

TOWN OF SEEKONK, MASSACHUSETTS

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021



Shawn E. Cadime
Town Administrator

Bruce N. Alexander
Finance Director

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**Town of Seekonk, Massachusetts
Fiscal Year 2021**

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CERTIFIED PUBLIC ACCOUNTANTS
126 President Avenue
Fall River, MA 02720
TEL. (508) 675-7889
FAX (508) 675-7859
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, 2021, 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, 2021, 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.

Emphasis of the Matter

During the year ended June 30, 2021, the Town adopted Government Accounting Standards Board (GASB) Statement No. 84 “Fiduciary Activities”. As discussed in the Restatement Note to the financial statements, net position as of June 30, 2020 for the fiduciary activities was restated to reflect the change in accounting principles. Our opinion is not modified with respect to this matter.

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, 2022, 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, 2022

Town of Seekonk, Massachusetts

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2021

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, 2021. 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 (\$297,002) (*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 \$66,042,177 which is included in the Town's total negative unrestricted net position.
- The government's total net position increased by \$2,341,321 in fiscal 2021. Within this total, net position of the governmental activities increased by \$2,161,794 from fiscal 2020. Net position of the business-type activities increased by \$179,527 from fiscal 2020. 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 2021 was \$74,400,344 (GAAP); \$73,161,412 of which was for governmental activities, and \$1,238,932 of which was for business-type activities.
- The unrestricted net position of the Town's business-type activities is \$581,415 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, 2021, the Town's governmental funds had combined ending fund balances of \$12,511,622. The combined governmental funds balances decreased by \$4,940,411 from the prior year's ending fund balance. A total of (\$7,797,873) is considered unassigned at June 30, 2021.
- The Town's general fund reported a total fund balance of \$15,809,660 at the end of fiscal 2021. The unassigned fund balance for the general fund was \$5,165,098 or 7.76% of total general fund expenditures. There was a \$2,449,478 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, 2021

Financial Highlights (Continued):

- The Town's total bonded debt decreased by \$1,433,468 or 16% during the year. Short-term bond anticipation notes increased by \$9,708,000 from a decrease of \$4,335,060 in 2020 to \$14,043,060 for 2021. Increase is due primarily to the issuing of a new BAN in September of 2021.
- 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, 2021 is \$3,969,928. During fiscal year 2021, the Trust yielded a 2.27% 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, 2021

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 *custodial 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 "Custodial 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, 2021

Government-wide Financial Analysis (continued):

| Statement of Net Position - Primary Government | | | | | | |
|--|------------------------------------|---------------|-------------------------------------|-------------|----------------|---------------|
| June 30, 2021 and 2020 | | | | | | |
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Assets | | | | | | |
| Current assets | \$ 32,362,213 | \$ 29,039,493 | \$ 680,366 | \$ 501,675 | \$ 33,042,579 | \$ 29,541,168 |
| Non-current assets | 54,077,432 | 46,556,253 | - | 13,185 | 54,077,432 | 46,569,438 |
| Total assets | 86,439,645 | 75,595,746 | 680,366 | 514,860 | 87,120,011 | 76,110,606 |
| Deferred outflows of resources | 14,207,628 | 18,653,370 | 25,838 | 29,945 | 14,233,466 | 18,683,315 |
| Total assets and deferred outflows of resources | \$ 100,647,273 | \$ 94,249,116 | \$ 706,204 | \$ 544,805 | \$ 101,353,477 | \$ 94,793,921 |
| Liabilities | | | | | | |
| Current liabilities | \$ 19,716,954 | \$ 11,524,963 | \$ 3,755 | \$ 34,342 | \$ 19,720,709 | \$ 11,559,305 |
| Long-term liabilities | 76,512,396 | 84,177,779 | 98,201 | 90,424 | 76,610,597 | 84,268,203 |
| Total liabilities | 96,229,350 | 95,702,742 | 101,956 | 124,766 | 96,331,306 | 95,827,508 |
| Deferred inflows of resources | 5,309,525 | 1,706,632 | 9,648 | 4,966 | 5,319,173 | 1,711,598 |
| Net Position | | | | | | |
| Net investment in capital assets | 44,210,103 | 35,022,027 | 13,185 | 13,185 | 44,223,288 | 35,035,212 |
| Restricted | 9,664,933 | 6,482,351 | - | - | 9,664,933 | 6,482,351 |
| Unrestricted | (54,766,638) | (44,664,636) | 581,415 | 401,888 | (54,185,223) | (44,262,748) |
| Total net position | (891,602) | (3,160,258) | 594,600 | 415,073 | (297,002) | (2,745,185) |
| Total liabilities, deferred inflows of resources and net position | \$ 100,647,273 | \$ 94,249,116 | \$ 706,204 | \$ 544,805 | \$ 101,353,477 | \$ 94,793,921 |

Town of Seekonk, Massachusetts

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2021

Government-wide Financial Analysis (continued):

Changes in Net Position for the period ending June 30, 2021 and June 30, 2020 (Government-wide level)

| | Changes in Net Position Primary Government | | | | | |
|--|--|-----------------------|-----------------------------|-------------------|---------------------|-----------------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for service | \$ 2,704,414 | \$ 2,990,999 | \$ 1,470,916 | \$ 1,335,264 | \$ 4,175,330 | \$ 4,326,263 |
| Operating grants & contributions | 20,908,930 | 19,044,063 | - | - | 20,908,930 | 19,044,063 |
| Capital grants & contributions | 1,050,225 | 902,025 | - | - | 1,050,225 | 902,025 |
| General Revenues: | | | | | | |
| Real estate and personal property, net of tax refunds payable | 45,845,280 | 43,861,533 | - | - | 45,845,280 | 43,861,533 |
| Tax liens | 163,339 | 256,717 | - | - | 163,339 | 256,717 |
| Motor vehicle and other excise taxes | 2,802,127 | 2,958,609 | - | - | 2,802,127 | 2,958,609 |
| Hotel / motel and meals tax | 991,016 | 1,213,433 | - | - | 991,016 | 1,213,433 |
| Penalties and interest on taxes | 240,990 | 197,569 | - | - | 240,990 | 197,569 |
| Unrestricted investment income | 463,875 | 953,675 | - | - | 463,875 | 953,675 |
| Total revenue | 75,170,196 | 72,378,623 | 1,470,916 | 1,335,264 | 76,641,112 | 73,713,887 |
| Expenses: | | | | | | |
| General government | 4,951,948 | 3,533,046 | - | - | 4,951,948 | 3,533,046 |
| Public safety | 13,756,635 | 13,697,876 | - | - | 13,756,635 | 13,697,876 |
| Education | 48,912,998 | 51,016,243 | - | - | 48,912,998 | 51,016,243 |
| Public works | 2,578,045 | 2,421,231 | - | - | 2,578,045 | 2,421,231 |
| Human services | 294,488 | 733,271 | - | - | 294,488 | 733,271 |
| Conservation | 160,082 | 429,857 | - | - | 160,082 | 429,857 |
| Culture and recreation | 1,468,661 | 1,199,968 | - | - | 1,468,661 | 1,199,968 |
| State and county assessments | 592,910 | 574,093 | - | - | 592,910 | 574,093 |
| Interest | 445,645 | 461,838 | - | - | 445,645 | 461,838 |
| Sanitation (enterprise) | - | - | 1,238,932 | 1,256,066 | 1,238,932 | 1,256,066 |
| Total expenses | 73,161,412 | 74,067,423 | 1,238,932 | 1,256,066 | 74,400,344 | 75,323,489 |
| Increase(decrease) in net position before transfers | 2,008,784 | (1,688,800) | 231,984 | 79,198 | 2,240,768 | (1,609,602) |
| Special Item - Proceeds from bond premium, net of costs | 100,553 | 508,333 | - | - | 100,553 | 508,333 |
| Transfers in (out) | 52,457 | 49,961 | (52,457) | (49,961) | - | - |
| Increase (decrease) in net position | 2,161,794 | (1,130,506) | 179,527 | 29,237 | 2,341,321 | (1,101,269) |
| Net position - beginning of year, restated | (3,053,396) | (2,029,752) | 415,073 | 385,836 | (2,638,323) | (1,643,916) |
| Net position - end of year | \$ (891,602) | \$ (3,160,258) | \$ 594,600 | \$ 415,073 | \$ (297,002) | \$ (2,745,185) |

Town of Seekonk, Massachusetts

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2021

Government-wide Financial Analysis (continued):

As noted earlier, liabilities plus deferred inflows of resources exceeded its assets plus deferred outflows of resources by (\$297,002) at the close of fiscal year 2021.

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 \$44,223,288 for the Town as a whole at June 30, 2021. 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 \$9,664,933 is subject to external restrictions on how they may be used. The remaining negative balance of unrestricted net position totals (\$54,185,223). This negative net position is largely due to pension and OPEB liabilities recorded at the government-wide level of \$28,952,566 and \$37,089,611 (respectively) at June 30, 2021.

The Town increased its total liabilities and deferred inflows of resources by \$4,111,373 over fiscal year 2020, a decrease of \$2,214,193 for the net pension liability, and a decrease of \$3,725,202 for the OPEB liability. Total assets and deferred outflows of resources increased by \$6,559,556 with assets of the governmental activities increasing by \$6,398,157 and assets of business-type activities increasing by \$161,399 from fiscal 2020. 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, 2021, unassigned fund balance of the general fund was \$5,165,098 while the total fund balance was \$15,809,660. 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 7.76% of total general fund expenditures, while total fund balance represents 23.75% of the same amount.

General fund revenues increased by \$3,071,554 while total fund balance of the general fund increased by \$2,449,478. Real estate and personal property taxes increased by \$2,345,799, while intergovernmental revenues increased by \$1,258,832 compared to 2020. 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 \$6,579,210, which represents 9.98% of general fund expenditures, at the close of fiscal year 2021.

