,129</b>		<b>\$ 3,151,316</b>	<b>\$ 40,814,813</b>

## **Town of Seekonk, Massachusetts**

### Notes to Financial Statements

*June 30, 2020*

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#### **Changes in the Net OPEB Liability**

*Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.* The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.27%) or 1-percentage-point higher (3.27%) than the current discount rate:

	<b>1% Decrease (1.27%)</b>	<b>Current Discount Rate (2.27%)</b>	<b>1% Increase (3.27%)</b>
Net OPEB Liability	\$ 48,717,573	\$ 40,814,813	\$ 34,687,374

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease (starts at 7%)</b>	<b>Trend (starts at 8%)</b>	<b>1% Increase (starts at 9%)</b>
Net OPEB Liability	\$ 34,736,638	\$ 40,814,813	\$ 48,476,640

*OPEB plan fiduciary net position.* Detailed information about the OPEB plan's fiduciary net position is available in this report on the "Fiduciary Fund" pages.

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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#### **OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2020, the Town recognized OPEB expense of \$3,132,929. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,375,044	\$ -
Changes of assumptions	<u>6,987,219</u>	<u>\$ -</u>
Total	<u>\$ 8,362,263</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

#### **Year ended June 30:**

2021	\$ 999,273
2022	999,273
2023	999,273
2024	999,273
2025	999,273
Thereafter	<u>3,365,898</u>
Total	<u>\$ 8,362,263</u>

#### **Payable to the OPEB Plan**

At June 30, 2020, the Town reported a payable of \$0 for the outstanding amount of contributions to the OPEB Trust required for the year ended June 30, 2020.

## **Town of Seekonk, Massachusetts**

### Notes to Financial Statements

*June 30, 2020*

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#### **NOTE 14 – PENSION PLANS**

##### **A. Plan Descriptions**

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

The System issues a publicly available audited financial report that may be obtained by contacting the system at 645 County Street, County Crossing, Taunton, MA. 02780.

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

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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#### **NOTE 14 – PENSION PLANS (Continued)**

##### *Special Funding Situation*

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No.68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2019. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$6,902,771 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$56,921,923 as of the measurement date.

The "System" and the MTRS are contributory defined benefit plans and membership in both the "System" and the MTRS is mandatory upon commencement of employment for all permanent, full-time employees.

#### **B. Benefits Provided**

The System and MTRS provide retirement, disability and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service. There are three classes of membership in the retirement system: group 1, group 2, and group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have even been specified as hazardous. Lastly, group 4 consist of police officers, firefighters, and other hazardous positions.

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

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

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

## **Town of Seekonk, Massachusetts**

### Notes to Financial Statements

*June 30, 2020*

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#### **NOTE 14 – PENSION PLANS (Continued)**

##### **C. Contributions**

###### *Bristol County Contributory Retirement System*

Chapter 32 of MGL governs the contributions of plan members and member employees. Active plan members are required to contribute to the system at rates ranging from 5 to 9% of their gross compensation. Members joining the system after January 1, 1979 must contribute an additional 2% on regular compensation earned at a rate in excess of \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the system, a legislatively mandated actuarially determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution for the year ended December 31, 2019 which was \$2,750,246 and 21.45% of covered payroll, actuarially determined as an amount that when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

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

###### *Pension Liabilities*

At June 30, 2020 the Town reported a liability of \$31,166,759 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. Accordingly, updated procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members actuarially determined. At December 31, 2019, the Town's proportion was 6.613% which had a 0.149% decrease from its proportion measured as of December 31, 2018.

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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#### **NOTE 14 – PENSION PLANS (Continued)**

##### *Pension Expense and Deferred Outflows/Inflows of Resources*

For the year ended June 30, 2020 the Town recognized pension expense of \$5,141,381. At June 30, 2020 the Town reported deferred outflows and inflows of resources related to pensions of \$10,321,052 and \$1,711,598 respectively.

The balances of deferred outflows and inflows as June 30, 2020 consist of the following:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,852,091	\$ -
Changes of assumptions	5,467,131	-
Net difference between projected and actual earnings on pension plan investments	-	1,253,970
Changes in proportion and differences between System contributions and proportionate share of contributions	<u>1,830</u>	<u>457,628</u>
<b>Total</b>	<b><u>\$ 10,321,052</u></b>	<b><u>\$ 1,711,598</u></b>

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

##### **Year ended June 30:**

2021	\$ 2,341,922
2022	2,064,935
2023	2,299,224
2024	1,279,421
2025	<u>623,952</u>
<b>Total</b>	<b><u>\$ 8,609,454</u></b>

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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#### **NOTE 14 – PENSION PLANS (Continued)**

##### **E. Actuarial Assumptions**

The total pension liability in the January 1, 2020 actuarial valuation was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

