

**TOWN OF SEEKONK, MASSACHUSETTS**

**REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2006**

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**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Board of Selectmen  
Town of Seekonk, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Seekonk, Massachusetts, as of and for the year ended June 30, 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Seekonk, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Seekonk, Massachusetts, as of June 30, 2006, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2007, on our consideration of the Town of Seekonk, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 9, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*R. E. Brown & Company*

June 28, 2007

## TOWN OF SEEKONK, MASSACHUSETTS

### Management's Discussion and Analysis

As management of the Town of Seekonk (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2006. This is the fourth year our financial statements have been prepared under the Governmental Accounting Standards Board Statement 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. We encourage readers to consider the information presented here in addition to the statements and notes.

#### ***Financial Highlights:***

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$25.9 million (*net assets*). Of this amount, \$11.80 million is considered unrestricted (*unrestricted net assets*).
- The unrestricted net assets of the Town's governmental activities are \$11.5 million, and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net assets of the Town's business-type activities are \$301 thousand and may be used to meet the ongoing obligations of the Town's Curbside Trash Collection and Recycling business-type activities.
- The government's total net assets increased by \$188.5 thousand or .73% in fiscal 2006. Within this total, net assets of governmental activities increased by \$151.9, a .60% increase from fiscal 2005. Net assets of business-type activities increased by \$36,636 or 13.9% from 2005.
- At June 30, 2006, the Town's governmental funds had a combined ending fund balance of \$7.348 million. The combined governmental funds balance increased by \$5.266 million or 253% from the prior year's ending fund balance. A total of \$6.727 million is considered unreserved at June 30, 2006.
- The Town's general fund reported a total fund balance of \$2.804 million at the end of fiscal 2006. The unreserved fund balance for the general fund was \$2.415 million or 6.4% of total general fund expenditures and transfers to other funds. There was a \$718 thousand increase in total general fund undesignated balance for the year. A total of \$389 thousand of the unreserved fund balance was designated for funding the fiscal year 2007 budget.
- The total cost of all Town services for fiscal 2006 was \$41.285 million; \$40.451 million of which was for governmental services, and \$834 thousand of which was for business-type activities.
- The Town's total bonded debt increased by \$4.353 million or 12.1% during the year.

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

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

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

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

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

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

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

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

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

Because the focus of governmental funds 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. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

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

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

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

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

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

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

The charts on the following pages summarize key financial components of the Town’s financial statements.

As noted earlier, assets exceeded liabilities by \$25,868,107 at the close of fiscal year 2006. The Town is able to report positive balances in all categories of net assets, both government as a whole, and for its separate governmental and business-type activities.

The largest component of the Town’s total net assets are its unrestricted net assets totaling \$11,770,774 (45.5%), which may be used to meet the government’s ongoing obligations to its citizens and creditors.

The Town’s investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets, is \$8,789,163 or 33.98% of net assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in the Town’s capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Town decreased its total liabilities by \$732.7 thousand over fiscal year 2005, while total assets decreased by \$544 thousand, or .74%. Total assets of the governmental activities decreased by \$523 thousand, a .71% decrease from fiscal 2005. Total assets of the business-type activities decreased by \$21,270, or 6.1 % from fiscal 2005.

**Town of Seekonk - Financial Highlights**  
**Condensed Statement of Net Assets**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<u>FY 2006</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2005</u>
<b>Assets:</b>						
Current assets	\$ 12,070,730	\$ 12,787,855	\$ 329,224	\$ 350,494	\$ 12,399,954	\$ 13,138,349
Noncurrent assets (excluding capital)	11,866,884	12,905,997	-	-	11,866,884	12,905,997
Capital assets	48,956,407	47,723,042	-	-	48,956,407	47,723,042
<b>Total assets</b>	<u>72,894,021</u>	<u>73,416,894</u>	<u>329,224</u>	<u>350,494</u>	<u>73,223,245</u>	<u>73,767,388</u>
<b>Liabilities:</b>						
Current liabilities (excluding debt)	4,553,728	2,875,159	28,179	86,085	4,581,907	2,961,244
Noncurrent liabilities (excluding debt)	2,335,815	2,927,726	-	-	2,335,815	2,927,726
Current debt	2,375,714	8,121,404	-	-	2,375,714	8,121,404
Noncurrent debt	38,061,702	34,077,416	-	-	38,061,702	34,077,416
<b>Total liabilities</b>	<u>47,326,959</u>	<u>48,001,705</u>	<u>28,179</u>	<u>86,085</u>	<u>47,355,138</u>	<u>48,087,790</u>
<b>Net Assets:</b>						
Capital assets net of related debt	8,789,163	7,816,596	-	-	8,789,163	7,816,596
Restricted	5,308,170	3,202,767	-	-	5,308,170	3,202,767
Unrestricted	11,469,729	14,395,826	301,045	264,409	11,770,774	14,660,235
<b>Total net assets</b>	<u>\$ 25,567,062</u>	<u>\$ 25,415,189</u>	<u>\$ 301,045</u>	<u>\$ 264,409</u>	<u>\$ 25,868,107</u>	<u>\$ 25,679,598</u>

The governmental activities net assets increased by \$152 thousand during the current fiscal year. This reflects the general fund's results of operations and commitment to maintain the Town's financial position.