Town of Seekonk, Massachusetts

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2021

General Fund Budget Highlights

There was a \$2,070,095 increase between the original and final budget of the Town approved Town Meetings. The Town budgeted \$58,667,665 in revenues and \$64,152,063 in expenditures, which includes encumbrances carried forward from 2020 of \$2,368,039, drawing on the fund balance of \$2,060,311 plus carry forward articles of \$2,005,005 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, 2021, amounts to \$54,077,432. The investment in capital assets includes land, buildings, capital improvements (other than buildings), machinery and equipment, vehicles, infrastructure, and construction in progress.

| | Capital Asset and Debt Administration | | | | | |
|----------------------------|---------------------------------------|---------------|--------------------------|-----------|---------------|---------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land | \$ 5,344,354 | \$ 5,344,354 | \$ - | \$ - | \$ 5,344,354 | \$ 5,344,354 |
| Construction in progress | 12,019,904 | 2,745,505 | - | - | 12,019,904 | 2,745,505 |
| Infrastructure, net | 5,112,902 | 5,107,780 | - | - | 5,112,902 | 5,107,780 |
| Buildings, net | 23,516,554 | 25,286,620 | - | - | 23,516,554 | 25,286,620 |
| Capital improvements, net | 1,283,179 | 1,144,830 | - | - | 1,283,179 | 1,144,830 |
| Machinery & equipment, net | 3,884,029 | 3,667,051 | - | 13,185 | 3,884,029 | 3,680,236 |
| Vehicles, net | 2,916,510 | 3,260,113 | - | - | 2,916,510 | 3,260,113 |
| Total | \$ 54,077,432 | \$ 46,556,253 | \$ - | \$ 13,185 | \$ 54,077,432 | \$ 46,569,438 |

The governmental activities capital assets had additions of \$10,980,911 during the current fiscal year. Total depreciation expense was \$3,459,731 resulting in a net increase to capital assets of \$7,521,180.

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, 2021, totaled \$23,742,601. Total debt consists of the following:

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|-------------------------|---------------|--------------------------|------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| General obligation bonds | \$ 8,775,952 | \$ 10,209,420 | \$ - | \$ - | \$ 8,775,952 | \$ 10,209,420 |
| Notes payable | 14,043,060 | 4,335,060 | - | - | 14,043,060 | 4,335,060 |
| Capital leases | 923,589 | 1,239,457 | - | - | 923,589 | 1,239,457 |
| Total | \$ 23,742,601 | \$ 15,783,937 | \$ - | \$ - | \$ 23,742,601 | \$ 15,783,937 |

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, 2021

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the Town's fiscal year 2023 budget:

- *Pension Costs*
- *Health Insurance*
- *Sustainability of Revenues*
- *Regional Economics*
- *Federal funding from CARES Act Coronavirus Relief Fund and American Rescue Plan Act*
- *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, 2021

| | Primary Government | | |
|---|------------------------------------|-------------------------------------|----------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Cash and short-term investments | \$ 20,815,370 | \$ 619,358 | \$ 21,434,728 |
| Investments | 8,633,133 | - | 8,633,133 |
| Receivables, net of allowance for uncollectibles: | | | |
| Real estate and personal property taxes | 594,789 | - | 594,789 |
| Tax liens | 775,681 | - | 775,681 |
| Motor vehicle excise taxes | 307,767 | - | 307,767 |
| User fees | 731,807 | 61,008 | 792,815 |
| Departmental and other | 20,250 | - | 20,250 |
| Intergovernmental | 278,818 | - | 278,818 |
| Special assessments | 204,598 | - | 204,598 |
| | 32,362,213 | 680,366 | 33,042,579 |
| Total current assets | | | |
| Non-current assets | | | |
| Capital assets, net of accumulated depreciation | 54,077,432 | - | 54,077,432 |
| | 54,077,432 | - | 54,077,432 |
| Total non-current assets | | | |
| Total assets | 86,439,645 | 680,366 | 87,120,011 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| GASB 68 - Pension related | 7,592,094 | 25,838 | 7,617,932 |
| GASB 75 - OPEB related | 6,615,534 | - | 6,615,534 |
| | 14,207,628 | 25,838 | 14,233,466 |
| Total deferred outflows of resources | | | |
| Total assets and deferred outflows of resources | \$ 100,647,273 | \$ 706,204 | \$ 101,353,477 |

The accompanying notes are an integral part of the financial statements

Town of Seekonk, Massachusetts

Statement of Net Position

June 30, 2021

| | Primary Government | | |
|--|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued expenses | \$ 3,521,661 | \$ 3,755 | \$ 3,525,416 |
| Accrued interest | 167,788 | - | 167,788 |
| Landfill postclosure care costs | 37,746 | - | 37,746 |
| Compensated absences | 118,413 | - | 118,413 |
| Capital leases payable | 383,220 | - | 383,220 |
| Bonds and notes payable | 15,488,126 | - | 15,488,126 |
| Total current liabilities | 19,716,954 | 3,755 | 19,720,709 |
| Portion due or payable in more than one year: | | | |
| Landfill postclosure care costs | 1,123,957 | - | 1,123,957 |
| Compensated absences | 1,573,208 | - | 1,573,208 |
| Net OPEB liability (NOL) | 37,089,611 | - | 37,089,611 |
| Net pension liability (NPL) | 28,854,365 | 98,201 | 28,952,566 |
| Capital leases payable | 540,369 | - | 540,369 |
| Bonds and notes payable | 7,330,886 | - | 7,330,886 |
| Total long-term liabilities | 76,512,396 | 98,201 | 76,610,597 |
| Total liabilities | 96,229,350 | 101,956 | 96,331,306 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| GASB 68 - Pension related | 2,834,964 | 9,648 | 2,844,612 |
| GASB 75 - OPEB related | 2,474,561 | - | 2,474,561 |
| Total deferred inflows of resources | 5,309,525 | 9,648 | 5,319,173 |
| NET POSITION | | | |
| Net investment in capital assets | 44,210,103 | 13,185 | 44,223,288 |
| Restricted | 9,664,933 | - | 9,664,933 |
| Unrestricted | (54,766,638) | 581,415 | (54,185,223) |
| Total net position | (891,602) | 594,600 | (297,002) |
| Total liabilities, deferred inflows of resources and net position | \$ 100,647,273 | \$ 706,204 | \$ 101,353,477 |

The accompanying notes are an integral part of the financial statements

Town of Seekonk, Massachusetts

Statement of Activities

For the Year Ended June 30, 2021

| | Expenses | Program Revenues | | |
|---------------------------------------|----------------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities: | | | | |
| General government | \$ 4,951,948 | \$ 312,296 | \$ 4,251,294 | \$ - |
| Public safety | 13,756,635 | 1,632,809 | 575,958 | - |
| Education | 48,912,998 | 300,045 | 15,425,609 | - |
| Public works | 2,578,045 | 91,989 | 519,142 | 1,050,225 |
| Human services | 294,488 | 143,690 | 103,229 | - |
| Conservation | 160,082 | 32,992 | 494 | - |
| Culture and recreation | 1,468,661 | 190,593 | 33,204 | - |
| State and county assessments | 592,910 | - | - | - |
| Interest | 445,645 | - | - | - |
| Total governmental activities | 73,161,412 | 2,704,414 | 20,908,930 | 1,050,225 |
| Business-Type Activities: | | | | |
| Sanitation (non-major) | 1,238,932 | 1,470,916 | - | - |
| Total business-type activities | 1,238,932 | 1,470,916 | - | - |
| Total primary government | \$ 74,400,344 | \$ 4,175,330 | \$ 20,908,930 | \$ 1,050,225 |

The accompanying notes are an integral part of the financial statements

Town of Seekonk, Massachusetts

Statement of Activities For the Year Ended June 30, 2021

| | Net (Expense) Revenue and Changes in Net Position | | |
|----------------------------------|--|-------------------------------------|-----------------|
| | Primary Government | | |
| | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | |
| General government | \$ (388,358) | \$ - | \$ (388,358) |
| Public safety | (11,547,868) | - | (11,547,868) |
| Education | (33,187,344) | - | (33,187,344) |
| Public works | (916,689) | - | (916,689) |
| Human services | (47,569) | - | (47,569) |
| Conservation | (126,596) | - | (126,596) |
| Culture and recreation | (1,244,864) | - | (1,244,864) |
| State and county assessments | (592,910) | - | (592,910) |
| Interest | (445,645) | - | (445,645) |
| Total governmental activities | (48,497,843) | - | (48,497,843) |
| Business-Type Activities: | | | |
| Sanitation (non-major) | - | 231,984 | 231,984 |
| Total business-type activities | - | 231,984 | 231,984 |
| Total primary government | \$ (48,497,843) | \$ 231,984 | \$ (48,265,859) |

The accompanying notes are an integral part of the financial statements

Town of Seekonk, Massachusetts

Statement of Activities For the Year Ended June 30, 2021

| | Primary Government | | |
|--|------------------------------------|-------------------------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total |
| General revenues: | | | |
| Real estate and personal property, net of tax refunds payable | \$ 45,845,280 | \$ - | \$ 45,845,280 |
| Tax liens | 163,339 | - | 163,339 |
| Motor vehicle and other excise taxes | 2,802,127 | - | 2,802,127 |
| Hotel / motel and meals tax | 991,016 | - | 991,016 |
| Penalties and interest on taxes | 240,990 | - | 240,990 |
| Unrestricted investment income and market adjustments | 463,875 | - | 463,875 |
| Total general revenues | 50,506,627 | - | 50,506,627 |
| Special Item - Proceeds from bond premium, net of costs | 100,553 | - | 100,553 |
| Transfers in | 1,663,874 | - | 1,663,874 |
| Transfers out | (1,611,417) | (52,457) | (1,663,874) |
| Total special items and transfers | 153,010 | (52,457) | 100,553 |
| Total general revenues, special items, and transfers | 50,659,637 | (52,457) | 50,607,180 |
| Changes in net position | 2,161,794 | 179,527 | 2,341,321 |
| Net position - beginning of year, restated | (3,053,396) | 415,073 | (2,638,323) |
| Net position - end of year | \$ (891,602) | \$ 594,600 | \$ (297,002) |

The accompanying notes are an integral part of the financial statements

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Town of Seekonk, Massachusetts