Valuation date	January 1, 2020	
Actuarial cost method	Individual entry age normal	
Investment rate of return	7.75%	
Projected salary increases	Service	Rate
	0-1	5.50%
	2	4.00%
	3-4	3.50%
	5-7	3.00%
	8+	2.75%
Cost of living adjustments	3.00% of \$18,000/ year	
Discount Rate	7.75%	
Inflation	4.00%	
Rates of retirement	Varies based upon age for general employees, police and fire employees	
Rates of disability	General employees, 35% ordinary (65% service connected). Police and fire, 5% ordinary (95% are service connected).	
Mortality rates:	Pre-retirement RP-2014 Blue Collar Mortality Table with Scale MP-2014, Fully Generational Healthy Retiree RP-2000 Mortality Table set forward five years for males and 3 years for females, Fully Generational	
Disabled retiree	RP-2000 Mortality Table set forward six years for group 1 and 2, and RP-2000 mortality table set forward 2 years for group 4. Generational adjusting is based on scale MP2014.	

For a full listing of actuarial assumptions used for the January 1, 2020 actuarial valuation, please consult the Bristol County Retirement System financial statements.

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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#### **NOTE 14 – PENSION PLANS (Continued)**

##### **F. Investment Policy**

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Domestic equities	22.0%	4.9%
International equities	11.0%	5.2%
Emerging markets equities	11.0%	7.3%
Global REITs	2.0%	4.4%
Core fixed income	5.0%	1.8%
High yield fixed income	3.0%	3.6%
Emerging markets fixed income	4.0%	4.0%
Global fixed income	3.0%	1.5%
Private equity	12.0%	8.0%
Hedge funds	4.0%	3.6%
Real estate	11.0%	4.0%
Timber	3.0%	4.8%
Farmland	3.0%	5.9%
Infrastructure	<u>6.0%</u>	5.3%
 Total	 <u>100.0%</u>	

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

For the year ended December 31, 2019 the System's annual money-weighted rate of return on pension plan investments net of pension plan investment expense was (4.61%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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#### **NOTE 14 – PENSION PLANS (Continued)**

##### **G. Discount Rate**

The discount rate used to measure the total pension liability as of December 31, 2019 was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Under Chapter 32 of the MGL, employers are required to make the necessary contributions such that the plan reaches full funding status by 2040. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of the system, as of December 31, 2019 calculated using the discount rate of 7.50%, as well as what the system's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
Town's proportionate share of the net pension liability	\$ 40,421,385	\$ 31,166,759	\$ 23,362,195

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

#### **NOTE 15 – COMMITMENTS AND CONTINGENCIES**

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2020, 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 Town's three landfills have all been capped. The post-closure monitoring of the sites are fourteen (14) years for two sites and twenty three (23) years for the third site. The estimated liability has been recorded in the Statement of Net Position, Governmental Activities. The \$1,123,957 reported as landfill post-closure liability at June 30, 2020 is the estimate based on what it would cost to perform all post-closure care at June 30, 2020. 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, 2020, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2020.

## Town of Seekonk, Massachusetts

### Notes to Financial Statements

*June 30, 2020*

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

For the year ending June 30, 2020, the Town implemented the following pronouncements issued by the GASB:

- GASB Statement No. 95 “Postponement of the Effective Dates of Certain Authoritative Guidance.” The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. This Statement was implemented in fiscal 2020 without any material impact.

### **NOTE 17 – FUTURE GASB PRONOUNCEMENTS**

The GASB has issued the following statements:

- GASB Statement No. 84, *Fiduciary Activities*, which is required to be implemented during fiscal year 2021. Management is currently evaluating the potential impact that the implementation of this Statement will have on the financial statements.
- GASB Statement No. 87, *Leases*, which is required to be implemented during fiscal year 2022. Management will evaluate the potential impact that the implementation of this Statement will have on the financial statements at some point in the future.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented during fiscal year 2022. Management will evaluate the potential impact that the implementation of this Statement will have on the financial statements at some point in the future.
- GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and 61*, which is required to be implemented during fiscal year 2021. Management will evaluate the potential impact that the implementation of this Statement will have on the financial statements at some point in the future.
- GASB Statement No. 91, *Conduit Debt Obligations*, which is required to be implemented for reporting periods after December 31, 2022. Management will evaluate the potential impact that the implementation of this Statement will have on the financial statements in the future.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, which is required to be implemented for reporting periods ending after December 31, 2021. Management will evaluate the potential impact that the implementation of this Statement will have on the financial statements in the future.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented for reporting periods ending after June 15, 2022. Management will evaluate the potential impact that the implementation of this Statement will have on the financial statements in the future.
- GASB Statement No. 96, *Subscription-Based Information Arrangements*, which is required to be implemented for reporting periods ending after June 15, 2022. Management will evaluate the potential impact that the implementation of this Statement will have on the financial statements in the future.

These pronouncements will be implemented by their respective implementation dates.

## **Town of Seekonk, Massachusetts**

### Notes to Financial Statements

*June 30, 2020*

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#### **NOTE 18 – SUBSEQUENT EVENTS**

For the purposes of determining the effects of subsequent events on these financial statements, management has evaluated events which have occurred subsequent to June 30, 2020, and through March 22, 2021, the date on which the financial statements were available to be issued. There are no material events to disclose.

