



Town of Hingham, Massachusetts



**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014**

On the Cover: The Hingham Middle School

After two years of construction, the new Hingham Middle School opened in September 2014 welcoming 1,022 students in grades 6-8. The new school replaces a 30% smaller building that could no longer adequately serve Hingham's growing enrollment and evolving curricular needs.

Originally built in 1962 as South Junior High School serving grades 7-9, the recently demolished old middle school building became Hingham's only intermediate level facility bridging elementary and high school when Central Junior High School, now the site of Hingham's Town Hall, closed in 1989 as a result of a failed override at a time of decreasing enrollment. For several years in the early 1990s, after 9th graders began attending the High School and before overcrowding at the elementary level saw 6th graders move up permanently, the old Middle School housed grades 7-8.

Developed under the Massachusetts School Building Authority's Model School Program, the new Hingham Middle School incorporates high-performance and quality design, cost-conscious construction, the inclusion of green, energy-efficient and sustainable features, and state-of-the-art technology and operating systems that will yield ease of use and maintenance and earn LEED silver certification. The project is expected to be completed on time and millions under budget while receiving MSBA reimbursement of nearly 44%. Hingham's strong financial position, favorable interest rates and sound project management contributed to significantly reduce the cost to Hingham taxpayers to well below the appropriation and associated debt exclusion approved by Hingham voters in October 2011.



TOWN OF HINGHAM, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2014

Prepared by:

**Accounting Department
Town Accountant
Susan M. Nickerson**

TOWN OF HINGHAM, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2014

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Introductory Section



**Town of Hingham, Massachusetts
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014**

Introductory Section

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TOWN OF HINGHAM

OFFICE OF SELECTMEN

Irma H. Lauter, Chairman
Paul K. Healey
Paul J. Gannon



Ted C. Alexiades
Town Administrator

Letter of Transmittal

November 12, 2014

To the Citizens of the Town of Hingham, Massachusetts:

The Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2014 for the Town of Hingham, Massachusetts is hereby submitted for your consideration.

State law requires the Town of Hingham to publish at the close of each year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed to both protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. As management, we assert that this financial report is complete and reliable in all material respects.

The CAFR is designed to be used by the elected and appointed officials of Hingham in addition to those entities concerned with the Town's management and development including credit rating agencies, bond analysts, investors and financial institutions. The format of the report enables the Town to present complex financial data in a manner that is easier for citizens and taxpayers of the Town of Hingham to review and understand.

The Town of Hingham's financial statements have been audited by Powers & Sullivan, LLC a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Hingham for the year ended June 30, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town of Hingham's financial statements for the year ended June 30, 2014 and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Hingham was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of

the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports are available in the Town of Hingham's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town of Hingham's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town of Hingham

This CAFR includes all of the operational departments of the Town. The Hingham Housing Authority is not included in the reporting entity because they do not meet the criteria for inclusion. The Hingham Public Library, the Lincoln Apartments, LLC, and the Hingham Contributory Retirement System are included in this report as component units, with the Hingham Public Library and the Lincoln Apartments, LLC being presented as discrete units, and the Hingham Contributory Retirement System being presented as a fiduciary fund within the statement of fiduciary net position.

The Town of Hingham is a seacoast community located approximately 20 miles southeast of downtown Boston. Primarily an established single family community, Hingham has several historic village districts and more recent single family subdivisions that were constructed within the last 40 years.

The Town provides general government services including police and fire protection, disposal of rubbish, public education, streets, recreation and a municipal golf course (The South Shore Country Club). The Massachusetts Water Resources Authority (MWRA) provides certain sewer services to the Town. A municipal sewer system serves approximately 27% of the households of the Town. The Hingham Municipal Lighting Plant, a self-supporting enterprise, provides electric power to the Town, while the Aquarion Water Company of Massachusetts, a private firm, provides water services to the Town. The Hingham Housing Authority maintains housing for elderly and handicapped residents. In addition, the Town has a Department of Elder Services to service senior citizens with various programs as well as outreach projects. Bus services are provided by the Massachusetts Bay Transit Authority and connect to established stations of the Authority.

Several recreational programs are provided among the parks located throughout the Town, in addition to significant beach and swimming facilities. Bare Cove Park contains 468 acres and was a former federal ammunition depot. It is mostly in its original pristine condition with many trees and forests and is adjacent to the scenic Back River. It provides walking and bicycle trails, nature studies, picnic facilities and other items of interest.