Governmental Funds

Balance Sheet

June 30, 2021

| | Major Fund General Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|--|---|---|
| Assets | | | |
| Cash and short-term investments | \$ 13,344,117 | \$ 7,471,253 | \$ 20,815,370 |
| Investments | 5,546,422 | 3,086,711 | 8,633,133 |
| Receivables, net of allowance for uncollectibles: | | | |
| Real estate and personal property taxes | 594,789 | - | 594,789 |
| Tax liens | 775,681 | - | 775,681 |
| Motor vehicle excise | 307,767 | - | 307,767 |
| User fees | 731,807 | - | 731,807 |
| Departmental and other | 2,174 | 18,076 | 20,250 |
| Intergovernmental | - | 278,818 | 278,818 |
| Special assessments | - | 204,598 | 204,598 |
| | <u>21,302,757</u> | <u>11,059,456</u> | <u>32,362,213</u> |
| Deferred outflows of resources | | | |
| None | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| Total deferred outflows of resources | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets and deferred outflows of resources | <u>\$ 21,302,757</u> | <u>\$ 11,059,456</u> | <u>\$ 32,362,213</u> |
| Liabilities | | | |
| Warrants, accounts and accrued expenses payable | \$ 3,428,439 | \$ 93,222 | \$ 3,521,661 |
| Bond anticipation notes payable | - | 14,043,060 | 14,043,060 |
| | <u>-</u> | <u>14,043,060</u> | <u>14,043,060</u> |
| Total liabilities | <u>3,428,439</u> | <u>14,136,282</u> | <u>17,564,721</u> |
| Deferred inflows of resources | | | |
| Deferred property tax revenues | 1,333,001 | - | 1,333,001 |
| Deferred user fees and fines | 731,657 | - | 731,657 |
| Deferred revenue other | - | 221,212 | 221,212 |
| | <u>-</u> | <u>221,212</u> | <u>221,212</u> |
| Total deferred inflows of resources | <u>2,064,658</u> | <u>221,212</u> | <u>2,285,870</u> |
| Fund balance | | | |
| Nonspendable | - | 372,595 | 372,595 |
| Restricted | - | 9,292,338 | 9,292,338 |
| Committed | 8,584,251 | - | 8,584,251 |
| Assigned | 2,060,311 | - | 2,060,311 |
| Unassigned | 5,165,098 | (12,962,971) | (7,797,873) |
| | <u>5,165,098</u> | <u>(12,962,971)</u> | <u>(7,797,873)</u> |
| Total fund balance | <u>15,809,660</u> | <u>(3,298,038)</u> | <u>12,511,622</u> |
| Total liabilities, deferred inflows of resources and fund balance | <u>\$ 21,302,757</u> | <u>\$ 11,059,456</u> | <u>\$ 32,362,213</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, 2021

| | |
|--|---------------------|
| Total governmental fund balances | \$ 12,511,622 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 54,077,432 |
| To record deferred outflows and deferred inflows of resources related to pensions and OPEB as required by GASB Statement Nos. 68 and 75 (respectively) | 8,898,103 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | 2,285,870 |
| In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. | (167,788) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds | |
| Bonds and notes payable | (8,775,952) |
| Capital leases | (923,589) |
| Landfill postclosure care costs | (1,161,703) |
| Compensated absences | (1,691,621) |
| Net pension liability (NPL) | (28,854,365) |
| Net OPEB liability (NOL) | <u>(37,089,611)</u> |
| Net position of governmental activities | <u>\$ (891,602)</u> |

The accompanying notes are an integral part of the financial statements

Town of Seekonk, Massachusetts

Governmental Funds

Statement of Revenue, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2021

| | Major Fund General Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|--|---|---|
| Revenues: | | | |
| Real estate and personal property taxes, net refunds | \$ 46,186,291 | \$ - | \$ 46,186,291 |
| Motor vehicle and other excise | 2,873,773 | - | 2,873,773 |
| Intergovernmental | 16,317,860 | 2,037,303 | 18,355,163 |
| Hotel / motel and meals tax | 991,016 | - | 991,016 |
| Penalties and interest on taxes | 240,990 | - | 240,990 |
| Charges for services | 631,809 | 1,901,907 | 2,533,716 |
| Investment income | 397,978 | 65,897 | 463,875 |
| Contributions and donations | - | 7,300 | 7,300 |
| Departmental and other | 421,458 | 3,190,949 | 3,612,407 |
| | 68,061,175 | 7,203,356 | 75,264,531 |
| Total revenue | | | |
| Expenditures : | | | |
| General government | 2,701,356 | 1,540,654 | 4,242,010 |
| Public safety | 9,511,353 | 498,253 | 10,009,606 |
| Education | 38,242,225 | 11,165,435 | 49,407,660 |
| Public works | 1,830,497 | 501,652 | 2,332,149 |
| Human services | 494,623 | 8,273 | 502,896 |
| Conservation | 92,082 | 46,963 | 139,045 |
| Culture and recreation | 1,147,789 | 21,151 | 1,168,940 |
| Employee benefits | 10,197,719 | - | 10,197,719 |
| State and county assessments | 592,910 | - | 592,910 |
| Capital outlay | 47,394 | - | 47,394 |
| Debt service: | | | |
| Principal | 1,354,417 | - | 1,354,417 |
| Interest | 363,206 | - | 363,206 |
| | 66,575,571 | 13,782,381 | 80,357,952 |
| Total expenditures | | | |
| Excess (deficiency) of revenues over expenditures | 1,485,604 | (6,579,025) | (5,093,421) |
| Other financing sources (uses): | | | |
| Proceeds from bond premium, net of costs | - | 100,553 | 100,553 |
| Transfers in | 1,663,874 | - | 1,663,874 |
| Transfers out | (700,000) | (911,417) | (1,611,417) |
| | 963,874 | (810,864) | 153,010 |
| Other financing sources (uses) | | | |
| Excess of revenue and other sources over expenditures and other uses | 2,449,478 | (7,389,889) | (4,940,411) |
| Fund balance - beginning | 13,360,182 | 4,091,851 | 17,452,033 |
| Fund balance - ending | \$ 15,809,660 | \$ (3,298,038) | \$ 12,511,622 |

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, 2021*

| | |
|--|---------------------|
| Net change in fund balances - total governmental funds | \$ (4,940,411) |
| 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. | 7,521,179 |
| 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. | (94,335) |
| 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. | 1,749,336 |
| In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due. | (82,439) |
| 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) | (496,088) |
| 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 | 2,221,970 |
| To record the change in deferred outflows and deferred inflows of resources related to pensions as required by GASB Statement No. 68 | (3,827,345) |
| 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>109,927</u> |
| Change in net position of governmental activities | <u>\$ 2,161,794</u> |

The accompanying notes are an integral part of the financial statements

Town of Seekonk, Massachusetts

Proprietary Fund

Statement of Net Position

June 30, 2021

| | Business-Type Activities - Proprietary Funds |
|--|---|
| | Sanitation Enterprise |
| ASSETS | |
| Current assets: | |
| Cash and short-term investments, unrestricted | \$ 619,358 |
| Receivables, net: | |
| User fees | 61,008 |
| Total current assets | 680,366 |
| Non-current assets: | |
| Capital assets, net | - |
| Total non-current assets: | - |
| Total assets | 680,366 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pension related | 25,838 |
| Total deferred outflows of resources | 25,838 |
| Total assets and deferred outflows of resources | \$ 706,204 |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable and accrued liabilities | 3,755 |
| Total current liabilities | 3,755 |
| Non-current liabilities: | |
| Net pension liability (NPL) | 98,201 |
| Total non-current liabilities | 98,201 |
| Total liabilities | 101,956 |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension related | 9,648 |
| Total deferred inflows of resources | 9,648 |
| NET POSITION | |
| Net investment in capital assets | 13,185 |
| Restricted | - |
| Unrestricted | 581,415 |
| Total net position | 594,600 |
| Total liabilities, deferred inflows of resources and net position | \$ 706,204 |

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, 2021

| | Business-Type Activities - Proprietary Funds |
|--------------------------------|---|
| | Sanitation Enterprise |
| OPERATING REVENUES | |
| Charges for services | \$ 1,470,916 |
| Total operating revenues | <u>1,470,916</u> |
| OPERATING EXPENSES | |
| General services | 1,225,747 |
| Depreciation | <u>13,185</u> |
| Total operating expenses | <u>1,238,932</u> |
| Operating income (loss) | <u>231,984</u> |
| Income (loss) before transfers | <u>231,984</u> |
| TRANSFERS | |
| Transfers out - operating | <u>(52,457)</u> |
| Total transfers | <u>(52,457)</u> |
| Change in net position | 179,527 |
| Total net position - beginning | <u>415,073</u> |
| Total net position - ending | <u>\$ 594,600</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, 2021

| | Business-Type Activities - Proprietary Funds |
|--|---|
| | Sanitation Enterprise |
| Cash flows from operating activities: | |
| Cash received from customers | \$ 1,423,942 |
| Payments to suppliers and employees | (1,239,284) |
| | <hr/> |
| Net cash provided (used) by operating activities | 184,658 |
| | <hr/> |
| Cash flows from noncapital financing activities: | |
| Transfers in (out) | (52,457) |
| | <hr/> |
| Net cash provided by noncapital financing activities | (52,457) |
| | <hr/> |
| Cash flows from capital and related financing activities: | |
| Purchases and construction of capital assets | - |
| | <hr/> |
| Net cash used by capital and related financing activities | - |
| | <hr/> |
| Cash flows from investing activities: | |
| Interest and dividends | - |
| | <hr/> |
| Net cash used by investing activities | - |
| | <hr/> |
| Net increase in cash and cash equivalents | 132,201 |
| | <hr/> |
| Balances - beginning of the year | 487,157 |
| | <hr/> |
| Balances - end of the year | \$ 619,358 |
| | <hr/> <hr/> |
| Displayed as: | |
| Cash and short-term investments | \$ 619,358 |
| | <hr/> <hr/> |

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, 2021

| | Business-Type Activities - Proprietary Funds | |
|---|---|----------------|
| | Sanitation Enterprise | |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | \$ | 231,984 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | |
| Depreciation expense | | 13,185 |
| Change in assets and liabilities: | | |
| (Increase) decrease in user charges receivables, net | | (46,490) |
| (Increase) decrease in deferred outflows | | 4,107 |
| Increase (decrease) accounts payable and accrued expenses | | (30,103) |
| Increase (decrease) in net pension liability (NPL) | | 7,777 |
| Increase (decrease) in deferred inflows | | 4,682 |
| Net cash provided (used) by operating activities | \$ | <u>184,658</u> |