#### **NOTE 19 – COVID-19**

On March 10, 2020, the Massachusetts Governor declared a state of emergency in response to the coronavirus outbreak. The World Health Organization had since also officially declared the novel Coronavirus (COVID-19) a worldwide pandemic. In an attempt to slow the spread of COVID-19, State governments issued stay at home orders that caused widespread economic impact. Starting in March 2020, the Governor of the Commonwealth continued to issue orders allowing governments to operate and carry out essential functions. The Town is considered an essential business and although it was closed to the public for a period of time, many departments remained operational, and most employees continued to perform their daily duties. Departments eventually re-opened to the public in the fall of 2020.

A number of local businesses have been forced to close entirely or significantly reduce operations which could create issues related to the collection of local taxes.

The Town has also incurred unanticipated costs specifically related to the pandemic. On March 27, 2020 the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic crisis caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that are necessary expenditures incurred as a result of the COVID-19 pandemic that were not accounted for in the budget most recently approved as of March 27, 2020 and were incurred during the period that begins on March 1, 2020 and ends on December 31, 2020. The Commonwealth and many communities throughout the Commonwealth were awarded a portion of this funding. In addition to funding from the CARES Act, there are several other federal and state grants available, most notably funding from the Federal Emergency Management Agency (FEMA).

The full financial impact related to Federal, State and Local funding cannot be reasonably estimated as of the date of the financial statements. Management is carefully monitoring the situation.

**Town of Seekonk, Massachusetts**  
**Required Supplementary Information**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
*For the Year Ended June 30, 2020*

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<b>Original Budget</b>							<b>Current Year</b>	
	<b>Encumbrances, NSS &amp; Cont. Approp. Carried Forward</b>	<b>Budget As Adopted</b>	<b>Additional Appropriations and Transfers</b>	<b>Total Available</b>	<b>Actual</b>	<b>Carryover of Encumbrances, NSS &amp; Warrant Articles</b>	<b>Variance Favorable (Unfavorable)</b>	
<b>Revenues:</b>								
Real Estate and Personal Property Taxes,								
Net of Tax Refunds	\$ -	\$ 42,761,608	\$ 683,068	\$ 43,444,676	\$ 43,826,748	\$ -	\$ 382,072	
Motor Vehicle Taxes	-	2,800,000	-	2,800,000	2,847,905	-	47,905	
Local Receipts	-	2,735,000	(150,000)	2,585,000	2,583,061	-	(1,939)	
Intergovernmental	-	8,202,005	-	8,202,005	8,117,017	-	(84,988)	
Total Revenues	-	56,498,613	533,068	57,031,681	57,374,732	-	343,051	
<b>Expenditures:</b>								
Current:								
General Government	18,052	2,858,858	5,261	2,882,171	2,874,547	12,138	(4,514)	
Public Safety	17,096	9,204,738	194,739	9,416,573	8,701,587	23,010	691,976	
Education	518,951	29,864,470	518,951	30,902,372	28,746,120	1,466,951	689,301	
Public Works	93,534	1,585,179	-	1,678,713	1,497,998	101,769	78,946	
Human Services	-	610,199	(8,045)	602,154	522,167	-	79,987	
Conservation	-	74,534	35	74,569	74,569	-	(0)	
Culture and Recreation	-	1,124,370	8,010	1,132,380	1,066,051	-	66,329	
Employee Benefits	-	10,687,823	-	10,687,823	10,253,679	-	434,144	
Debt Service:								
Principal	-	1,346,417	13,089	1,359,506	1,155,083	-	204,423	
Interest	-	332,662	-	332,662	191,834	-	140,828	
Total Expenditures	647,633	57,689,250	732,040	59,068,923	55,083,636	1,603,868	2,381,419	
Excess (Deficiency) of Revenues Over Expenditures	(647,633)	(1,190,637)	(198,972)	(2,037,242)	2,291,095	(1,603,868)	2,724,469	

*See accompanying independent auditor's report*

**Town of Seekonk, Massachusetts**  
**Required Supplementary Information**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
*For the Year Ended June 30, 2020*