**Town of Seekonk - Financial Highlights**  
**Condensed Statement of Activities**

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2006	FY 2005	FY 2006	FY 2005	FY 2006	FY 2005
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for services	\$ 2,460,825	\$ 2,412,980	\$ 904,847	\$ 906,187	\$ 3,365,672	\$ 3,319,167
Operating grants and contributions	7,310,917	7,742,892	-	-	7,310,917	7,742,892
Capital grants and contributions	2,547,042	361,480	-	-	2,547,042	361,480
<i>General Revenues:</i>						
Real Estate and personal property taxes	24,020,915	23,831,713	-	-	24,020,915	23,831,713
Tax Liens	149,135	224,222	-	-	149,135	224,222
Motor vehicle and other excise taxes	2,018,499	1,944,647	-	-	2,018,499	1,944,647
Hotel/Motel Tax	348,463	348,182	-	-	348,463	348,182
Penalties and Interest on Taxes	89,736	84,310	-	-	89,736	84,310
Nonrestricted grants and contributions	1,285,534	1,241,500	-	-	1,285,534	1,241,500
Unrestricted investment income	315,530	196,192	-	-	315,530	196,192
Other revenues	22,465	17,853	-	-	22,465	17,853
<b>Total Revenues</b>	<b>40,569,061</b>	<b>38,405,971</b>	<b>904,847</b>	<b>906,187</b>	<b>41,473,908</b>	<b>39,312,158</b>
<b>Expenses:</b>						
General Government	1,424,095	1,322,968	-	-	1,424,095	1,322,968
Public Safety	4,394,694	4,140,069	-	-	4,394,694	4,140,069
Education	20,839,206	19,323,630	-	-	20,839,206	19,323,630
Public Works	2,263,244	1,536,962	-	-	2,263,244	1,536,962
Human Services	544,780	330,164	-	-	544,780	330,164
Conservation	19,670	18,344	-	-	19,670	18,344
Culture and Recreation	816,003	654,272	-	-	816,003	654,272
Employee Benefits	8,262,908	8,273,569	-	-	8,262,908	8,273,569
State and County Assessments	317,211	290,118	-	-	317,211	290,118
Interest	1,569,377	1,602,730	-	-	1,569,377	1,602,730
Sanitation	-	-	834,211	789,283	834,211	789,283
<b>Total Expenses</b>	<b>40,451,188</b>	<b>37,492,826</b>	<b>834,211</b>	<b>789,283</b>	<b>41,285,399</b>	<b>38,282,109</b>
<b>Transfers</b>	<b>34,000</b>	<b>32,370</b>	<b>(34,000)</b>	<b>(32,370)</b>	<b>-</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>151,873</b>	<b>945,515</b>	<b>36,636</b>	<b>84,534</b>	<b>188,509</b>	<b>1,030,049</b>
<b>Net Assets - beginning</b>	<b>25,415,189</b>	<b>24,469,674</b>	<b>264,409</b>	<b>179,875</b>	<b>25,679,598</b>	<b>24,649,549</b>
<b>Net Assets - ending</b>	<b>\$ 25,567,062</b>	<b>\$ 25,415,189</b>	<b>\$ 301,045</b>	<b>\$ 264,409</b>	<b>\$ 25,868,107</b>	<b>\$ 25,679,598</b>

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

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

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

The general fund is the chief operating fund of the Town. At June 30, 2006, unreserved fund balance of the general fund was \$2,415,467, while the total fund balance was \$2,804,806. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 6.5% of total general fund expenditures, while total fund balance 7.6% of the same amount.

General fund revenues increased by \$2,163,090, and the fund balance of the general fund increased by \$88,192. This result is the product of management's conservative planning and budgeting and the use of unreserved fund balance to maintain the Town's services.

The stabilization fund has accumulated a fund balance of \$412,099, which represents 1.1% of general fund expenditures.

**General Fund Budget Highlights**

There was a \$340,982 changes in total between the original and final budget of the Town approved at Town Meeting. The Town budgeted \$33.621 million in revenues and \$34.944 million in expenses, drawing on transfers (\$1,323 million) to finance the difference.

**Capital Asset and Debt Administration**

**Capital Assets** – In conjunction with the operating budget, the Town annually prepares a capital budget for the upcoming fiscal year.

The Town's investment in capital assets (net of depreciation) for governmental and business-type activities as of June 30, 2006, amounts to \$48,956,407. The investment in capital assets includes land, buildings, capital improvements (other than buildings), machinery and equipment, vehicles, infrastructure, and construction in progress.

The governmental activities capital assets had additions of \$3,327,512 during the current fiscal year. Total depreciation was \$2,094,147, resulting in a net increase to capital assets of \$1,233,365.

	<b>Capital Assets (Net of Depreciation)</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<u>FY 2006</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2005</u>
Land	\$ 4,354,657	\$ 4,354,657	\$ -	\$ -	\$ 4,354,657	\$ 4,354,657
Buildings	33,335,726	34,792,446	-	-	33,335,726	34,792,446
Capital Improvements (other than buildings)	1,751,349	1,657,074	-	-	1,751,349	1,657,074
Machinery and Equipment	1,650,381	1,267,064	-	-	1,650,381	1,267,064
Vehicles	648,016	804,857	-	-	648,016	804,857
Infrastructure	919,910	624,554	-	-	919,910	624,554
Construction in Progress	6,296,368	4,222,390	-	-	6,296,368	4,222,390
<b>Total Capital Assets</b>	<u>\$48,956,407</u>	<u>\$47,723,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$48,956,407</u>	<u>\$47,723,042</u>

**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, 2006, totaled \$40,437,416. Total debt consists of the following:

**Outstanding Debt at Year End**

<b>Governmental Activities</b>	<b>Outstanding June 30, 2006</b>	<b>Outstanding June 30, 2005</b>
MWPAT Sewer Loan	\$ 317,416	\$ 338,820
Municipal Purpose	10,430,000	11,240,000
Municipal Purpose	575,000	875,000
School Construction	22,755,000	23,630,000
Police & Fire Facility	6,360,000	-
<b>Total Governmental Activities</b>	<b>\$ 40,437,416</b>	<b>\$ 36,083,820</b>
<b>Business-type Activities</b>	<b>Outstanding June 30, 2006</b>	<b>Outstanding June 30, 2005</b>
Sanitation	\$ -	\$ -
<b>Total Business-type Activities</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Grand Total All Long-Term Debt</b>	<b>\$ 40,437,416</b>	<b>\$ 36,083,820</b>

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

***Economic Factors and Next Year’s Budget and Rates***

The following factors were considered in preparing the Town’s fiscal year 2007 budget:

- *Wage Settlements*
- *Pension Costs*
- *Health Insurance*

***Request for Information***

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

**TOWN OF SEEKONK, MASSACHUSETTS  
STATEMENT OF NET ASSETS  
JUNE 30, 2006**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b><u>ASSETS</u></b>			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 9,094,625	\$ 283,054	\$ 9,377,679
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	311,003	-	311,003
TAX LIENS	225,067	-	225,067
MOTOR VEHICLE EXCISE TAXES	130,871	-	130,871
USER FEES	5,043	46,170	51,213
DEPARTMENTAL AND OTHER	171,554	-	171,554
INTERGOVERNMENTAL	2,132,567	-	2,132,567
NONCURRENT:			
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
INTERGOVERNMENTAL	11,866,884	-	11,866,884
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	48,956,407	-	48,956,407
<b>TOTAL ASSETS</b>	<b>72,894,021</b>	<b>329,224</b>	<b>73,223,245</b>
<b><u>LIABILITIES</u></b>			
CURRENT:			
ACCOUNTS PAYABLE	1,787,510	28,179	1,815,689
OTHER LIABILITIES	31,178	-	31,178
ACCRUED INTEREST	463,609	-	463,609
CAPITAL LEASE PAYABLE	134,443	-	134,443
BONDS AND NOTES PAYABLE	2,375,714	-	2,375,714
LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS	1,870,000	-	1,870,000
COMPENSATED ABSENCES	266,988	-	266,988
NONCURRENT:			
CAPITAL LEASE PAYABLE	95,178	-	95,178
BONDS AND NOTES PAYABLE	38,061,702	-	38,061,702
LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS	1,540,000	-	1,540,000
COMPENSATED ABSENCES	700,637	-	700,637
<b>TOTAL LIABILITIES</b>	<b>47,326,959</b>	<b>28,179</b>	<b>47,355,138</b>
<b><u>NET ASSETS</u></b>			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	8,789,163	-	8,789,163
RESTRICTED FOR:			
STREETS	2,069,050	-	2,069,050
PERMANENT FUNDS:			
EXPENDABLE	101,500	-	101,500
NONEXPENDABLE	231,503	-	231,503
OTHER PURPOSES	2,906,117	-	2,906,117
UNRESTRICTED	11,469,729	301,045	11,770,774
<b>TOTAL NET ASSETS</b>	<b>\$ 25,567,062</b>	<b>\$ 301,045</b>	<b>\$ 25,868,107</b>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2006**

<b><u>FUNCTIONS/PROGRAMS</u></b>	<b><u>EXPENSES</u></b>	<b><u>PROGRAM REVENUES</u></b>			<b><u>NET (EXPENSE) REVENUE</u></b>
		<b><u>CHARGES FOR SERVICES</u></b>	<b><u>OPERATING GRANTS AND CONTRIBUTIONS</u></b>	<b><u>CAPITAL GRANTS AND CONTRIBUTIONS</u></b>	
<b>PRIMARY GOVERNMENT:</b>					
<b>GOVERNMENTAL ACTIVITIES:</b>					
GENERAL GOVERNMENT	\$ 1,424,095	\$ 256,607	\$ 471	\$ -	\$ (1,167,017)
PUBLIC SAFETY	4,394,694	907,662	307,119	591,986	(2,587,927)
EDUCATION	20,839,206	980,037	4,046,341	1,256,469	(14,556,359)
PUBLIC WORKS	2,263,244	56,790	120,010	683,464	(1,402,980)
HUMAN SERVICES	544,780	186,046	33,370	15,123	(310,241)
CONSERVATION	19,670	-	-	-	(19,670)
CULTURE & RECREATION	816,003	73,683	46,442	-	(695,878)
EMPLOYEE BENEFITS	8,262,908	-	2,757,164	-	(5,505,744)
STATE & COUNTY ASSESSMENTS	317,211	-	-	-	(317,211)
INTEREST	1,569,377	-	-	-	(1,569,377)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>40,451,188</b>	<b>2,460,825</b>	<b>7,310,917</b>	<b>2,547,042</b>	<b>(28,132,404)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>					
NON-MAJOR	834,211	904,847	-	-	70,636
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>834,211</b>	<b>904,847</b>	<b>-</b>	<b>-</b>	<b>70,636</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 41,285,399</b>	<b>\$ 3,365,672</b>	<b>\$ 7,310,917</b>	<b>\$ 2,547,042</b>	<b>\$ (28,061,768)</b>

See accompanying notes to the basic financial statements

(continued)

**TOWN OF SEEKONK, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2006**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>CHANGES IN NET ASSETS:</b>			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (28,132,404)	\$ 70,636	\$ (28,061,768)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	24,020,915	-	24,020,915
TAX LIENS	149,135	-	149,135
MOTOR VEHICLE AND OTHER EXCISE TAXES	2,018,499	-	2,018,499
HOTEL/MOTEL TAX	348,463	-	348,463
PENALTIES AND INTEREST ON TAXES	89,736	-	89,736
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	1,285,534	-	1,285,534
UNRESTRICTED INVESTMENT INCOME	315,530	-	315,530
MISCELLANEOUS	22,465	-	22,465
TRANSFERS, NET	34,000	(34,000)	-
TOTAL GENERAL REVENUES AND TRANSFERS	28,284,277	(34,000)	28,250,277
CHANGE IN NET ASSETS	151,873	36,636	188,509
<b>NET ASSETS:</b>			
<b>BEGINNING OF YEAR</b>	25,415,189	264,409	25,679,598
<b>END OF YEAR</b>	\$ 25,567,062	\$ 301,045	\$ 25,868,107

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF SEEKONK, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2006**

<b>ASSETS</b>	<b>GENERAL</b>	<b>NONMAJOR GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
CASH AND SHORT-TERM INVESTMENTS	\$ 4,591,576	\$ 4,503,049	\$ 9,094,625
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	311,003	-	311,003
TAX LIENS	225,067	-	225,067
MOTOR VEHICLE EXCISE TAXES	130,871	-	130,871
USER FEES	5,043	-	5,043
DEPARTMENTAL AND OTHER	8,233	163,321	171,554
INTERGOVERNMENTAL	12,905,997	1,093,454	13,999,451
<b>TOTAL ASSETS</b>	<b>\$ 18,177,790</b>	<b>\$ 5,759,824</b>	<b>\$ 23,937,614</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
LIABILITIES:			
ACCOUNTS PAYABLE	1,755,592	31,918	1,787,510
OTHER LIABILITIES	31,178	-	31,178
DEFERRED REVENUES	13,586,214	1,184,089	14,770,303
<b>TOTAL LIABILITIES</b>	<b>15,372,984</b>	<b>1,216,007</b>	<b>16,588,991</b>
FUND BALANCES:			
RESERVED FOR:			
ENCUMBRANCES AND CONTINUING APPROPRIATIONS	389,339	-	389,339
PERPETUAL PERMANENT FUNDS	-	231,503	231,503
UNRESERVED			
DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES	90,000	-	90,000
UNDESIGNATED, REPORTED IN:			
GENERAL FUND	2,325,467	-	2,325,467
SPECIAL REVENUE FUNDS	-	3,940,642	3,940,642
CAPITAL PROJECTS FUNDS	-	270,172	270,172
PERMANENT FUNDS	-	101,500	101,500
<b>TOTAL FUND BALANCES</b>	<b>2,804,806</b>	<b>4,543,817</b>	<b>7,348,623</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 18,177,790</b>	<b>\$ 5,759,824</b>	<b>\$ 23,937,614</b>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED JUNE 30, 2006**