The accompanying notes are an integral part of the financial statements

Town of Seekonk, Massachusetts

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2021

| | Private Purpose Trust Funds | Other Postemployment Benefits Trust | Custodial Funds |
|--|--|--|----------------------------|
| Assets | | | |
| Cash and Short-Term Investments | \$ - | \$ - | \$ 289,660 |
| Investments: | | | |
| Fixed income securities | - | 1,176,241 | - |
| Equities / real estate | - | 2,768,306 | - |
| Other investments | 86,764 | 25,381 | - |
| Receivables: | | | |
| Departmental and Other | - | - | 88,563 |
| | 86,764 | 3,969,928 | 378,223 |
| Total assets | 86,764 | 3,969,928 | 378,223 |
| Deferred outflows of resources | | | |
| None | - | - | - |
| | - | - | - |
| Total deferred outflows of resources | - | - | - |
| Total assets and deferred outflows of resources | \$ 86,764 | \$ 3,969,928 | \$ 378,223 |
| Liabilities | | | |
| Accounts payable and accrued liabilities | \$ - | \$ - | \$ 92,838 |
| Deposits held | - | - | - |
| | - | - | - |
| Total liabilities | - | - | 92,838 |
| Deferred inflows of resources | | | |
| None | - | - | - |
| | - | - | - |
| Total deferred inflows of resources | - | - | - |
| Net Position | | | |
| Restricted - scholarships and awards | 86,764 | - | - |
| Restricted - custodial | - | - | 285,385 |
| Restricted - OPEB trust | - | 3,969,928 | - |
| | 86,764 | 3,969,928 | 285,385 |
| Total net position | 86,764 | 3,969,928 | 285,385 |
| Total liabilities, deferred inflows of resources and net position | \$ 86,764 | \$ 3,969,928 | \$ 378,223 |

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, 2021

| | Private Purpose Trust Funds | Other Postemployment Benefits Trust | Custodial Funds |
|--|--|--|----------------------------|
| Additions | | | |
| Contributions: | | | |
| Employer contributions | \$ - | \$ 5,420 | \$ - |
| Other | 8,240 | - | - |
| Total contributions | 8,240 | 5,420 | - |
| Net investment income: | | | |
| Dividends and interest | - | 119,195 | - |
| Capital gains/(losses) | - | 92,144 | - |
| Net appreciation in fair value of investments | - | 597,271 | - |
| Total investment income | - | 808,610 | - |
| Less: investment expense | - | - | - |
| Net investment income | - | 808,610 | - |
| Total additions | 8,240 | 814,030 | - |
| Deductions | | | |
| Administrative expenditures | - | 10,441 | - |
| Funds distributed on behalf of others | - | - | 36,112 |
| Scholarship expenditures | 3,500 | - | - |
| Total deductions | 3,500 | 10,441 | 36,112 |
| Change in net position | 4,740 | 803,589 | (36,112) |
| Net position - beginning, restated | 82,024 | 3,166,339 | 321,497 |
| Net position - ending | \$ 86,764 | \$ 3,969,928 | \$ 285,385 |

The accompanying notes are an integral part of the financial statements

Town of Seekonk, Massachusetts

Notes to Financial Statements

June 30, 2021

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, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 *Custodial 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, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Town of Seekonk, Massachusetts

Notes to Financial Statements

June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021.

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, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021 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, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2021 approved budget authorized \$59,913,929 in current year appropriations and other amounts to be raised. Supplemental appropriations of \$2,070,095 were approved at Special Town Meeting for fiscal year 2021. The Finance Director has the responsibility to ensure that budgetary controls are maintained and monitored through the accounting system.

Town of Seekonk, Massachusetts

Notes to Financial Statements

June 30, 2021

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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, 2021

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, 2021:

| | | |
|--|------------------|----------------------|
| Total bank balances | | <u>\$ 22,257,777</u> |
| Bank balances covered by deposit insurance | | |
| Depositor's Insurance Fund (DIF) | 14,284,036 | |
| Federal Deposit Insurance Corporation (FDIC) | <u>1,609,168</u> | |
| Total bank balances covered by deposit insurance | | 15,893,204 |
| 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 | 376,569 | |
| Bank balances uninsured & uncollateralized | <u>5,988,004</u> | |
| Total bank balances subject to custodial credit risk | | <u>6,364,573</u> |
| Total bank balances | | <u>\$ 22,257,777</u> |

The Town’s book balance as of June 30, 2021 includes the following:

| | <u>Cash</u> | <u>Investments</u> | <u>Total</u> |
|-----------------------------|----------------------|----------------------|----------------------|
| Governmental Activities | \$ 20,815,370 | \$ 8,633,133 | \$ 29,448,503 |
| Proprietary Activities | 619,358 | - | 619,358 |
| Private Purpose Trust Funds | - | 86,764 | 86,764 |
| OPEB Trust Funds | - | 3,969,928 | 3,969,928 |
| Custodial Funds | <u>289,660</u> | <u>-</u> | <u>289,660</u> |
| Total Book Balance | <u>\$ 21,724,388</u> | <u>\$ 12,689,825</u> | <u>\$ 34,414,213</u> |

Town of Seekonk, Massachusetts

Notes to Financial Statements

June 30, 2021

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, 2021

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

| Investment Type | Fair Value | S&P Rating | | | | |
|--|---------------|--------------|------------|--------------|--------------|------|
| | | AAA | AA | A | BBB | BB |
| Corporate Bonds | | | | | | |
| Duke Energy Corp | \$ 400,415 | \$ - | \$ - | \$ - | \$ 400,415 | \$ - |
| Emerson Elec Co | 369,150 | - | - | 369,150 | - | - |
| Wells Fargo Co. | 175,222 | - | - | - | 175,222 | - |
| Kimberly Clark Corp. | 322,614 | - | - | 322,614 | - | - |
| Northstar Power Co. | 262,985 | - | - | 262,985 | - | - |
| Bank of America Corp L | 327,171 | - | - | 327,171 | - | - |
| Georgia Power Co 2020 | 180,740 | - | - | 180,740 | - | - |
| Georgia Power Co 2019 | 208,142 | - | - | 208,142 | - | - |
| Bank of America Corp M | 317,914 | - | - | 317,914 | - | - |
| General Electric | 440,229 | - | - | - | 440,229 | - |
| AT&T Inc. | 415,340 | - | - | - | 415,340 | - |
| Verizon Communications | 144,308 | - | - | - | 144,308 | - |
| U.S. Treasury/Agency Securities | | | | | | |
| United States Treasury | 1,497,790 | 1,497,790 | - | - | - | - |
| Federal Home LN MTG Corp MTN | 555,459 | 555,459 | - | - | - | - |
| Federal Home Loan Bank Bond | 314,564 | - | 314,564 | - | - | - |
| Total Debt Securities | \$ 5,932,042 | \$ 2,053,249 | \$ 314,564 | \$ 1,988,716 | \$ 1,575,514 | \$ - |
| Other Investments (not rated): | | | | | | |
| Equities | \$ 3,984,807 | | | | | |
| Money Market | 235,878 | | | | | |
| CDs | 760,657 | | | | | |
| Fixed Income | 1,776,443 | | | | | |
| Total Investments | \$ 12,689,825 | | | | | |

Town of Seekonk, Massachusetts

Notes to Financial Statements

June 30, 2021

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:

| <u>Governmental Activities</u> | <u>Remaining Maturity (in years)</u> | | | |
|---|--------------------------------------|---------------------|---------------------|---------------------|
| <u>Investment Type</u> | <u>Fair Value</u> | <u>0-1 years</u> | <u>1-2 years</u> | <u>2-5 years</u> |
| Debt Securities | | | | |
| U.S. Government & Agency | \$ 2,367,813 | \$ 717,499 | \$ 985,969 | \$ 664,345 |
| Corporate Bonds | 3,564,230 | 497,836 | 1,030,385 | 2,036,009 |
| Fixed Income | 600,201 | 600,201 | - | - |
| Common Stock | 1,216,501 | 1,216,501 | - | - |
| Certificate of Deposit | 760,657 | 227,250 | 533,407 | - |
| Total Debt Securities | 8,509,401 | 3,259,287 | 2,549,760 | 2,700,353 |
| Other Investments: | | | | |
| Money Market | 123,733 | 123,733 | - | - |
| Total Governmental Activities | \$ 8,633,133 | \$ 3,383,020 | \$ 2,549,760 | \$ 2,700,353 |
| Fiduciary Fund - OPEB Trust: | | | | |
| Other Investments: | | | | |
| Mutual Funds - Fixed Income Securities | \$ 1,176,241 | \$ 1,176,241 | \$ - | \$ - |
| Mutual Funds - Equities | 2,768,306 | 2,768,306 | - | - |
| Money Market | 25,381 | 25,381 | - | - |
| | 3,969,928 | 3,969,928 | - | - |
| Fiduciary Fund - Private Purpose Trust Fund: | | | | |
| Money Market | 86,764 | 86,764 | - | - |
| Total Fiduciary Fund | \$ 4,056,692 | \$ 4,056,692 | \$ - | \$ - |

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, 2021.