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	<u>Original Budget</u>				<u>Current Year</u>		
	Encumbrances, NSS & Cont.	Budget	Additional Appropriations	Total Available	Encumbrances, NSS & Warrant Articles	Carryover of Favorable (Unfavorable)	Variance
	Approp. Carried Forward	As Adopted	and Transfers	Actual			
<u>Other Financing Sources and (Uses):</u>							
State and County Assessments	-	(585,256)	(1,028)	(586,284)	(574,093)	-	12,191
Carryforward articles	(697,692)	-	-	(697,692)	-	(764,171)	(66,479)
Overlay Surplus	-	400,000	-	400,000	-	-	(400,000)
Transfer from Free Cash Certified to Stabilization	-	(580,000)	(1,157,471)	(1,737,471)	(700,000)	-	1,037,471
Transfer from Other Funds	-	795,893	-	795,893	845,854	-	49,961
Transfer to Capital Projects	-	-	-	-	(95,000)	-	(95,000)
Transfer to Public Building and Infrastructure Stabilization	-	-	(200,000)	(200,000)	(200,000)	-	-
Transfer to Municipal Capital Stabilization Fund	-	-	(500,000)	(500,000)	-	-	500,000
Transfer to Athletic Complex Capital Projects	-	-	(200,000)	(200,000)	-	-	200,000
 Total Other Financing Sources and (Uses)	 (697,692)	 30,637	 (2,058,499)	 (2,725,554)	 (723,239)	 (764,171)	 1,238,144
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ (1,345,325)	\$ (1,160,000)	\$ (2,257,471)	\$ (4,762,796)	1,567,856	\$ (2,368,039)	\$ 3,962,613
Budgetary Fund Balance - Beginning of Year					5,642,512		
Budgetary Fund Balance - End of Year					\$ 7,210,368		

*See accompanying independent auditor's report*

**Town of Seekonk, Massachusetts**  
Required Supplementary Information  
Notes to Budget and Actual Comparison  
*For the Year Ended June 30, 2020*

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**Budgetary to GAAP Reconciliation**

For budgetary financial reporting purposes, the Uniform Municipal Accounting System (UMAS) basis of accounting (established by the Massachusetts Department of Revenue) 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, 2020, and is presented below:

	<b>General Fund</b>
Excess (deficiency) or revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$ 1,567,856
Net Stabilization Fund activity (under GAAP, this is presented with the General Fund)	<u>(113,983)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	<u>\$ 1,453,873</u>

*See accompanying independent auditor's report*

**Town of Seekonk, Massachusetts**

*June 30, 2020*

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**Town of Seekonk, Massachusetts**  
**Required Supplementary Information**  
**Schedule of the Town's Proportionate Share of the Net Pension Liability**  
*Last 10 Years \*\**

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	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Town's proportion of the net pension liability (asset)	6.613%	6.762%	6.761%	6.762%	6.762%
Town's proportionate share of the net pension liability (asset)	<u>\$ 31,166,759</u>	<u>\$ 25,087,056</u>	<u>\$ 21,098,797</u>	<u>\$ 22,574,101</u>	<u>\$ 22,748,741</u>
Town's covered employee payroll	<u>\$ 12,821,079</u>	<u>\$ 12,209,433</u>	<u>\$ 11,695,609</u>	<u>\$ 10,951,259</u>	<u>\$ 10,264,919</u>
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	243.09%	205.47%	180.40%	206.13%	221.62%
Plan fiduciary net position as a percentage of the total pension liability	61.20%	63.48%	68.56%	64.17%	62.95%

**Notes to Schedule:**

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

*\*\* - Per GASB Statement No. 68, the Town is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.*

**Town of Seekonk, Massachusetts**

**Required Supplementary Information**

**Schedule of the Town's Pension Contributions**

*Last 10 Years \*\**

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	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Town's contractually required contribution	\$ 2,750,246	\$ 2,649,292	\$ 2,545,846	\$ 2,386,879	\$ 2,248,231
Town's contributions in relation to the contractually required contribution	<u>(2,750,246)</u>	<u>(2,649,292)</u>	<u>(2,545,846)</u>	<u>(2,386,879)</u>	<u>(2,248,231)</u>
Contribution excess (deficiency)	<u>\$ -</u>				
Town's covered-employee payroll	\$ 12,821,079	\$ 12,209,433	\$ 11,695,609	\$ 10,951,259	\$ 10,264,919
Contributions as a percentage of covered-employee payroll	21.45%	21.70%	21.77%	21.80%	21.90%

**Notes to the Schedule:**

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

*\*\* - Per GASB Statement No. 68, the Town is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.*

## Town of Seekonk, Massachusetts

### Required Supplementary Information

#### Schedule of Changes in the Town's Net OPEB Liability and Related Ratios – Other Post-Employment Benefits *Last 10 Years \*\**