	<u>GENERAL</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b><u>REVENUES:</u></b>			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 24,242,059	\$ -	\$ 24,242,059
MOTOR VEHICLE AND OTHER EXCISE TAXES	2,048,599	-	2,048,599
INTERGOVERNMENTAL	9,464,570	2,045,476	11,510,046
HOTEL/MOTEL OCCUPANCY TAX	348,463	-	348,463
PENALTIES & INTEREST ON TAXES	89,736	-	89,736
CHARGES FOR SERVICES	-	1,312,800	1,312,800
INVESTMENT INCOME	287,146	61,344	348,490
CONTRIBUTIONS & DONATIONS	-	54,014	54,014
DEPARTMENTAL AND OTHER	995,142	422,229	1,417,371
	<u>37,475,715</u>	<u>3,895,863</u>	<u>41,371,578</u>
TOTAL REVENUES			
<b><u>EXPENDITURES:</u></b>			
CURRENT:			
GENERAL GOVERNMENT	1,387,449	15,044	1,402,493
PUBLIC SAFETY	4,037,023	2,956,124	6,993,147
EDUCATION	17,346,760	1,876,905	19,223,665
PUBLIC WORKS	826,840	365,590	1,192,430
HUMAN SERVICES	434,194	110,586	544,780
CONSERVATION	19,670	-	19,670
CULTURE & RECREATION	635,917	128,695	764,612
EMPLOYEE BENEFITS	8,299,226	1,054	8,300,280
STATE & COUNTY ASSESSMENTS	317,211	-	317,211
DEBT SERVICE			
PRINCIPAL	2,085,208	-	2,085,208
INTEREST	1,655,756	-	1,655,756
	<u>37,045,254</u>	<u>5,453,998</u>	<u>42,499,252</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	430,461	(1,558,135)	(1,127,674)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
PROCEEDS FROM BONDS AND NOTES	-	6,360,000	6,360,000
OPERATING TRANSFERS IN	369,148	711,417	1,080,565
OPERATING TRANSFERS OUT	(711,417)	(335,148)	(1,046,565)
	<u>(342,269)</u>	<u>6,736,269</u>	<u>6,394,000</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	88,192	5,178,134	5,266,326
FUND BALANCES AT BEGINNING OF YEAR	<u>2,716,614</u>	<u>(634,317)</u>	<u>2,082,297</u>
FUND BALANCES AT END OF YEAR	<u>\$ 2,804,806</u>	<u>\$ 4,543,817</u>	<u>\$ 7,348,623</u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS  
FISCAL YEAR ENDED JUNE 30, 2006**

<b>TOTAL GOVERNMENTAL FUND BALANCES</b>	\$ 7,348,623
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS	48,956,407
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS	14,770,303
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE	(463,609)
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	(40,437,416)
CAPITAL LEASE PAYABLE	(229,621)
COMPENSATED ABSENCES	(967,625)
LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS	<u>(3,410,000)</u>
NET EFFECT OF REPORTING LONG-TERM LIABILITIES	<u>(45,044,662)</u>
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 25,567,062</u></b>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2006**