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, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

The Town has the following recurring fair value measurement as of June 30, 2021.

| Investment Type | June 30, 2021 | Fair Value Measurements Using: | | |
|--|----------------------|---|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1)* | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Governmental Activities: | | | | |
| Debt Securities: | | | | |
| U.S. Government and Agency | \$ 2,367,813 | \$ 2,367,813 | \$ - | \$ - |
| Certificate of Deposits | 3,564,230 | 3,564,230 | - | - |
| Corporate Bonds | 760,657 | - | 760,657 | - |
| Fixed Income | 600,201 | - | 600,201 | - |
| Total debt securities | 7,292,900 | 5,932,042 | 1,360,858 | - |
| Other Investments: | | | | |
| Money Market | 123,733 | - | - | - |
| Common Stock | 1,216,501 | 1,216,501 | - | - |
| Total other investments | 1,340,234 | 1,216,501 | - | - |
| Total Investments (Governmental Activities) | \$ 8,633,133 | \$ 7,148,543 | \$ 1,360,858 | \$ - |
| Fiduciary Fund - OPEB: | | | | |
| Money Market | 25,381 | - | - | - |
| Mutual Funds - Fixed Income Securities | 1,176,241 | - | 1,176,241 | - |
| Mutual Funds - Equities | 2,768,306 | 2,768,306 | - | - |
| Fiduciary Fund - Private Purpose Trust Fund | | | | |
| Money Market | 86,764 | - | - | - |
| Total Investments (fiduciary fund) | \$ 4,056,692 | \$ 2,768,306 | \$ 1,176,241 | \$ - |
| Total investments measured at fair value | \$ 12,689,825 | \$ 9,916,849 | \$ 2,537,099 | \$ - |

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, 2021

NOTE 4 – RECEIVABLES

The receivables at June 30, 2021 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 | \$ 594,789 | \$ - | \$ 594,789 |
| Tax Liens | 775,681 | - | 775,681 |
| Motor Vehicle and Other Excise Taxes | 307,767 | - | 307,767 |
| User Fees | 731,807 | - | 731,807 |
| Departmental and Other | 20,250 | - | 20,250 |
| Intergovernmental | 278,818 | - | 278,818 |
| Special Assessments | 204,598 | - | 204,598 |
| Total Governmental Activities | \$ 2,913,710 | \$ - | \$ 2,913,710 |

| Receivables: | Gross Amount | Allowance for Uncollectibles | Net Amount |
|---------------------------------------|------------------|---------------------------------|------------------|
| <i>Sanitation</i> | | | |
| User Fees | \$ 61,008 | - | \$ 61,008 |
| Total Business-Type Activities | \$ 61,008 | - | \$ 61,008 |

NOTE 5 – INTERFUND TRANSACTIONS

Operating transfers between funds for the year ended June 30, 2021 were as follows:

| | <u>Other Financing Sources</u> | <u>Other Financing Uses</u> |
|--|------------------------------------|---------------------------------|
| <u>Major Governmental Funds</u> | | |
| General Fund | \$ 963,874 | \$ 700,000 |
| Stabilization Funds | 700,000 | - |
| <u>Non-Major Governmental Funds</u> | | |
| Non-Major Governmental Funds | - | 911,417 |
| <u>Proprietary Funds</u> | | |
| Sanitation | - | 52,457 |
| Totals | \$ 1,663,874 | \$ 1,663,874 |

Town of Seekonk, Massachusetts

Notes to Financial Statements

June 30, 2021

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

| Government Activities | Beginning Balance | Increases | Decreases | Ending Balance |
|--|------------------------------|--------------------|------------------|---------------------------|
| Capital assets not being depreciated: | | | | |
| Land & easements | \$ 5,344,354 | \$ - | \$ - | \$ 5,344,354 |
| Construction & infrastructure in progress | 2,745,505 | 9,274,399 | - | 12,019,904 |
| Total capital assets not being depreciated: | 8,089,859 | 9,274,399 | - | 17,364,258 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 62,029,436 | - | - | 62,029,436 |
| Capital improvements (other than buildings) | 3,518,273 | 291,511 | - | 3,809,784 |
| Machinery and equipment | 8,192,656 | 736,954 | - | 8,929,610 |
| Vehicles | 11,394,573 | 301,507 | - | 11,696,080 |
| Infrastructure | 23,411,811 | 376,540 | - | 23,788,351 |
| Total capital assets, being depreciated: | 108,546,749 | 1,706,512 | - | 110,253,261 |
| Accumulated depreciation: | | | | |
| Buildings and improvements | 36,742,816 | 1,770,066 | - | 38,512,882 |
| Capital improvements (other than buildings) | 2,373,443 | 153,162 | - | 2,526,605 |
| Machinery and equipment | 4,525,605 | 519,976 | - | 5,045,581 |
| Vehicles | 8,134,460 | 645,109 | - | 8,779,569 |
| Infrastructure | 18,304,031 | 371,418 | - | 18,675,449 |
| Total accumulated depreciation: | 70,080,355 | 3,459,731 | - | 73,540,086 |
| Total capital assets being depreciated, net | 38,466,394 | (1,753,219) | - | 36,713,175 |
| Governmental activities capital assets, net | \$46,556,253 | \$7,521,180 | \$ - | \$54,077,432 |

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

| Governmental Activities: | |
|---|---------------------|
| General government | \$ 186,026 |
| Public safety | 938,817 |
| Education | 1,691,469 |
| Public works | 546,799 |
| Health and human services | 1,661 |
| Culture and recreation | 94,959 |
| Total governmental activities depreciation expense | \$ 3,459,731 |

Town of Seekonk, Massachusetts

Notes to Financial Statements

June 30, 2021

NOTE 6 – CAPITAL ASSETS (CONTINUED)

| Business-Type Activities | Beginning Balance | Increases | Decreases | Ending Balance |
|--|------------------------------|------------------|------------------|---------------------------|
| 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 | 252,389 | 13,185 | - | 265,574 |
| Vehicles | 174,800 | - | - | 174,800 |
| Total accumulated depreciation: | 427,189 | 13,185 | - | 440,374 |
| Total capital assets being depreciated, net | 13,185 | (13,185) | - | - |
| Business-type activities capital assets, net | \$ 13,185 | \$ (13,185) | \$ - | \$ - |

Town of Seekonk, Massachusetts

Notes to Financial Statements

June 30, 2021

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:

| | Governmental Activities |
|---------------------------------------|----------------------------|
| Assets: | |
| Vehicles | \$ 2,735,113 |
| Machinery & Equipment | 525,187 |
| Total Assets Acquired Through Leases: | <u>\$ 3,260,300</u> |

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2021, are as follows:

| Year Ending June 30 | Governmental Activities |
|---|----------------------------|
| 2022 | \$ 448,922 |
| 2023 | 365,784 |
| 2024 | 87,745 |
| 2025 | <u>87,745</u> |
| Total minimum lease payments | 990,196 |
| Less: amounts representing interest | <u>(66,607)</u> |
| Present value of minimum lease payments | <u>\$ 923,589</u> |

Town of Seekonk, Massachusetts

Notes to Financial Statements

June 30, 2021

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, 2021:

| <u>Type</u> | <u>Purpose</u> | <u>Rate (%)</u> | <u>Due Date</u> | <u>Beginning Balance</u> | <u>Renewed/ Issued</u> | <u>Retired/ Redeemed</u> | <u>Ending Balance</u> |
|-----------------------|------------------------|-----------------|-----------------|--------------------------|------------------------|--------------------------|-----------------------|
| BAN | Municipal Purpose Loan | 1.35 | 5/21/2022 | 835,060 | 835,060 | 835,060 | 835,060 |
| BAN | Municipal Purpose Loan | 1.35 | 5/21/2022 | 500,000 | 500,000 | 500,000 | 500,000 |
| BAN | Municipal Purpose Loan | 1.35 | 5/21/2022 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| BAN | Municipal Purpose Loan | 1.35 | 5/21/2022 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| BAN | Municipal Purpose Loan | 1.25 | 9/11/2021 | - | 9,708,000 | - | 9,708,000 |
| Total Short-Term Debt | | | | <u>\$ 4,335,060</u> | <u>\$ 14,043,060</u> | <u>\$ 4,335,060</u> | <u>\$ 14,043,060</u> |

Town of Seekonk, Massachusetts

Notes to Financial Statements

June 30, 2021

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, 2021:

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

| Project | Interest Rate (%) | Outstanding Balance July 1, 2020 | Increases | Decreases | Refunding | Outstanding Balance June 30, 2021 | Balance Due in 2022 |
|-------------------------------|----------------------|--|-------------|---------------------|-------------|---|------------------------|
| MWPAT Sewer Loan | Var. | \$ 37,668 | \$ - | \$ 9,417 | \$ - | \$ 28,251 | \$ 9,417 |
| Landfill | 2.00% | 771,752 | - | 79,051 | - | 692,701 | 80,649 |
| School Construction | 4.03% | 1,090,000 | - | 365,000 | - | 725,000 | 365,000 |
| Banna Fire Remodeling | 2.31% | 900,000 | - | 100,000 | - | 800,000 | 100,000 |
| Senior Center | 1.96% | 2,440,000 | - | 145,000 | - | 2,295,000 | 145,000 |
| Police & Fire Facility | 2.00% | 1,630,000 | - | 335,000 | - | 1,295,000 | 335,000 |
| Police Radios Feb 2018 | 5.00% | 1,170,000 | - | 165,000 | - | 1,005,000 | 170,000 |
| Police Radios Feb 2019 | 5.00% | 1,335,000 | - | 170,000 | - | 1,165,000 | 170,000 |
| Animal Shelter | Var. | 835,000 | - | 65,000 | - | 770,000 | 70,000 |
| Total Direct Borrowing | | \$ 10,209,420 | \$ - | \$ 1,433,468 | \$ - | \$ 8,775,952 | \$ 1,445,066 |

Town of Seekonk, Massachusetts

Notes to Financial Statements

June 30, 2021

NOTE 9 – LONG-TERM DEBT (Continued)

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2021 are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|---------------------|---------------------|---------------------|
| 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 | 747,366 | 102,165 | 849,532 |
| 2027-2031 | 2,177,832 | 200,058 | 2,377,890 |
| 2032-2036 | 705,000 | 55,775 | 760,775 |
| 2037-2038 | 140,000 | 1,610 | 141,610 |
| Total | <u>\$ 8,775,952</u> | <u>\$ 1,124,874</u> | <u>\$ 9,900,826</u> |

Loans Authorized and Unissued

As of June 30, 2021, the Town has loans authorized and unissued as follows:

| <u>Description</u> | <u>Date of Vote</u> | <u>Amount Authorized & Unissued</u> |
|------------------------------------|---------------------|---|
| Aitken Window Repair | 5/14/2018 | \$ 9,002 |
| Senior Center Phase II | 11/18/2019 | 1,477,938 |
| South End Fire Station | 6/22/2020 | 425,000 |
| DPW Facility | 6/7/2021 | 1,500,000 |
| Total Authorized and Unissued Debt | | <u>\$ 3,411,940</u> |

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, 2021

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, 2021:

| Governmental Activities | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion |
|---------------------------------------|------------------------------|------------------|-------------------|---------------------------|----------------------------|
| Bonds Payable | \$ 10,209,420 | \$ - | \$ 1,433,468 | \$ 8,775,952 | \$ 1,445,066 |
| Compensated Absences | 1,801,548 | - | 109,927 | 1,691,621 | 118,413 |
| Landfill Postclosure Care Costs | 1,161,703 | - | - | 1,161,703 | 37,746 |
| Capital Leases Payable | 1,239,457 | 319,385 | 635,253 | 923,589 | 383,220 |
| Net Pension Liability | 31,076,335 | - | 2,221,970 | 28,854,365 | - |
| Net OPEB Liability | 40,814,813 | - | 3,725,202 | 37,089,611 | - |
| Short-term Debt | 4,335,060 | 14,043,060 | 4,335,060 | 14,043,060 | 14,043,060 |
| Total Governmental Activities: | | | | | |
| Long-Term Liabilities | \$ 90,638,336 | \$ 14,362,445 | \$ 12,460,880 | \$ 92,539,901 | \$ 16,027,505 |
| Business-Type Activities | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion |
| Net Pension Liability | \$ 90,424 | \$ 7,777 | \$ - | \$ 98,201 | \$ - |

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 2021, the Town did not issue any general obligation refunding bonds.