	2020	2019	2018	2017
<b>Total OPEB liability</b>				
Service cost	\$ 854,017	\$ 802,133	\$ 1,000,505	\$ 902,852
Interest on liability and service cost	1,372,162	1,270,443	1,175,046	447,500
Differences between expected and actual experience	-	1,767,914	-	-
Changes in assumptions	5,799,937	496,137	1,755,657	6,860,794
Benefit payments, including refunds of employee contributions	(1,436,864)	(1,420,766)	(1,166,411)	(1,026,551)
<b>Net change in total OPEB liability</b>	<b>6,589,252</b>	<b>2,915,861</b>	<b>2,764,797</b>	<b>7,184,595</b>
Total OPEB liability - beginning	\$ 37,376,877	\$ 34,461,016	\$ 31,696,219	\$ 24,511,624
<b>Total OPEB liability - ending (a)</b>	<b>\$ 43,966,129</b>	<b>\$ 37,376,877</b>	<b>\$ 34,461,016</b>	<b>\$ 31,696,219</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ -	\$ 500,000	\$ -	\$ 2,365,921
Net investment income	92,522	206,143	134,407	82,776
Benefit payments, including refunds of employee contributions	-	-	-	(1,026,551)
Administrative expense	-	(9,151)	(8,072)	-
<b>Net change in plan fiduciary net position</b>	<b>92,522</b>	<b>696,992</b>	<b>126,335</b>	<b>1,422,146</b>
Plan fiduciary net position - beginning	3,058,794	2,361,802	2,235,467	813,321
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 3,151,316</b>	<b>\$ 3,058,794</b>	<b>\$ 2,361,802</b>	<b>\$ 2,235,467</b>
<b>Town's net OPEB liability - ending (a) - (b)</b>	<b>\$ 40,814,813</b>	<b>\$ 34,318,083</b>	<b>\$ 32,099,214</b>	<b>\$ 29,460,752</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>				
	7.17%	8.18%	6.85%	7.05%
<b>Covered-employee payroll</b>	<b>27,438,178</b>	<b>\$ 25,880,569</b>	<b>\$ 25,030,092</b>	<b>\$ 24,151,041</b>
<b>Town's net OPEB liability as a percentage of covered employee payroll</b>	<b>148.75%</b>	<b>132.60%</b>	<b>128.24%</b>	<b>121.99%</b>

\*\* - Per GASB Statement No. 75, the Town is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 75.

*See accompanying independent auditor's report*

**Town of Seekonk, Massachusetts**  
**Required Supplementary Information**  
**Schedule of the Town's Contributions – Other Post-Employment Benefits**  
*Last 10 Years \*\**

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	<b>2020</b>	<b>2019</b>	<b>2018</b>
Actuarially determined contribution	\$ 2,700,125	\$ 2,699,289	\$ 2,783,708
Contributions in relation to the actuarially determined contribution	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ -</u>
Contribution deficiency (excess)	<u>\$ 2,700,125</u>	<u>\$ 2,199,289</u>	<u>\$ 2,783,708</u>
Covered-employee payroll	\$ 27,438,178	\$ 25,880,569	\$ 25,030,092
Contributions as a percentage of covered-employee payroll	0.00%	1.93%	0.00%

\*\* - Per GASB Statement No. 75, the Town is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 75.

**Town of Seekonk, Massachusetts**  
Required Supplementary Information  
Schedule of Investment Returns – Other Post-Employment Benefits  
*Last 10 Years \*\**

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	<b>6/30/2020</b>	<b>6/30/2019</b>	<b>6/30/2018</b>
Money-weighted rate of return	2.92%	5.91%	5.43%

\*\* - Per GASB Statement No. 75, the Town is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 75.

## Town of Seekonk, Massachusetts

### Required Supplementary Information

#### Notes to Required Supplementary Information – Massachusetts Teachers Retirement System *Last 10 Years*

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#### **Schedule of the Commonwealth's Collective Amounts of the Net Pension Liability**

*(The following schedule is presented in accordance with GASB Statement No. 68)*

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

Fiscal Year	Commonwealth's 100% Share of the Net Pension Liability Associated with the Town	Town's Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	\$ 56,921,923	\$ 6,902,771	53.95%
2019	54,556,796	5,528,541	54.84%
2018	51,381,501	5,362,837	54.25%
2017	50,388,105	5,139,917	52.73%
2016	45,553,944	3,694,830	55.38%

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

**Town of Seekonk, Massachusetts**

*June 30, 2020*

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**Town of Seekonk, Massachusetts**

Supplementary Information

Balance Sheet – General and Stabilization Fund Detail

*June 30, 2020*

	<u>General Fund</u>	<u>Town Stabilization</u>	<u>Municipal Capital Stabilization</u>	<u>Special Education Stabilization</u>	<u>Public Building and Infrastructure Stabilization</u>	<u>Major Fund General Fund</u>
<b>Assets</b>						
Cash and short-term investments	\$ 9,879,900	\$ -	\$ 1,176,055	\$ -	\$ -	\$ 11,055,955
Investments	312,113	4,566,529	-	92,750	207,618	5,179,010
Receivables, net of allowance for uncollectibles:						
Real estate and personal property taxes	837,549	-	-	-	-	837,549
Tax liens	723,391	-	-	-	-	723,391
Motor vehicle excise	379,125	-	-	-	-	379,125
User fees	566,706	-	-	-	-	566,706
Departmental and other	686	-	-	-	-	686
Total assets	<u>12,699,470</u>	<u>4,566,529</u>	<u>1,176,055</u>	<u>92,750</u>	<u>207,618</u>	<u>18,742,422</u>
<b>Deferred outflows of resources</b>						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 12,699,470</u>	<u>\$ 4,566,529</u>	<u>\$ 1,176,055</u>	<u>\$ 92,750</u>	<u>\$ 207,618</u>	<u>\$ 18,742,422</u>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ 3,328,315	\$ -	\$ -	\$ -	\$ -	\$ 3,328,315
Total liabilities:	<u>3,328,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,328,315</u>
<b>Deferred inflows of resources</b>						
Deferred property tax revenues	1,594,241	-	-	-	-	1,594,241
Deferred user fees and fines	566,546	-	-	-	-	566,546
Total deferred inflows of resources	<u>2,160,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,160,787</u>
<b>Fund balance</b>						
Committed	764,171	4,566,529	1,176,055	92,750	207,618	6,807,123
Assigned	2,403,868	-	-	-	-	2,403,868
Unassigned	4,042,329	-	-	-	-	4,042,329
Total fund balance	<u>7,210,368</u>	<u>4,566,529</u>	<u>1,176,055</u>	<u>92,750</u>	<u>207,618</u>	<u>13,253,320</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 12,699,470</u>	<u>\$ 4,566,529</u>	<u>\$ 1,176,055</u>	<u>\$ 92,750</u>	<u>\$ 207,618</u>	<u>\$ 18,742,422</u>