The Commonwealth of Massachusetts maintains Wompatuck State Park in the Towns of Hingham and Cohasset containing 3,509 acres, of which 2,047 acres are in Hingham. In addition to the facilities provided by Bare Cove Park, it offers hiking trails in the summer which become cross country skiing trails in the winter, and extensive camping facilities are provided.

The principal services provided by the County are court facilities, a jail and house of correction and registry of deeds and probate.

The three member elected Board of Selectmen is the administrative authority; however, the Town has a diverse government with many elected and autonomous boards and committees. A Town Administrator is appointed by the Selectmen and is responsible for day to day administration.

Factors Affecting Economic and Financial Condition

Unemployment rates in Massachusetts, which had been rising slightly for several years prior to a short decline during 2005 and 2007; continue to fall below the state and national percentages. The Town traditionally has a more stable employment profile than the state or the nation, and has maintained this consistency over the past decade.

The Town's population has modestly increased in the nineties, after having declined through most of the late eighties, and over the past decade has once again begun modest increases. There is a parallel impact in school enrollment, which declined through the late eighties and then increased 11% during the nineties. Over the past ten years the town's population has increased approximately 7% while school enrollment has increased 13%.

Long-term Financial Planning

The Finance Director along with the financial officers, which consist of the Town Accountant, the Treasurer/Collector, and the Director of Assessing work closely with the Board of Selectmen, Advisory Committee, Capital Outlay Committee and Department Heads to develop short-term and long-term financial goals and to address the financial stability of the Town.

Major Initiatives

Since the mid 1990's the Town has consistently made capital expenditures a high priority. Due to current economic conditions and budget restraints the amount of capital spending has been reduced from normal levels of \$2-\$3 million annually. The Town expects to be able to appropriate capital spending in the \$1-\$2 million range for 2015.

Financial Information

Financial Management. The Advisory Committee, Board of Selectmen and School Committee have adopted a Financial Policy. It is a comprehensive statement covering financial management, capital expenditures and debt service. The purpose of the Policy is to stabilize tax rates and control expenditures. It is expected to give guidance to the preparation, review and approval of budgets.

The Policy recommends that Available Reserves (Unassigned Fund Balance) be maintained at a level of no less than 14% and no more than 18% of total annual appropriations. Each year that Available Reserves increase, any excess of the above level should be available for spending or for tax reductions.

Internal Controls. Management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the Town are protected from loss, theft or misuse and to ensure that accurate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Town Administrator and the fiscal team are responsible for evaluating the adequacy and effectiveness of the internal control structure and implementing improvements. Because the cost of internal controls should not outweigh their benefits, the Town of Hingham's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement.

The Town voted at the Annual Town Meeting held on April 27, 2010 to establish an Audit Committee. The Committee shall assist in the selection and monitoring of an independent auditing firm to conduct annual audits of the financial statements of the Town. The Committee will supervise and review the conduct of the audit and its relationship with the Town.

Budgetary Controls. The Town Administrator is responsible for the preparation of the executive budget and initiates the process with the development of a five-year financial forecast and budget guidelines for the coming year. The various boards prepare the budgets for departments under their jurisdiction. The Town Administrator reviews all budgets and recommendations are submitted to the Board of Selectmen. The 15 member Advisory Committee reviews the budgets approved by the Board of Selectmen; attempts to resolve any differences and then prepares the annual budget recommendations to the Town Meeting, which is the body that has final approval authority. Once approved, the budgets are controlled at the department level with the Town Accountant approving all payrolls and invoices. The Advisory Committee, based on a recommendation of the Board of Selectmen, may approve subsequent transfers from a reserve fund.

The Treasurer/Collector is responsible for all of the Town's cash and investments, debt management and payment of invoices. The Assessors set the tax rate and commit the real estate taxes, personal property taxes and motor vehicle excise taxes to the Treasurer/Collector for collection. About 97% of all real estate taxes are collected during the year of billing with the remaining 3% collected the following year. This efficiency greatly aids the Treasurer/Collector in not only reducing or avoiding temporary loans but also maximizing investment potential.

The Treasurer/Collector, in common with other towns as a result of permissive legislation, changed from a semi-annual billing system to a quarterly billing system in 1992. This change has not only eliminated the need for temporary borrowings, which were costing the Town \$150,000 per year, but also provided temporary excess cash beyond immediate needs which is available for short-term investment.

In addition to approval authority over all disbursements, the Town Accountant is responsible for providing accurate and timely estimates of the Town's current and future financial position to the Town Administrator. Also, the Town Accountant holds quarterly budget review meetings with departments to ensure they are within their approved budgeted appropriation.

The Finance Director holds quarterly meetings with the Town's financial officers to establish goals and objectives and to review monthly reports of comparison of budgeted revenues and expenditures with actual.