Town of Seekonk, Massachusetts

Notes to Financial Statements

June 30, 2021

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:

| | Major Fund | Non-Major | Total |
|--------------------------------------|-------------------|---------------------|---------------|
| | General | Governmental | |
| | Fund | Funds | |
| Fund Balances: | | | |
| Nonspendable: | | | |
| Permanent fund principal | \$ - | \$ 372,595 | \$ 372,595 |
| Restricted for: | | | |
| General government | - | 1,344,591 | 1,344,591 |
| Public safety | - | 2,760,978 | 2,760,978 |
| Education | - | 1,198,306 | 1,198,306 |
| Public works | - | 330,966 | 330,966 |
| Human services | - | 70,736 | 70,736 |
| Culture & recreation | - | 952,928 | 952,928 |
| Community preservation fund | - | 2,633,833 | 2,633,833 |
| Committed to: | | | |
| Continuing appropriations: | | | |
| General government | 71,798 | - | 71,798 |
| Public works | 1,933,243 | - | 1,933,243 |
| Municipal capital stabilization fund | 1,344,901 | - | 1,344,901 |
| Special education stabilization fund | 95,677 | - | 95,677 |
| Economic stabilization | 4,924,464 | - | 4,924,464 |
| Public building and infrastructure | 214,168 | - | 214,168 |
| Assigned to: | | | |
| Encumbered for: | | | |
| General government | 309,577 | - | 309,577 |
| Public safety | 138,235 | - | 138,235 |
| Education | 1,372,300 | - | 1,372,300 |
| Public works | 215,736 | - | 215,736 |
| Human services | 18,925 | - | 18,925 |
| Culture & recreation | 5,538 | - | 5,538 |
| Unassigned: | | | |
| General fund | 5,165,098 | - | 5,165,098 |
| Nonmajor governmental funds | - | (12,962,971) | (12,962,971) |
| | \$ 15,809,660 | \$ (3,298,038) | \$ 12,511,622 |

Town of Seekonk, Massachusetts

Notes to Financial Statements

June 30, 2021

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, 2021, the net position of the Stabilization Fund was \$4,924,464.
- 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, 2021, the net position of the Municipal Capital Stabilization Fund was \$1,344,901.
- 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, 2021, the net position of the Special Education Stabilization Fund was \$95,677.
- 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, 2021, the net position of the Public Building and Infrastructure Stabilization fund was \$214,168.

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, 2021

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, 2021 (the measurement date), the following employees were covered by the benefit terms:

| | |
|--|-------------------|
| Retired, Disabled, Survivors and Beneficiaries receiving benefits | 354 |
| Active plan members | <u>310</u> |
| Subtotal | <u><u>664</u></u> |

Contributions. The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the 2021 fiscal year, total Town premiums plus implicit costs for the retiree medical program are \$1,315,720. The Town made a contribution to the OPEB Trust of \$5,420 during fiscal year 2021.

Town of Seekonk, Massachusetts

Notes to Financial Statements

June 30, 2021

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020.

Actuarial assumptions. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|------------------------------------|---|
| Valuation Date: | June 30, 2020 |
| Measurement Date: | June 30, 2021 |
| Actuarial Cost Method: | Entry Age Normal |
| Discount Rate: | 2.48% (partial prefunding, rate is net of investment expenses) |
| Investment Rate of Return: | 2.27% on funded amount |
| Healthcare Cost Trend Rate: | 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, 2021

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Net OPEB Liability

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% |
| Other | 6.00% |
| 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>Increase (Decrease)</u> | | |
|---|---|--|---|
| | <u>Total OPEB Liability (a)</u> | <u>Plan Fiduciary Net Position (b)</u> | <u>Net OPEB Liability (a) - (b)</u> |
| Balances at the beginning of the period (GASB 75) | \$ 43,966,129 | \$ 3,151,316 | \$ 40,814,813 |
| Changes for the year: | | | |
| Service cost | 1,039,010 | - | 1,039,010 |
| Interest | 994,890 | - | 994,890 |
| Differences between expected and actual experience | (4,109,817) | - | (4,109,817) |
| Changes in assumptions | 485,047 | - | 485,047 |
| Contributions - employer | - | 5,420 | (5,420) |
| Net investment income | - | 823,633 | (823,633) |
| Benefit payments, including refunds of employee contributions | (1,315,720) | - | (1,315,720) |
| Administrative expense | - | (10,441) | 10,441 |
| Net changes | <u>(2,906,590)</u> | <u>818,612</u> | <u>(3,725,202)</u> |
| Balances at the end of the period | <u>\$ 41,059,539</u> | <u>\$ 3,969,928</u> | <u>\$ 37,089,611</u> |

Town of Seekonk, Massachusetts

Notes to Financial Statements

June 30, 2021

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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 (1.48%) or 1-percentage-point higher (3.48%) than the current discount rate:

| | 1% Decrease (1.48%) | Current Discount Rate (2.48%) | 1% Increase (3.48%) |
|--------------------|------------------------------------|--|------------------------------------|
| Net OPEB Liability | \$ 45,071,215 | \$ 37,089,611 | \$ 30,991,331 |

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:

| | 1% Decrease (starts at 5.5%) | Trend (starts at 6.5%) | 1% Increase (starts at 7.5%) |
|--------------------|---|-----------------------------------|---|
| Net OPEB Liability | \$ 31,059,598 | \$ 37,089,611 | \$ 44,788,478 |

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, 2021

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$1,817,229. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ - | \$ 2,474,561 |
| Changes of assumptions | <u>6,615,534</u> | <u>\$ -</u> |
| Total | <u>\$ 6,615,534</u> | <u>\$ 2,474,561</u> |
| | | <u>\$ 4,140,973</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: | |
|----------------------------|---------------------|
| 2022 | \$ 596,521 |
| 2023 | 596,521 |
| 2024 | 596,521 |
| 2025 | 596,521 |
| 2026 | 596,521 |
| Thereafter | <u>1,158,368</u> |
| Total | <u>\$ 4,140,973</u> |

Payable to the OPEB Plan

At June 30, 2021, the Town reported a payable of \$0 for the outstanding amount of contributions to the OPEB Trust required for the year ended June 30, 2021.

Town of Seekonk, Massachusetts

Notes to Financial Statements

June 30, 2021

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 non-employer 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, 2021

NOTE 14 – PENSION PLANS (Continued)

Special Funding Situation

The Commonwealth is a non-employer 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 non-employer 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, 2020. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$8,144,883 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 \$65,942,820 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, 2021

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 actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution for the year ended December 31, 2020 which was \$2,967,761 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, 2021 the Town reported a liability of \$28,952,566 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. 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, 2020, the Town's proportion was 6.637% which had an 0.023% increase from its proportion measured as of December 31, 2019.

Town of Seekonk, Massachusetts

Notes to Financial Statements

June 30, 2021

NOTE 14 – PENSION PLANS (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2021 the Town recognized pension expense of \$4,589,702. At June 30, 2021 the Town reported deferred outflows and inflows of resources related to pensions of \$7,617,932 and \$2,844,612 respectively.

The balances of deferred outflows and inflows as June 30, 2021 consist of the following:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 3,402,633 | \$ - |
| Changes of assumptions | 4,210,787 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 2,507,745 |
| Changes in proportion and differences between System contributions and proportionate share of contributions | 4,512 | 336,867 |
| Total | \$ 7,617,932 | \$ 2,844,612 |
| | | \$ 4,773,320 |

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: | |
|----------------------------|--------------|
| 2022 | \$ 1,693,173 |
| 2023 | 1,928,304 |
| 2024 | 904,837 |
| 2025 | 246,756 |
| 2026 | 250 |
| Total | \$ 4,773,320 |

Town of Seekonk, Massachusetts

Notes to Financial Statements

June 30, 2021

NOTE 14 – PENSION PLANS (Continued)

E. Actuarial Assumptions

The total pension liability in the January 1, 2021 actuarial valuation was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

| | | |
|----------------------------|---|-------|
| Valuation date | January 1, 2021 | |
| Actuarial cost method | Individual entry age normal | |
| Investment rate of return | 7.5%, net of expenses | |
| 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 of benefits | |
| 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: | RP-2014 table adjusted to 2006 and projected generationally with MP-2019 (gender distinct). During employment, the healthy employee mortality table is used. Post-employment, the healthy annuitant table is used | |
| Disabled retiree | For disabled retirees, mortality follows same table as non-disabled retirees, set forward two years. Death is assumed to be due to same cause as disability 40% of the time. | |

For a full listing of actuarial assumptions used for the January 1, 2021 actuarial valuation, please consult the Bristol County Retirement System financial statements.