**Town of Seekonk, Massachusetts**  
**Supplementary Information**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**General and Stabilization Fund Detail**  
*For the Year Ended June 30, 2020*

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	<b>General Fund</b>	<b>Town Stabilization</b>	<b>Municipal Capital Stabilization</b>	<b>Special Education Stabilization</b>	<b>Special Education Stabilization</b>	<b>Major Fund General Fund</b>
<b>Revenues:</b>						
Real estate and personal property taxes, net refunds	\$ 43,840,492	\$ -	\$ -	\$ -	\$ -	\$ 43,840,492
Motor vehicle and other excise	2,849,279	-	-	-	-	2,849,279
Intergovernmental	15,059,028	-	-	-	-	15,059,028
Hotel / motel and meals tax	1,213,433	-	-	-	-	1,213,433
Penalties and interest on taxes	197,569	-	-	-	-	197,569
Charges for services	548,358	-	-	-	-	548,358
Investment income	72,389	-	702,416	2,084	7,618	784,507
Departmental and other	496,955	-	-	-	-	496,955
<b>Total revenue</b>	<b>64,277,503</b>	<b>-</b>	<b>702,416</b>	<b>2,084</b>	<b>7,618</b>	<b>64,989,621</b>
<b>Expenditures :</b>						
General government	2,460,181	-	26,500	-	-	2,486,681
Public safety	8,701,587	-	307,241	-	-	9,008,828
Education	35,706,362	-	315,202	-	-	36,021,564
Public works	1,497,473	-	367,339	-	-	1,864,812
Human services	522,167	-	-	-	-	522,167
Conservation	74,569	-	-	-	-	74,569
Culture and recreation	1,066,051	-	9,819	-	-	1,075,870
Employee benefits	10,254,205	-	-	-	-	10,254,205
State and county assessments	574,093	-	-	-	-	574,093
Capital outlay	174,461	-	-	-	-	174,461
Debt service:						
Principal	959,417	-	-	-	-	959,417
Interest	474,042	-	-	-	-	474,042
<b>Total expenditures</b>	<b>62,464,608</b>	<b>-</b>	<b>1,026,101</b>	<b>-</b>	<b>-</b>	<b>63,490,709</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,812,895</b>	<b>-</b>	<b>(323,685)</b>	<b>2,084</b>	<b>7,618</b>	<b>1,498,912</b>
<b>Other financing sources (uses):</b>						
Proceeds from capital leases	-	-	-	-	-	-
Proceeds from bonds and notes	-	-	-	-	-	-
Proceeds from bond premium, net of costs	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	-
Transfers in	749,961	-	-	-	200,000	949,961
Transfers out	(995,000)	-	-	-	-	(995,000)
<b>Other financing sources (uses)</b>	<b>(245,039)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200,000</b>	<b>(45,039)</b>
<b>Excess of revenue and other sources over expenditures and other uses</b>	<b>1,567,856</b>	<b>-</b>	<b>(323,685)</b>	<b>2,084</b>	<b>207,618</b>	<b>1,453,873</b>
<b>Fund balance - beginning</b>	<b>5,642,512</b>	<b>4,566,529</b>	<b>1,499,740</b>	<b>90,666</b>	<b>-</b>	<b>11,799,447</b>
<b>Fund balance - ending</b>	<b>\$ 7,210,368</b>	<b>\$ 4,566,529</b>	<b>\$ 1,176,055</b>	<b>\$ 92,750</b>	<b>\$ 207,618</b>	<b>\$ 13,253,320</b>

**TOWN OF SEEKONK, MASSACHUSETTS**

**SINGLE AUDIT REPORT**

For the Year Ended June 30, 2020

**TOWN OF SEEKONK, MASSACHUSETTS**

For the Year Ended June 30, 2020

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# HAGUE, SAHADY & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

126 President Avenue

Fall River, MA 02720

TEL. (508) 675-7889

FAX (508) 675-7859

[www.hague-sahady.com](http://www.hague-sahady.com)

## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Honorable Board of Selectmen  
Town of Seekonk, Massachusetts

We have audited, in accordance with the 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, the 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 ("the Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 22, 2021.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hague, Sataky & Co. PC*

Fall River, Massachusetts  
March 22, 2021

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Fall River, MA 02720  
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[www.hague-sahady.com](http://www.hague-sahady.com)

## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by *Uniform Guidance***

To the Honorable Board of Selectmen  
Town of Seekonk, Massachusetts

### **Report on Compliance for Each Major Federal Program**

We have audited the Town of Seekonk, Massachusetts's ("the Town's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the Town's major federal programs for the year ended June 30, 2020. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the federal statutes, regulations, contracts, and terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

#### ***Opinion on Each Major Federal Programs***

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

### **Report on Internal Control over Compliance**

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

We have audited the 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 ("the Town"), as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements for the year then ended, and have issued our report thereon dated March 22, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Hague, Sabady & Co. PC*

Fall River, Massachusetts  
March 22, 2021

**TOWN OF SEEKONK, MASSACHUSETTS**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CPDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Program / Award Amount</b>	<b>Total Federal Awards Expended</b>	<b>Amount to Subrecipients</b>	<b>Major</b>
<b><i>US Department of Agriculture:</i></b>						
<i>Passed through MA Dept. of Early &amp; Secondary Education:</i>						
Child Nutrition Cluster:						
School Breakfast Program	<b>10.553</b>	DOENUT	\$ 22,287	\$ 22,287	\$ -	
Total School Breakfast Program:				<u>22,287</u>	<u>-</u>	
School Lunch Program	<b>10.555</b>	DOENUT	149,780	149,780	-	
Total School Lunch Program:				<u>149,780</u>	<u>-</u>	
Total Child Nutrition Cluster				<u>172,067</u>	<u>-</u>	
<b><i>Total US Department of Agriculture</i></b>				<b>172,067</b>		
<b><i>US Department of Justice:</i></b>						
<i>Passed Through MA Executive Office of Public Safety and Security:</i>						
Bullet Proof Vest Partnership	<b>16.607</b>	N/A	5,694	5,702	-	
Total Passed Through MA Executive Office of Public Safety and Security				<u>5,702</u>	<u>-</u>	
<b><i>Total US Department of Justice</i></b>				<b>5,702</b>		
<b><i>US Department of Environmental Protection Agency:</i></b>						
Brownfield Assessment Grant	<b>66.818</b>	N/A	320,000	43,262	-	
Total Brownfield Assessment Grant Program:				<u>43,262</u>	<u>-</u>	
Total Passed Through MA Department of Environmental Protection Agency				<u>43,262</u>	<u>-</u>	
<b><i>Total US Department of Environmental Protection Agency</i></b>				<b>43,262</b>		
<b><i>US Department of Treasury</i></b>						
<i>Passed through Massachusetts Department of Revenue</i>						
Coronavirus Relief Fund	<b>21.019</b>	N/A	63,875	3,103	-	
Total Coronavirus Relief fund				<u>3,103</u>	<u>-</u>	
Total passed through Massachusetts Department of Revenue				<u>3,103</u>	<u>-</u>	
<b><i>Total US Department of Treasury</i></b>				<b>3,103</b>		

*The accompanying notes are an integral part of this schedule*

**TOWN OF SEEKONK, MASSACHUSETTS**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Program / Award Amount</b>	<b>Total Federal Awards Expended</b>	<b>Amount to Subrecipients</b>	<b>Major</b>
<b><i>US Department of Education:</i></b>						
<i>Passed through MA Dept of Early &amp; Secondary Education:</i>						
Title I, Part A Cluster:						
Title 1 - 305 Distributions	<b>84.010</b>	305-094037-2018-0265	211,828	<u>210,493</u>	<u>-</u>	
Total Title 1, Part A Cluster				<u>210,493</u>	<u>-</u>	
Special Education Cluster (IDEA):						
SPED 94-142 Allocation & Program Improvement FY 19	<b>84.027</b>	240-144734-2018-0265	460,887	<u>44,028</u>	<u>-</u>	
SPED 94-142 Allocation & Program Improvement FY 20	<b>84.027</b>	240-144734-2018-0265	478,121	<u>441,105</u>	<u>-</u>	
Total SPED 94-142 Program:				<u>485,133</u>	<u>-</u>	
Early Childhood Allocation	<b>84.173</b>	26218SEEKONKPUBLICSC	11,987	<u>11,987</u>	<u>-</u>	
Total SPED Early Childhood Program:				<u>11,987</u>	<u>-</u>	
Total Special Education Cluster (IDEA)				<u>497,120</u>	<u>-</u>	<b>MAJOR</b>
Supporting Effective Instruction (Teacher Quality Title IIA) FY19						
Supporting Effective Instruction (Teacher Quality Title IIA) FY19	<b>84.367</b>	140-146377-2018-0265	41,773	<u>28,151</u>	<u>-</u>	
Student Support and Academic Enrichment	<b>84.367</b>	140-146377-2018-0265	44,242	<u>30,407</u>	<u>-</u>	
	<b>84.424</b>	309	12,613	<u>7,697</u>	<u>-</u>	
Total Passed through MA Dept of Early & Secondary Education				<u>773,868</u>	<u>-</u>	
<b>Total US Department of Education</b>				<u>773,868</u>	<u>-</u>	
<b>Total Amount Provided to Subrecipients</b>					<u>\$</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$</u>	<u>998,002</u>	