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>		<b>\$ 5,266,326</b>
<p>GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE.</p>		
CAPITAL OUTLAY	3,327,512	
DEPRECIATION EXPENSE	<u>(2,094,147)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		1,233,365
<p>REVENUES IN THE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE FULLY DEFERRED IN THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES. THEREFORE, THE RECOGNITION OF REVENUE FOR VARIOUS TYPES OF ACCOUNTS RECEIVABLE (I.E. REAL ESTATE AND PERSONAL PROPERTY, MOTOR VEHICLE EXCISE, ETC.) DIFFER BETWEEN THE TWO STATEMENTS. THIS AMOUNT REPRESENTS THE NET CHANGE IN DEFERRED REVENUE</p>		
		(802,517)
<p>THE ISSUANCE OF LONG-TERM DEBT (E.G., BONDS) PROVIDES CURRENT FINANCIAL RESOURCES TO GOVERNMENTAL FUNDS, WHILE THE REPAYMENT OF THE PRINCIPAL OF LONG-TERM DEBT CONSUMES THE FINANCIAL RESOURCES OF GOVERNMENTAL FUNDS. NEITHER TRANSACTION, HOWEVER, HAS ANY EFFECT ON NET ASSETS. ALSO, GOVERNMENTAL FUNDS REPORT THE EFFECT OF ISSUANCE COSTS, PREMIUMS, DISCOUNTS, AND SIMILAR ITEMS WHEN DEBT IS FIRST ISSUED, WHEREAS THESE AMOUNTS ARE DEFERRED AND AMORTIZED IN THE STATEMENT OF ACTIVITIES.</p>		
PROCEEDS FROM BONDS AND NOTES	(6,360,000)	
DEBT SERVICE PRINCIPAL PAYMENTS	<u>2,006,404</u>	
NET EFFECT OF REPORTING LONG-TEM DEBT		(4,353,596)
<p>SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS.</p>		
NET CHANGE IN COMPENSATED ABSENCES ACCRUAL	37,372	
NET CHANGE IN CAPITAL LEASES	4,544	
NET CHANGE IN LANDFILL CLOSURE AND POSTCLOSURE CARE ACCRUAL	(1,320,000)	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>86,379</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>(1,191,705)</u>
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>		<b>\$ 151,873</b>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGETARY AMOUNTS</u>	<u>VARIANCE OVER(UNDER)</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>		
<b>REVENUES:</b>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 23,959,078	\$ 23,959,078	\$ 24,242,059	\$ 282,981
MOTOR VEHICLE AND OTHER EXCISE TAXES	1,671,640	1,671,640	2,048,599	376,959
PENALTIES & INTEREST ON TAXES	84,310	84,310	89,736	5,426
INTERGOVERNMENTAL	6,694,871	6,694,871	6,703,224	8,353
HOTEL/MOTEL OCCUPANCY TAX	230,531	230,531	348,463	117,932
INVESTMENT INCOME	78,656	78,656	287,146	208,490
DEPARTMENTAL AND OTHER	902,826	902,826	995,142	92,316
<b>TOTAL REVENUES</b>	<u>33,621,912</u>	<u>33,621,912</u>	<u>34,714,369</u>	<u>1,092,457</u>
<b>EXPENDITURES:</b>				
CURRENT:				
GENERAL GOVERNMENT	1,499,403	1,546,358	1,428,474	117,884
PUBLIC SAFETY	3,952,820	4,189,473	4,056,980	132,493
EDUCATION	17,187,177	17,187,177	17,187,594	(417)
PUBLIC WORKS	791,429	861,508	820,072	41,436
HUMAN SERVICES	407,940	468,040	455,113	12,927
CONSERVATION	19,323	20,951	19,670	1,281
CULTURE & RECREATION	653,251	663,085	646,366	16,719
EMPLOYEE BENEFITS	6,054,849	5,970,582	5,553,003	417,579
STATE & COUNTY ASSESSMENTS	306,717	306,717	317,211	(10,494)
DEBT SERVICE:				
PRINCIPAL	2,085,204	2,085,204	2,085,208	(4)
INTEREST	1,645,808	1,645,808	1,640,633	5,175
<b>TOTAL EXPENDITURES</b>	<u>34,603,921</u>	<u>34,944,903</u>	<u>34,210,324</u>	<u>734,579</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(982,009)</u>	<u>(1,322,991)</u>	<u>504,045</u>	<u>1,827,036</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
OPERATING TRANSFERS IN	369,148	369,148	369,148	-
OPERATING TRANSFERS OUT	-	(711,417)	(711,417)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>369,148</u>	<u>(342,269)</u>	<u>(342,269)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(612,861)	(1,665,260)	161,776	1,827,036
<b>BUDGETARY FUND BALANCE, BEGINNING OF YEAR</b>	<u>2,219,267</u>	<u>2,219,267</u>	<u>2,219,267</u>	<u>-</u>
<b>BUDGETARY FUND BALANCE, END OF YEAR</b>	<u>\$ 1,606,406</u>	<u>\$ 554,007</u>	<u>\$ 2,381,043</u>	<u>\$ 1,827,036</u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2006**

	<b>BUSINESS-TYPE ACTIVITIES</b>
<b><u>ASSETS</u></b>	<b>NON MAJOR ENTERPRISE FUND</b>
CURRENT:	
CASH AND SHORT-TERM INVESTMENTS	\$ 283,054
USER FEES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:	46,170
TOTAL ASSETS	329,224
 <b><u>LIABILITIES</u></b>	
CURRENT:	
ACCOUNTS PAYABLE	28,179
TOTAL LIABILITIES	28,179
 <b><u>NET ASSETS</u></b>	
UNRESTRICTED	301,045
TOTAL NET ASSETS	\$ 301,045

**See accompanying notes to the basic financial statements**

**TOWN OF SEEKONK, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 FISCAL YEAR ENDED JUNE 30, 2006**

	<b>BUSINESS-TYPE ACTIVITIES</b>
	<b>NON MAJOR ENTERPRISE FUND</b>
<b><u>OPERATING REVENUES:</u></b>	
CHARGES FOR SERVICES	\$ 904,847
TOTAL OPERATING REVENUES	904,847
<b><u>OPERATING EXPENSES:</u></b>	
GENERAL SERVICES	834,211
TOTAL OPERATING EXPENSES	834,211
OPERATING INCOME (LOSS)	70,636
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>	-
INCOME (LOSS) BEFORE OPERATING TRANSFERS	70,636
<b><u>OPERATING TRANSFERS:</u></b>	
OPERATING TRANSFERS OUT	(34,000)
TOTAL OPERATING TRANSFERS	(34,000)
<b>CHANGE IN NET ASSETS</b>	36,636
<b>NET ASSETS AT BEGINNING OF YEAR</b>	264,409
<b>NET ASSETS AT END OF YEAR</b>	\$ 301,045

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FISCAL YEAR ENDED JUNE 30, 2006**

	<b>BUSINESS-TYPE ACTIVITIES NON MAJOR ENTERPRISE FUND</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>	
RECEIPTS FROM CUSTOMERS AND USERS	\$ 905,509
PAYMENTS TO SUPPLIERS	(810,468)
PAYMENTS TO EMPLOYEES	(81,648)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	13,393
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>	
OPERATING TRANSFERS OUT	(34,000)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(34,000)
NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	(20,607)
<b>CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR</b>	303,661
<b>CASH AND SHORT TERM INVESTMENTS - END OF YEAR</b>	\$ 283,054
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS)</u></b>	
<b><u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>	
<b>OPERATING INCOME (LOSS)</b>	\$ 70,636
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)	
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	662
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	(57,905)
TOTAL ADJUSTMENTS	(57,243)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	\$ 13,393

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2006**

	<u>PRIVATE PURPOSE TRUST FUNDS</u>	<u>AGENCY FUNDS</u>
<b><u>ASSETS</u></b>		
CASH AND SHORT-TERM INVESTMENTS	<u>\$ 56,787</u>	<u>\$ 533,778</u>
<b><u>LIABILITIES</u></b>		
ACCOUNTS PAYABLE	-	6,227
OTHER LIABILITIES	<u>-</u>	<u>527,551</u>
TOTAL LIABILITIES	<u>-</u>	<u>533,778</u>
<b><u>NET ASSETS</u></b>		
HELD IN TRUST FOR OTHER PURPOSES	<u>\$ 56,787</u>	<u>\$ -</u>

**See accompanying notes to the basic financial statements**

**TOWN OF SEEKONK, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FISCAL YEAR ENDED JUNE 30, 2006**

	<u>PRIVATE PURPOSE TRUST FUNDS</u>
<b><u>ADDITIONS:</u></b>	
CONTRIBUTIONS:	
PRIVATE DONATIONS	\$ 2,000
NET INVESTMENT INCOME (LOSS):	
INVESTMENT INCOME	<u>1,968</u>
TOTAL ADDITIONS	<u>3,968</u>
<b><u>DEDUCTIONS:</u></b>	
EDUCATIONAL SCHOLARSHIPS	<u>1,000</u>
CHANGE IN NET ASSETS	2,968
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>53,819</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 56,787</u></u>

**See accompanying notes to the basic financial statements**

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

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

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

**A. Reporting Entity**

Primary Government

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

Joint Venture

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

Name	Purpose	Address	Annual Assessment
Tri-County Regional Vocational-Technical School	To provide vocational education services for grades 9-12	147 Pond Street Franklin, MA 02038	\$ 822,758

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. The Town has an equity interest of approximately 9.48% in the joint venture.