Town of Seekonk, Massachusetts

Notes to Financial Statements

June 30, 2021

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:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Rate of Return</u> |
|-------------------------------|------------------------------|--|
| Domestic equities | 22.0% | 4.9% |
| International equities | 11.0% | 5.4% |
| Emerging markets equities | 11.0% | 6.4% |
| Global REITs | 2.0% | 3.7% |
| Core fixed income | 5.0% | 0.3% |
| High yield fixed income | 3.0% | 2.6% |
| Emerging markets fixed income | 4.0% | 2.6% |
| Global fixed income | 3.0% | 0.2% |
| Private equity | 12.0% | 7.9% |
| Hedge funds | 4.0% | 2.3% |
| Real estate | 11.0% | 3.8% |
| Timber | 3.0% | 3.1% |
| Farmland | 3.0% | 4.8% |
| Infrastructure | 6.0% | 4.8% |
| 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, 2020 the System's annual money-weighted rate of return on pension plan investments net of pension plan investment expense was 11.13%. 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, 2021

NOTE 14 – PENSION PLANS (Continued)

G. Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2020 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, 2020 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:

| | <u>1% Decrease (6.5%)</u> | <u>Current Discount Rate (7.5%)</u> | <u>1% Increase (8.5%)</u> |
|--|-----------------------------------|---|-----------------------------------|
| Town's proportionate share of the net pension liability | \$ 38,399,903 | \$ 28,952,566 | \$ 20,982,876 |

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 Towns three landfills have all been capped. The post-closure monitoring of the sites are fourteen (14) years for two sites and twenty three (23) years for the third site. The estimated liability has been recorded in the Statement of Net Position, Governmental Activities. The \$1,161,703 reported as landfill post-closure liability at June 30, 2021 is the estimate based on what it would cost to perform all post-closure care at June 30, 2021. 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, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2021.

Town of Seekonk, Massachusetts

Notes to Financial Statements

June 30, 2021

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

For the year ending June 30, 2021, the Town implemented the following pronouncements issued by the GASB:

- 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.

NOTE 17 – FUTURE GASB PRONOUNCEMENTS

The GASB has issued the following 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 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. 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, 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. 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, 2021

NOTE 18 - RESTATEMENT

The following was the restatement that occurred at the Governmental Fund statement level:

| Fiduciary Funds | | |
|---|----------------------------|---------|
| | Custodial Funds | |
| Beginning balance, July 1, 2020 | \$ | - |
| To implement GASB Standard No. 84 | | 321,497 |
| Beginning balance, July 1, 2020, restated | \$ | 321,497 |

| | Government- Wide Financial Statements | Governmental Funds |
|---|--|---------------------------------------|
| | Governmental Activities | General Fund Stabilization |
| Beginning balance, July 1, 2020 | \$ (3,160,258) | 13,253,320 |
| Prior year market value adjustments not recorded in Stabilization Fund | 106,862 | 106,862 |
| Beginning balance, July 1, 2020, restated | \$ (3,053,396) | \$ 13,360,182 |

NOTE 19 – 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, 2021, and through March 22, 2022, the date on which the financial statements were available to be issued. There are no material events to disclose.

Town of Seekonk, Massachusetts

Notes to Financial Statements

June 30, 2021

NOTE 20 – 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, 2021

| | <u>Original Budget</u> | | | Total Available | Actual | Current Year Carryover of Encumbrances, NSS & Warrant Articles | Variance Favorable (Unfavorable) |
|--|--|-------------------------|--|--------------------|-------------------|--|--|
| | Encumbrances, NSS & Cont. Approp. Carried Forward | Budget As Adopted | Additional Appropriations and Transfers | | | | |
| <u>Revenues:</u> | | | | | | | |
| Real Estate and Personal Property Taxes, Net of Tax Refunds | \$ - | \$45,827,498 | \$ (489,444) | \$45,338,054 | \$46,171,868 | \$ - | \$ 833,814 |
| Motor Vehicle Taxes | - | 2,880,000 | (80,000) | 2,800,000 | 2,873,262 | - | 73,262 |
| Local Receipts | - | 1,779,915 | 573,985 | 2,353,900 | 2,386,465 | - | 32,565 |
| Intergovernmental | - | 8,474,060 | (298,349) | 8,175,711 | 8,104,215 | - | (71,496) |
| Total Revenues | - | 58,961,473 | (293,808) | 58,667,665 | 59,535,810 | - | 868,145 |
| <u>Expenditures:</u> | | | | | | | |
| Current: | | | | | | | |
| General Government | 12,138 | 2,880,657 | 17,158 | 2,909,954 | 2,543,274 | 86,836 | 279,844 |
| General Government - Legal | - | 175,000 | - | 175,000 | 78,981 | - | 96,019 |
| Public Safety | 23,010 | 9,746,627 | 1,475 | 9,771,112 | 9,067,771 | 57,415 | 645,925 |
| Education: | | | | | | | |
| Public School | 1,466,951 | 28,833,614 | 383,027 | 30,683,592 | 28,775,284 | 1,751,421 | 156,887 |
| Regional Schools | - | 1,282,689 | 20,436 | 1,303,125 | 1,303,125 | - | - |
| Public Works | 101,769 | 1,645,011 | 172,287 | 1,919,067 | 1,660,296 | 139,957 | 118,814 |
| Human Services | - | 605,704 | 9,018 | 614,721 | 494,530 | 18,925 | 101,266 |
| Culture and Recreation | - | 1,177,728 | 30,930 | 1,208,658 | 1,132,921 | 5,757 | 69,980 |
| Employee Benefits | - | 11,029,306 | (20,236) | 11,009,070 | 10,197,720 | - | 811,350 |
| Debt Service | - | 1,723,123 | - | 1,723,123 | 1,717,623 | - | 5,500 |
| State and County Assessments | - | 614,470 | - | 614,470 | 592,910 | - | 21,560 |
| Carryforward articles | 764,171 | - | 1,456,000 | 2,220,171 | 215,166 | 2,005,005 | - |
| Total Expenditures | 2,368,039 | 59,713,930 | 2,070,095 | 64,152,063 | 57,779,602 | 4,065,316 | 2,307,145 |
| Excess (Deficiency) of Revenues Over Expenditures | (2,368,039) | (752,457) | (2,363,903) | (5,484,399) | 1,756,208 | (4,065,316) | 3,175,290 |

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, 2021

| | <u>Original Budget</u> | | | | Actual | Current Year Carryover of Encumbrances, NSS & Warrant Articles | Variance Favorable (Unfavorable) |
|---|--|-------------------------|--|--------------------|---------------------|--|--|
| | Encumbrances, NSS & Cont. Approp. Carried Forward | Budget As Adopted | Additional Appropriations and Transfers | Total Available | | | |
| <u>Other Financing Sources and (Uses):</u> | | | | | | | |
| Free Cash | - | - | 2,131,138 | 2,131,138 | - | - | (2,131,138) |
| Overlay Surplus | - | - | 800,000 | 800,000 | - | - | (800,000) |
| Transfer from Free Cash Certified to Stabilization | - | - | - | - | - | - | - |
| Transfer from Sanitation Enterprise | - | 52,457 | - | 52,457 | 52,457 | - | - |
| Transfer from Ambulance Receipts | - | 900,000 | - | 900,000 | 911,417 | - | 11,417 |
| Transfer from Dog Fees | - | - | 2,000 | 2,000 | - | - | (2,000) |
| Transfer from Septic Payback | - | - | 9,417 | 9,417 | - | - | (9,417) |
| Transfer from other funds | - | - | (78,652) | (78,652) | - | - | 78,652 |
| Transfer to Muncipal Capital Stabilization Fund | - | (200,000) | (500,000) | (700,000) | (700,000) | - | - |
| | | | | | | | |
| Total Other Financing Sources and (Uses) | - | 752,457 | 2,363,903 | 3,116,360 | 263,874 | - | (2,852,486) |
| | | | | | | | |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | \$ (2,368,039) | \$ - | \$ - | \$ (2,368,039) | \$ 2,020,082 | \$ (4,065,316) | \$ 322,804 |
| | | | | | | | |
| Budgetary Fund Balance - Beginning of Year | | | | | <u>7,210,368</u> | | |
| | | | | | | | |
| Budgetary Fund Balance - End of Year | | | | | <u>\$ 9,230,450</u> | | |

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, 2021

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, 2021, and is presented below:

| | <u>General Fund</u> |
|---|--------------------------------|
| Excess (deficiency) or revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis) | \$ 2,020,082 |
| 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>\$ 1,906,099</u> |

See accompanying independent auditor's report

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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 ***

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Town's proportion of the net pension liability (asset) | 6.637% | 6.613% | 6.762% | 6.761% | 6.762% | 6.762% | 6.846% |
| Town's proportionate share of the net pension liability (asset) | <u>\$ 28,952,566</u> | <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> | <u>\$ 19,559,219</u> |
| Town's covered employee payroll | <u>\$ 13,327,061</u> | <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> | <u>\$ 9,712,251</u> |
| Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 217.25% | 243.09% | 205.47% | 180.40% | 206.13% | 221.62% | 201.39% |
| Plan fiduciary net position as a percentage of the total pension liability | 65.20% | 61.20% | 63.48% | 68.56% | 64.17% | 62.95% | 67.11% |

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.*

See accompanying independent auditor's report

Town of Seekonk, Massachusetts
Required Supplementary Information
Schedule of the Town's Pension Contributions
*Last 10 Years ***

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Town's contractually required contribution | \$ 2,967,761 | \$ 2,750,246 | \$ 2,649,292 | \$ 2,545,846 | \$ 2,386,879 | \$ 2,248,231 | \$ 2,159,815 |
| Town's contributions in relation to the contractually required contribution | <u>(2,967,761)</u> | <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> | <u>(2,159,815)</u> |
| Contribution excess (deficiency) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Town's covered-employee payroll | \$ 13,327,061 | \$ 12,821,079 | \$ 12,209,433 | \$ 11,695,609 | \$ 10,951,259 | \$ 10,264,919 | \$ 9,712,251 |
| Contributions as a percentage of covered-employee payroll | 22.27% | 21.45% | 21.70% | 21.77% | 21.80% | 21.90% | 22.24% |