Other Information

Certificate of Achievement for Excellence in Financial Reporting. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Hingham for its comprehensive annual financial report (CAFR) for the year ended June 30, 2013. This was the seventeenth consecutive year that the government has achieved this prestigious award. In order to be awarded the Certificate of Achievement, a governmental unit (state, county, district, or town) must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards established by the Government Finance Officers Association of the United States and Canada (GFOA). Such reports must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Independent Audit. The financial statements for the year ended June 30, 2014 were audited by the public accounting firm of Powers & Sullivan, LLC. The financial statements have received an "unmodified opinion" from the auditors. An "unmodified opinion" is the best opinion which a governmental unit can receive. It indicates that the financial statements were prepared in accordance with generally accepted accounting principles and that they are fairly presented in all material aspects.

Additionally, the Town is required to have a single audit, under the requirements of the Single Audit Act of 1984, of all Federal programs, as prescribed in the Federal Office of Management & Budget's Circular A133.

Acknowledgments

A special gratitude is owed to Michael Nelligan and James Powers, partners at Powers & Sullivan, LLC, whose attention to the 2014 financial statements was invaluable.

We want to express our appreciation to the accounting personnel, Steve Becker, Nancy Skillings, Lynn Phillips, Nancy Hutt, and Kaitlyn James for their invaluable assistance with the preparation of this CAFR; and to Kate Richardsson (IT Department) and Betty Tower (Selectmen's Office) for their work on the cover design. We wish to acknowledge their efforts, and the efforts of all the Town departments that assisted in the production of the final report.

Cordially yours,



Ted C. Alexiades, CPFO
Town Administrator/Finance Director



Susan M. Nickerson
Town Accountant



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

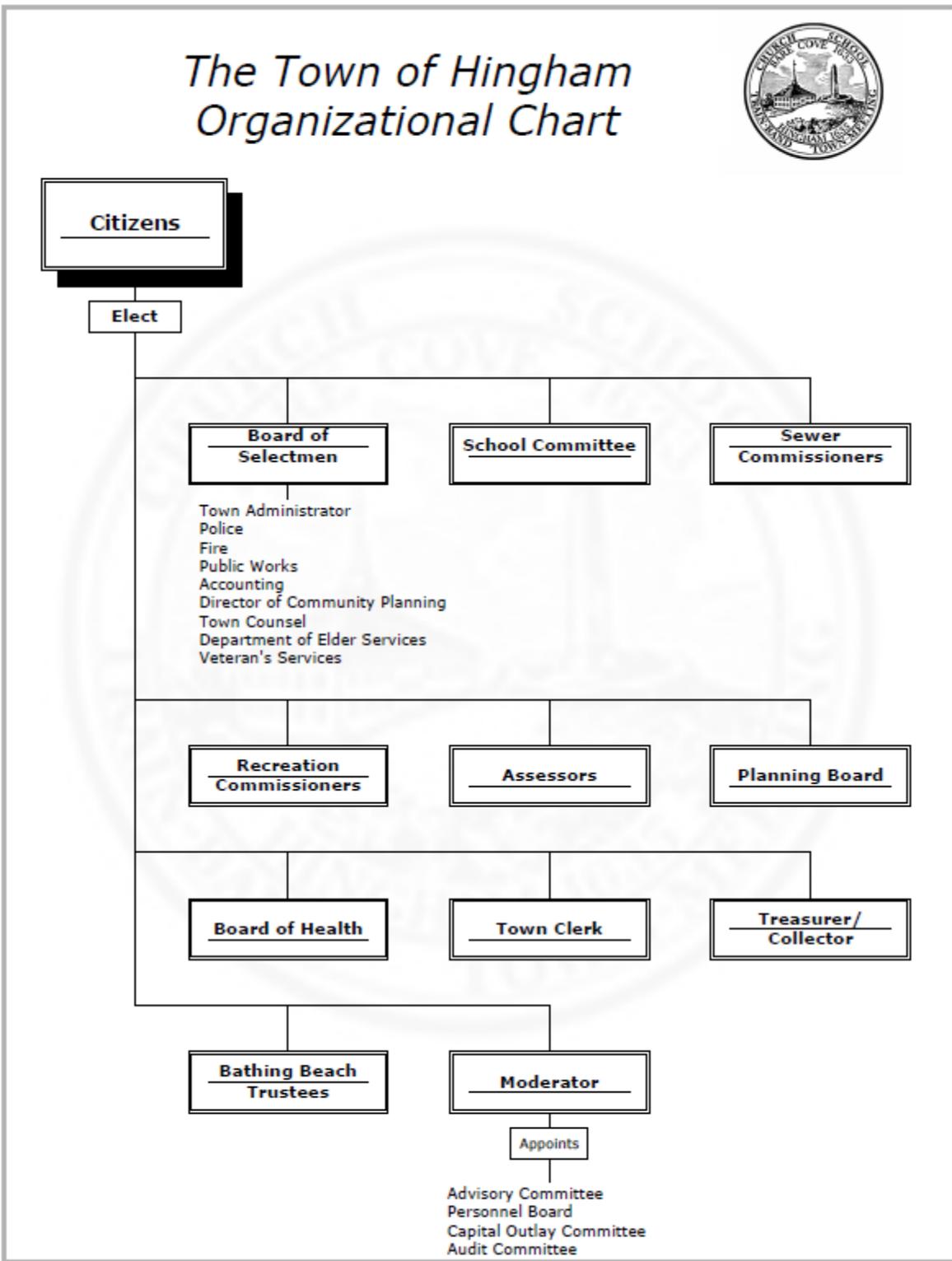
**Town of Hingham
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