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

*Major Fund Criteria*

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

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

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

Fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

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

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

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

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

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

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

*Fund Financial Statements*

***Governmental Fund Financial Statements***

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

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

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

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

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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The Town reports the following major governmental funds:

- The *General fund* is the primary operating fund of the Town. It is used to account for all financial resources, except those that are required to be accounted for in another fund.
- The *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 as reported:

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

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

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**Fiduciary Fund Financial Statements**

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

The following fiduciary fund types are reported:

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

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

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

**D. Cash and Investments**

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

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

**E. Accounts Receivable**

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

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

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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*Real Estate, Personal Property Taxes and Tax Liens*

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

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

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

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

*Motor Vehicle Excise*

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

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

*Departmental and Other*

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

*Intergovernmental*

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

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

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

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**F. Inventories**

*Government-Wide and Fund Financial Statements*

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

**G. Capital Assets**

*Government-Wide and Proprietary Fund Financial Statements*

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

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

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

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

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

*Governmental Fund Financial Statements*

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

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**H. Interfund Receivables and Payables**

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

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

**I. Interfund Transfers**

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

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

**J. Deferred Revenue**

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

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

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**K. Net Assets and Fund Equity**

*Government-Wide Financial Statements (Net Assets)*

Net assets are classified into three components:

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

Net assets have been “restricted” for the following:

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

*Fund Financial Statements (Fund Balances)*

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

Fund balances have been reserved for the following:

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

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

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Fund balances have been designated for the following:

- *Subsequent year's expenditures* represents amounts appropriated for the fiscal year 2007 operating budget.
- b. *Undesignated fund balances* – all other fund balances that do not meet the definition of “reserved” or “designated.”

**L. Long-term debt**

*Government-Wide and Proprietary Fund Financial Statements*

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net assets. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The proprietary fund has no long-term debt outstanding as of June 30, 2006.

*Governmental Fund Financial Statements*

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

**M. Investment Income**

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

**N. Compensated Absences**

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

*Government-Wide Financial Statements*

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

*Governmental Fund Financial Statements*

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2006 is recorded in the governmental fund financial statement.

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**O. Post Retirement Benefits**

*Government-Wide and Fund Financial Statements*

In addition to providing pension benefits, health and life insurance coverage is provided for retired employees and their survivors in accordance with, Chapter 32B, of Massachusetts General Laws, under various contributory plans. The cost of providing health and life insurance is recognized by recording the employer's 50% share of insurance premiums in the general fund in the fiscal year paid. All benefits are provided through third-party insurance carriers and health maintenance organizations that administer, assume, and pay all claims. For the fiscal year ended June 30, 2006, this expense/expenditure totaled approximately \$726,629. There were approximately 232 participants eligible to receive benefits at June 30, 2006.

**P. Use of Estimates**

*Government-Wide and Fund Financial Statements*

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

**Q. Total Column**

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

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

*A. Budgetary Basis of Accounting*

Pursuant to Chapter 44, Section 32 of the Massachusetts General Laws, the Town adopts an annual budget for the general fund as well as for those special revenue funds for which the provisions of Chapter 44, Section 53f1/2 have been adopted. The budgets for all departments and operations of the Town, except that of the public schools, are prepared under the direction of the Town Administrator. The School Department budget is prepared under the direction of the School Committee. The level of expenditures may not legally exceed appropriations for each department or undertaking in the following categories: (1) salaries and wages; (2) ordinary maintenance; and (3) capital outlays.

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

Original and supplemental appropriations are enacted upon by a Town Meeting vote. Management may not amend the budget without seeking the approval of the governing body. The Town's Finance Committee can legally transfer funds from its reserve fund to other appropriations within the budget without seeking Town Meeting approvals. The original fiscal year 2006 approved budget authorized \$34,603,921 in current year appropriations and other amounts to be raised. Supplemental appropriations of \$340,982 were approved at two Special Town Meetings during fiscal year 2006.

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

*B. Budgetary – GAAP Reconciliation*

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2006, is presented below:

Net change in fund balance - budgetary basis	\$ 161,776
Basis of accounting differences:	
Increase in revenue for on-behalf payments - MTRS	2,746,223
Increase in expenditures for on-behalf payments - MTRS	(2,746,223)
Adjustment for encumbrances and continuing appropriations	369,257
Increase in revenue for the MWPAT subsidy	15,123
Increase in expenditures for the MWPAT subsidy	(15,123)
Adjustment for expenditures from prior year authorizations	<u>(442,841)</u>
Net change in fund balance - GAAP basis	<u>\$ 88,192</u>

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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*C. Deficit Fund Balances*

Several individual fund deficits exist within the special revenue and capital projects funds. These individual deficits will be eliminated through subsequent fiscal year budget transfers, grants and proceeds of long-term debt during fiscal year 2007.

**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.

*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. The Town carries deposits that are fully insured by FDIC insurance, DIF insurance or collateralized with securities held by the Town or the Town's agent in the Town's name. The Town also carries deposits that are not collateralized and are uninsured. As of June 30, 2006, the bank balances of uninsured and uncollateralized deposits are \$3,767,403.

*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.

**TOWN OF SEEKONK, MASSACHUSETTS**  
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The Town did not hold or own any fixed income securities as of June 30, 2006.

*Custodial Credit Risk – Investments*

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 does not have an investment policy for custodial credit risk.

*Credit Risk*

The Town has not adopted a formal policy related to Credit Risk.