The accompanying notes are an integral part of this schedule

## **TOWN OF SEEKONK, MASSACHUSETTS**

### Notes to the Schedule of Expenditures of Federal Awards

June 30, 2020

#### **Note 1. Definition of Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards presents activity of all financial assistance programs of the Town of Seekonk, Massachusetts. All federal financial assistance received directly from a federal agency as well as federal financial assistance passed through other governmental agencies is included on this schedule.

#### **Note 2. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Seekonk, Massachusetts and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Subpart F, Section 510(b).

#### **Note 3. Major Programs**

The Town's independent auditors have used a risk-based approach to determine which federal programs are "major programs" in accordance with 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Subpart F, Section 518. This risk-based approach includes consideration of current and prior audit experience, oversight by Federal Agencies and pass-through entities, the inherent risk of the Federal program, as well as other considerations. The process in paragraphs (b) through (i) of Section 518 govern auditor major program determination. Section 518(h) states "when the major program determination was performed and documented in accordance with this Subpart, the auditor's judgment in applying the risk-based approach to determine major programs must be presumed correct."

The Town has no responsibility to determine major programs. Our responsibilities are summarized within 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Subpart F, Sections 508 to 512.

#### **Note 4. Program Income**

The Town generated \$413,509 of program income for the Child Nutrition Cluster during the current fiscal year.

**TOWN OF SEEKONK, MASSACHUSETTS**

Notes to the Schedule of Expenditures of Federal Awards

June 30, 2020

**Note 5. Clusters of Programs**

In accordance with Subpart A, Section 200 of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), certain programs have been clustered in determining major programs. The following represent the cluster programs:

**Child Nutrition Cluster**

School Breakfast Program	10.553
School Lunch Program	10.555

**Special Education Cluster (IDEA)**

Special Education Grants to States	84.027
Special Education Preschool Grants	84.173

**Note 6. 10% De-Minimis Indirect Cost Rate**

The Town did *not* elect to use the 10% de minimis indirect cost rate as covered in 2 CFR Part 200 Section 414 "Indirect (F&A) Costs".

## TOWN OF SEEKONK, MASSACHUSETTS

### Summary of Audit Results

June 30, 2020

#### **Summary of Audit Results**

##### Financial Statements (Government Auditing Standards):

We have audited the financial statements of the Town of Seekonk, Massachusetts, as of and for the year ended June 30, 2020 and have issued our reports thereon dated March 22, 2021. 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. The results of our audit are as follows:

Type of Report issued on the Financial Statements	Unmodified
 Internal Control over Financial Reporting:	
Significant Deficiencies Identified?	None Reported
Material Weaknesses Identified?	No
Noncompliance Material to the Financial Statements Noted?	No

##### Federal Awards (Uniform Guidance):

We have audited the Town of Seekonk, Massachusetts' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal program for the year ended June 30, 2020 and have issued our reports thereon dated March 22, 2021. We performed this audit under the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The results of our audit are as follows:

Internal Control over Major Programs:	
Significant Deficiencies Identified?	No
Material Weaknesses Identified?	No
 Type of Report on Compliance for Major Programs:	
Special Education Cluster (SPED) (CFDA 84.027 & 84.173)	Unmodified
Disclosure of Audit Findings required to be reported under 2 CFR Part 200 Section 200.516(a):	No

##### Identification of Major Program:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Special Education Cluster (SPED)	84.027 and 84.173

Threshold for distinguishing Type A and Type B Programs was \$750,000 (2 CFR 200 Section 518(b)(1)).

The Town of Seekonk, Massachusetts does qualify as a low risk auditee (2 CFR 200 Section 520).

**TOWN OF SEEKONK, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

June 30, 2020

**Findings on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Our Audit of the Financial Statements (*Government Auditing Standards*):**

No findings to be reported under *Government Auditing Standards*.

**Findings and Questioned Costs Which are Required to be Reported Over Major Federal Programs and Internal Control Over Compliance Required by *Uniform Guidance*:**

No findings to be reported under *Uniform Guidance*.

**TOWN OF SEEKONK, MASSACHUSETTS**

**Summary Schedule of Prior Audit Findings**

June 30, 2020

**Status of Prior Year Findings on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on our Audit of the Financial Statements (*Government Auditing Standards*):**

No findings were reported in the prior year under *Government Auditing Standards*.

**Status of Prior Year Findings Over Each Major Federal Program and on Internal Control Over Compliance Required by *Uniform Guidance*:**

No findings were reported in the prior year under *Uniform Guidance*.