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.*

See accompanying independent auditor's report

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 ***

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB liability | | | | | |
| Service cost | \$ 1,039,010 | \$ 854,017 | \$ 802,133 | \$ 1,000,505 | \$ 902,852 |
| Interest on liability and service cost | 994,890 | 1,372,162 | 1,270,443 | 1,175,046 | 447,500 |
| Differences between expected and actual experience | (4,109,817) | - | 1,767,914 | - | - |
| Changes in assumptions | 485,047 | 5,799,937 | 496,137 | 1,755,657 | 6,860,794 |
| Benefit payments, including refunds of employee contributions | <u>(1,315,720)</u> | <u>(1,436,864)</u> | <u>(1,420,766)</u> | <u>(1,166,411)</u> | <u>(1,026,551)</u> |
| Net change in total OPEB liability | (2,906,590) | 6,589,252 | 2,915,861 | 2,764,797 | 7,184,595 |
| Total OPEB liability - beginning | <u>\$ 43,966,129</u> | <u>\$ 37,376,877</u> | <u>\$ 34,461,016</u> | <u>\$ 31,696,219</u> | <u>\$ 24,511,624</u> |
| Total OPEB liability - ending (a) | <u>\$ 41,059,539</u> | <u>\$ 43,966,129</u> | <u>\$ 37,376,877</u> | <u>\$ 34,461,016</u> | <u>\$ 31,696,219</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 5,420 | \$ - | \$ 500,000 | \$ - | \$ 2,365,921 |
| Net investment income | 823,633 | 92,522 | 206,143 | 134,407 | 82,776 |
| Benefit payments, including refunds of employee contributions | - | - | - | - | (1,026,551) |
| Administrative expense | <u>(10,441)</u> | <u>-</u> | <u>(9,151)</u> | <u>(8,072)</u> | <u>-</u> |
| Net change in plan fiduciary net position | 818,612 | 92,522 | 696,992 | 126,335 | 1,422,146 |
| Plan fiduciary net position - beginning | <u>3,151,316</u> | <u>3,058,794</u> | <u>2,361,802</u> | <u>2,235,467</u> | <u>813,321</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 3,969,928</u> | <u>\$ 3,151,316</u> | <u>\$ 3,058,794</u> | <u>\$ 2,361,802</u> | <u>\$ 2,235,467</u> |
| Town's net OPEB liability - ending (a) - (b) | <u>\$ 37,089,611</u> | <u>\$ 40,814,813</u> | <u>\$ 34,318,083</u> | <u>\$ 32,099,214</u> | <u>\$ 29,460,752</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 9.67% | 7.17% | 8.18% | 6.85% | 7.05% |
| Covered-employee payroll | \$ 28,273,082 | \$ 27,438,178 | \$ 25,880,569 | \$ 25,030,092 | \$ 24,151,041 |
| Town's net OPEB liability as a percentage of covered employee payroll | 131.18% | 148.75% | 132.60% | 128.24% | 121.99% |

** - 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 the Town's Contributions – Other Post-Employment Benefits

*Last 10 Years ***

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---------------|---------------|---------------|---------------|---------------|
| Actuarially determined contribution | \$ 2,982,337 | \$ 2,700,125 | \$ 2,699,289 | \$ 2,783,708 | \$ 2,868,126 |
| Contributions in relation to the actuarially determined contribution | 5,420 | - | 500,000 | - | 1,293,917 |
| Contribution deficiency (excess) | \$ 2,976,917 | \$ 2,700,125 | \$ 2,199,289 | \$ 2,783,708 | \$ 1,574,209 |
| Covered-employee payroll | \$ 28,273,082 | \$ 27,438,178 | \$ 25,880,569 | \$ 25,030,092 | \$ 24,151,041 |
| Contributions as a percentage of covered-employee payroll | 0.02% | 0.00% | 1.93% | 0.00% | 5.36% |

** - 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 ***

| | <u>6/30/2021</u> | <u>6/30/2020</u> | <u>6/30/2019</u> | <u>6/30/2018</u> | <u>6/30/2017</u> |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|
| Money-weighted rate of return | 25.80% | 2.92% | 5.91% | 5.43% | 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

Collective Amount of the Net Pension Liability – Massachusetts Teachers Retirement System
*Last 10 Years***

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

| <u>Fiscal Year</u> | <u>Commonwealth's 100% Share of the Net Pension Liability Associated with the Town</u> | <u>Town's Expense and Revenue Recognized for the Commonwealth's Support</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u> |
|--------------------|--|---|---|
| 2021 | 65,942,820 | 3,588,660 | 50.67% |
| 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% |
| 2015 | 36,170,859 | 2,512,963 | 61.64% |

** 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.

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Town of Seekonk, Massachusetts
Supplementary Information
Balance Sheet – General and Stabilization Fund Detail
June 30, 2021

| | <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> |
|--|----------------------|-------------------------------|--|--|---|--|
| Assets | | | | | | |
| Cash and short-term investments | \$ 11,999,216 | \$ - | \$ 1,344,901 | \$ - | \$ - | \$ 13,344,117 |
| Investments | 312,113 | 4,924,464 | - | 95,677 | 214,168 | 5,546,422 |
| Receivables, net of allowance for uncollectibles: | | | | | | |
| Real estate and personal property taxes | 594,789 | - | - | - | - | 594,789 |
| Tax liens | 775,681 | - | - | - | - | 775,681 |
| Motor vehicle excise | 307,767 | - | - | - | - | 307,767 |
| User fees | 731,807 | - | - | - | - | 731,807 |
| Departmental and other | 2,174 | - | - | - | - | 2,174 |
| Total assets | <u>14,723,547</u> | <u>4,924,464</u> | <u>1,344,901</u> | <u>95,677</u> | <u>214,168</u> | <u>21,302,757</u> |
| Deferred outflows of resources | | | | | | |
| None | - | - | - | - | - | - |
| Total deferred outflows of resources | - | - | - | - | - | - |
| Total assets and deferred outflows of resources | <u>\$ 14,723,547</u> | <u>\$ 4,924,464</u> | <u>\$ 1,344,901</u> | <u>\$ 95,677</u> | <u>\$ 214,168</u> | <u>\$ 21,302,757</u> |
| Liabilities | | | | | | |
| Accounts payable and accrued expenses | \$ 3,428,439 | \$ - | \$ - | \$ - | \$ - | \$ 3,428,439 |
| Total liabilities: | <u>3,428,439</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,428,439</u> |
| Deferred inflows of resources | | | | | | |
| Deferred property tax revenues | 1,333,001 | - | - | - | - | 1,333,001 |
| Deferred user fees and fines | 731,657 | - | - | - | - | 731,657 |
| Total deferred inflows of resources | <u>2,064,658</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,064,658</u> |
| Fund balance | | | | | | |
| Committed | 2,005,041 | 4,924,464 | 1,344,901 | 95,677 | 214,168 | 8,584,251 |
| Assigned | 2,060,311 | - | - | - | - | 2,060,311 |
| Unassigned | 5,165,098 | - | - | - | - | 5,165,098 |
| Total fund balance | <u>9,230,450</u> | <u>4,924,464</u> | <u>1,344,901</u> | <u>95,677</u> | <u>214,168</u> | <u>15,809,660</u> |
| Total liabilities, deferred inflows of resources and fund balance | <u>\$ 14,723,547</u> | <u>\$ 4,924,464</u> | <u>\$ 1,344,901</u> | <u>\$ 95,677</u> | <u>\$ 214,168</u> | <u>\$ 21,302,757</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, 2021

| | <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> |
|--|---------------------|-------------------------------|--|--|---|--|
| Revenues: | | | | | | |
| Real estate and personal property taxes, net refunds | \$ 46,186,291 | \$ - | \$ - | \$ - | \$ - | \$ 46,186,291 |
| Motor vehicle and other excise | 2,873,773 | - | - | - | - | 2,873,773 |
| Intergovernmental | 16,317,860 | - | - | - | - | 16,317,860 |
| Hotel / motel and meals tax | 991,016 | - | - | - | - | 991,016 |
| Penalties and interest on taxes | 240,990 | - | - | - | - | 240,990 |
| Charges for services | 631,809 | - | - | - | - | 631,809 |
| Investment income | 17,496 | 370,601 | 404 | 2,927 | 6,550 | 397,978 |
| Departmental and other | 421,458 | - | - | - | - | 421,458 |
| Total revenue | 67,680,693 | 370,601 | 404 | 2,927 | 6,550 | 68,061,175 |
| Expenditures : | | | | | | |
| General government | 2,701,356 | - | - | - | - | 2,701,356 |
| Public safety | 9,067,771 | - | 443,582 | - | - | 9,511,353 |
| Education | 38,242,225 | - | - | - | - | 38,242,225 |
| Public works | 1,637,861 | - | 192,636 | - | - | 1,830,497 |
| Human services | 494,623 | - | - | - | - | 494,623 |
| Conservation | 92,082 | - | - | - | - | 92,082 |
| Culture and recreation | 1,132,921 | - | 14,868 | - | - | 1,147,789 |
| Employee benefits | 10,197,719 | - | - | - | - | 10,197,719 |
| State and county assessments | 592,910 | - | - | - | - | 592,910 |
| Capital outlay | 47,394 | - | - | - | - | 47,394 |
| Debt service: | | | | | | |
| Principal | 1,354,417 | - | - | - | - | 1,354,417 |
| Interest | 363,206 | - | - | - | - | 363,206 |
| Total expenditures | 65,924,485 | - | 651,086 | - | - | 66,575,571 |
| Excess (deficiency) of revenues over expenditures | 1,756,208 | 370,601 | (650,682) | 2,927 | 6,550 | 1,485,604 |
| Other financing sources (uses): | | | | | | |
| Transfers in | 963,874 | - | 700,000 | - | - | 1,663,874 |
| Transfers out | (700,000) | - | - | - | - | (700,000) |
| Other financing sources (uses) | 263,874 | - | 700,000 | - | - | 963,874 |
| Excess of revenue and other sources over expenditures and other uses | 2,020,082 | 370,601 | 49,318 | 2,927 | 6,550 | 2,449,478 |
| Fund balance - beginning, restated | 7,210,368 | 4,553,863 | 1,295,583 | 92,750 | 207,618 | 13,360,182 |
| Fund balance - ending | \$ 9,230,450 | \$ 4,924,464 | \$ 1,344,901 | \$ 95,677 | \$ 214,168 | \$ 15,809,660 |

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

*Independent Auditors' 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 Members of the Board of Selectman
Town of Seekonk, Massachusetts
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, the discretely presented component unit, 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, 2021, 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, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Seekonk, Massachusetts'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 opinion 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 of Seekonk, Massachusetts 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.



Fall River, Massachusetts
March 22, 2022