**NOTE 4 – RECEIVABLES**

The receivables at June 30, 2006 for the Town’s individual major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate and personal property taxes	\$ 356,927	\$ (45,924)	\$ 311,003
Tax liens	225,067	-	225,067
Motor vehicle and other excise taxes	282,867	(151,996)	130,871
Departmental and other	835,110	(663,556)	171,554
Intergovernmental	13,999,451	-	13,999,451
User Fees	5,043	-	5,043
 Total	 <u>\$ 15,704,465</u>	 <u>\$ (861,476)</u>	 <u>\$ 14,842,989</u>

The receivables at June 30, 2006, for the sanitation enterprise fund consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Sanitation</i>			
User fees	<u>\$ 46,170</u>	<u>\$ -</u>	<u>\$ 46,170</u>

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

Deferred Revenue Analysis

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Receivable Type:	General Fund	Nonmajor Governmental Funds	Total
Property Taxes	\$ 311,003	\$ -	\$ 311,003
Tax Liens	225,067	-	225,067
Motor vehicle excise taxes	130,871	-	130,871
Departmental and other	8,233	149,564	157,797
User fees	5,043	-	5,043
Intergovernmental	12,905,997	1,034,525	13,940,522
Total	<u>\$ 13,586,214</u>	<u>\$ 1,184,089</u>	<u>\$ 14,770,303</u>

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

<u>Governmental Activities:</u>	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land	\$ 4,354,657	\$ -	\$ -	\$ 4,354,657
Construction in progress	4,222,390	2,073,978	-	6,296,368
Total capital assets not being depreciated	8,577,047	2,073,978	-	10,651,025
<u>Capital assets being depreciated:</u>				
Buildings and improvements	47,715,185	-	-	47,715,185
Capital improvements (other than buildings)	2,098,286	199,545	-	2,297,831
Machinery and equipment	2,418,378	560,185	-	2,978,563
Vehicles	4,115,883	142,208	-	4,258,091
Infrastructure	15,913,187	351,596	-	16,264,783
Total capital assets being depreciated	72,260,919	1,253,534	-	73,514,453
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	(12,922,739)	(1,456,720)	-	(14,379,459)
Capital improvements (other than buildings)	(441,212)	(104,437)	-	(545,649)
Machinery and equipment	(1,151,314)	(734,719)	-	(1,886,033)
Vehicles	(3,311,026)	(279,495)	-	(3,590,521)
Infrastructure	(15,288,633)	(24,176)	-	(15,312,809)
Total accumulated depreciation	(33,114,924)	(2,599,547)	-	(35,714,471)
Total capital assets being depreciated, net	39,145,995	(1,346,013)	-	37,799,982
Total governmental activities capital assets, net	\$ 47,723,042	\$ 727,965	\$ -	\$ 48,451,007

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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<u>Business-Type Activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Capital assets being depreciated:</u>				
Vehicles	\$ 202,000	\$ -	\$ -	\$ 202,000
Total capital assets being depreciated	202,000	-	-	202,000
<u>Less accumulated depreciation for:</u>				
Vehicles	(202,000)	-	-	(202,000)
Total accumulated depreciation	(202,000)	-	-	(202,000)
Total capital assets being depreciated, net	-	-	-	-
Total business-type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

<u>Governmental Activities:</u>	
General government	\$ 21,602
Public safety	716,216
Education	1,739,993
Public works	70,345
Human services	
Culture and recreation	<u>51,391</u>
Total depreciation expense - governmental activities	<u>\$ 2,599,547</u>

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 6 – CAPITAL LEASES**

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

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

	Governmental Activities
Assets:	
Vehicles	\$ 583,446
Less: Accumulated depreciation	(185,559)
	\$ 397,887

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2006, are as follows:

Year Ending June 30		Governmental Activities
	2007	\$ 145,201
	2008	66,397
	2009	35,552
Total minimum lease payments		247,150
Less: amount representing interest		(17,529)
Present value of minimum lease payments		\$ 229,621

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

Interfund transfers for the fiscal year ended June 30, 2006, are summarized as follows:

	Operating Transfers In:		
Operating Transfers Out:	General Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 711,417	\$ 711,417 (3)
Nonmajor Governmental Funds	335,148	-	335,148 (1)
Sanitation Enterprise Fund	34,000	-	34,000 (2)
Total	\$ 369,148	\$ 711,417	\$ 1,080,565

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

**TOWN OF SEEKONK, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 8 – SHORT-TERM FINANCING**

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

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

Short-term loans are general obligations of the Town and maturity dates are governed by statute. Interest expenditures 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, 2006:

Type	Purpose	Rate %	Due Date	Balance at June 30, 2005	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2006
BAN	Police/Fire Station	Var	08/19/05	\$ 3,000,000	\$ -	\$ (3,000,000)	\$ -
BAN	Police/Fire Station	3.00	08/19/05	<u>3,115,000</u>	<u>-</u>	<u>(3,115,000)</u>	<u>-</u>
	Total Governmental Funds			<u>\$ 6,115,000</u>	<u>\$ -</u>	<u>\$ (6,115,000)</u>	<u>\$ -</u>

**TOWN OF SEEKONK, MASSACHUSETTS**  
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**NOTE 9 – LONG-TERM DEBT**

The Town is subject to a dual-level, general debt limit: the normal debt limit and the double debt limit. Such limits are equal to 5% and 10%, respectively, of the valuation of taxable property in the Town as last equalized by the Commonwealth's Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit however require the approval of the Commonwealth's Emergency Finance Board. Additionally, there are many categories of general long-term debt which are exempt from the debt limit but are subject to other limitations.

The following is a summary of the changes in long-term debt for the year ended June 30, 2006:

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

Project	Interest Rate (%)	Outstanding at June 30, 2005	Issued	Redeemed	Outstanding at June 30, 2006
MWPAT Sewer Loan	Var.	\$ 338,820	\$ -	\$ 21,404	\$ 317,416
Municipal Purpose	Var.	11,240,000	-	810,000	10,430,000
Municipal Purpose	1.89	875,000	-	300,000	575,000
School Construction	4.03	23,630,000	-	875,000	22,755,000
Police & Fire Facility	3.77	-	6,360,000	-	6,360,000
<b>Total</b>		<b>\$ 36,083,820</b>	<b>\$ 6,360,000</b>	<b>\$ 2,006,404</b>	<b>\$ 40,437,416</b>

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2006 are as follows:

Fiscal Year	Principal	Interest	Total
2007	\$ 2,375,714	\$ 1,620,291	\$ 3,996,005
2008	2,390,714	1,529,564	3,920,278
2009	2,145,714	1,447,605	3,593,319
2010	2,175,714	1,364,534	3,540,248
2011	2,210,714	1,277,088	3,487,802
2012-2016	11,689,025	4,976,986	16,666,011
2017-2021	11,186,570	2,497,622	13,684,192
2022-2025	6,263,251	480,968	6,744,219
<b>Total</b>	<b>\$ 40,437,416</b>	<b>\$ 15,194,658</b>	<b>\$ 55,632,074</b>

**TOWN OF SEEKONK, MASSACHUSETTS**  
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**Massachusetts School Building Authority Reimbursements**

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

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

The Town has been approved for 70% percent state school construction grants through the Massachusetts School Building Authority (MSBA) to cover eligible project costs, including debt service associated with the financing of these projects, subject to annual appropriation by the state legislature. The Town received \$2,295,582 in FY 2006 from the MSBA for completed school construction projects.

**Changes in Long-term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2006:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 36,083,820	\$ 6,360,000	\$ (2,006,404)	\$ 40,437,416	\$ 2,375,714
Compensated absences	1,004,997	23,469	-	1,028,466	273,702
Landfill closure and postclosure care costs	2,090,000	1,355,000	(35,000)	3,410,000	1,870,000
Capital lease payable	234,165	133,358	(137,902)	229,621	134,443
Total governmental activities long-term liabilities	<u>\$ 39,412,982</u>	<u>\$ 7,871,827</u>	<u>\$ (2,179,306)</u>	<u>\$ 45,105,503</u>	<u>\$ 4,653,859</u>

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

**TOWN OF SEEKONK, MASSACHUSETTS**  
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**NOTE 10 – 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 2006.

The Town has two contributory health care options for its employees and retirees. There are 530 employees and retirees who participate in the Town's health care programs. The Town contributes 75% of the premium costs for active employees and 50% for retirees for both health care options.

**NOTE 11 – PENSION PLANS**

*A. Plan Descriptions*

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

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

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

**TOWN OF SEEKONK, MASSACHUSETTS**  
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*B. Funding Policies*

Bristol County Contributory Retirement System

Plan members are required to contribute to the "System" at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the "System", its share of the remaining system-wide, actuarially determined, contribution plus administration costs, which are apportioned among the employers, based on active covered payroll. The Commonwealth of Massachusetts reimburses the "system" for a portion of the benefit payments for the cost of living increases. The contributions to the "System" for years ended June 30, 2006, 2005, and 2004 were \$1,164,508, \$1,054,023, and \$860,210 respectively, which were equal to its required contributions for each of these years.

Massachusetts Teachers' Retirement System

Plan members (at varying rates of annual covered compensation) and the Commonwealth of Massachusetts fund contributions to the MTRS. The Commonwealth of Massachusetts contributed "on-behalf" payments to the MTRS totaling \$2,746,223 for fiscal year 2006. In accordance with GASB Statement No. 24, these on-behalf" payments have been recorded in the general fund as intergovernmental revenues and pension expenditures.

**NOTE 12 – 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, 2006, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is believed the amount, if any, would not be material.

The Town has three landfills that are no longer in operation. Two of the landfills have been capped and the third has a liner. The Town is responsible for capping the third landfill and post-closure monitoring of each landfill site for up to thirty years (23 years remaining for the two capped landfills). The estimated liability has been recorded in the Statement of Net Assets, Governmental Activities. The \$3,410,000 reported as landfill closure and post-closure liability at June 30, 2006 is based on what it would cost to perform all closure and post-closure care at June 30, 2006. 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, 2006, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2006.

**TOWN OF SEEKONK, MASSACHUSETTS**  
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**NOTE 13 – PRIOR PERIOD ADJUSTMENT – FUND RECLASSIFICATION**

The following governmental funds and proprietary funds have been restated to reflect the reclassification of the internal service fund from the proprietary fund to the Nonmajor governmental funds and the public safety building fund from the major governmental fund to the Nonmajor governmental funds at June 30, 2005.

Description	Nonmajor Governmental Funds	Public Safety Building	Internal Service Fund
Governmental and Proprietary fund balances at June 30, 2005, as previously reported	\$ 2,887,836	\$ (4,210,352)	\$ 688,199
To reclassify funds from the Internal Service fund to the Nonmajor Governmental Funds	688,199	-	(688,199)
To reclassify funds from the Major Public Safety Building fund to the Nonmajor Governmental Funds	<u>(4,210,352)</u>	<u>4,210,352</u>	<u>          </u>
Governmental and Proprietary fund balances at June 30, 2005, as restated	<u>\$ (634,317)</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWN OF SEEKONK, MASSACHUSETTS**  
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**NOTE 14 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During fiscal year 2006, the following GASB pronouncements were implemented:

GASB issued Statement #42, *Accounting and Financial Reporting for Implementation of Capital Assets and for Insurance Recoveries*, which is required to be implemented in Fiscal 2006. This pronouncement did not impact the basic financial statements.

GASB issued Statement #44, *Economic Condition Reporting: The Statistical Section*, which is required to be implemented in Fiscal 2006. This new GASB establishes and modifies requirements related to supplementary information presented in a statistical section. This pronouncement did not impact the basic financial statements.

GASB issued Statement #46, *Net Assets Restricted by Legislation an amendment of GASB Statement No. 34*. This Statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government-such as citizens, public interest groups, or the judiciary-can compel a government to honor. It requires governments to disclose the portion of total net assets that is restricted by enabling legislation. This pronouncement did not impact the basic financial statements.

The GASB issued Statement #48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* which is required to be implemented in FY2008. Management has elected to implement this GASB early. This pronouncement did not impact the basic financial statements.

*Other Future GASB Pronouncements:*

The GASB issued Statement #43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in Fiscal 2008. Since there is no legally established separate trust for the postemployment benefit plan this pronouncement will not impact the basic financial statements.

The GASB issued Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which is required to be implemented in Fiscal 2009. Management believes this pronouncement will require additional disclosure and impact the basic financial statements.