The Town of Hingham Organizational Chart



Elected Officials

		<u>Term Expires</u>
MODERATOR	Michael J. Puzo	2015
BOARD OF SELECTMEN	Irma H. Lauter, Chairman Paul K. Healey Paul J. Gannon	2015 2016 2017
TOWN CLERK	Eileen A. McCracken	2015
BOARD OF ASSESSORS (3 Year Term)	Stuart Gregory Hall, Chairman Harold S. Goldstein Michael P. Shaughnessy	2017 2016 2015
BOARD OF HEALTH (3 Year Term)	Peter B. Bickford, Chairman Kirk J. Shilts Stephan J. White	2015 2016 2017
SCHOOL COMMITTEE (3 Year Term)	Raymond C. Estes, Chairman Elizabeth O'Reilly Andrew A. Shafter Dennis C. Friedman Caryl Falvey Carol M. Falvey Edward J. Schreier	2016 2016 2016 2015 2015 2017 2017
PLANNING BOARD (5 Year Term)	Gary S. Tondorf-Dick, Chairman Judith S. Sneath William C. Ramsey Sarah H. Corey Walter Sullivan Jr.	2016 2017 2015 2018 2019
SEWER COMMISSIONERS (3 Year Term)	Robert M. Higgins Edmund Demko Eric P. Gondveer	2015 2016 2017

Administrative Staff

Position	Official
Town Administrator/Finance Director	Ted C. Alexiades
Superintendent of Schools	Dr. Dorothy H. Galo
Chief of Police	Michael Peraino
Fire Chief	Mark Duff
Light Plant General Manager	Paul Heanue
Asst. Superintendent of Schools	Ellen Keane
School Business Manager	John Ferris
Light Plant Business Manager	Joan Griffin
SSCC Superintendent	Jay McGrail
DPW Superintendent	Randy Sylvester
Town Engineer	Roger Fernandes
Asst. Town Administrator	Betty Foley
Town Accountant	Susan M. Nickerson
Treasurer/Collector	Jean Montgomery
Library Director	Dennis Corcoran
Director Community Planning	Mary Savage Dunham
Executive Health Officer	Bruce Capman
Town Clerk	Eileen McCracken
Director of Recreation	Mark Thorell
Director of Assessing	Richard Nowlan
Director of Elder Affairs	Barbara Farnsworth
Veteran's Agent	Keith Jermyn

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Financial Section



**Town of Hingham, Massachusetts
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014**

Financial Section

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Independent Auditor's Report

To the Audit Committee
Town of Hingham, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Hingham, Massachusetts, as of and for the year ended June 30, 2014 (except for the Hingham Contributory Retirement System and Lincoln Apartments, LLC which are as of and for the year ended December 31, 2013), and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hingham Municipal Lighting Plant as of December 31, 2013, which is both a major fund and 81%, 80%, and 94%, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the business-type activities of the Hingham Municipal Lighting Plant, is based solely on the report of the other auditors. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Hingham, Massachusetts, as of June 30, 2014 (except for the Hingham Municipal Lighting Plant, the Hingham Contributory Retirement System, and Lincoln Apartments, LLC which are as of December 31, 2013), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hingham's basic financial statements. The introductory section, combining and individual fund statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2014, on our consideration of the Town of Hingham, 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* in considering the Town of Hingham's internal control over financial reporting and compliance.

Powers + Juliani, LLC

November 12, 2014

Management's Discussion and Analysis

Management's Discussion and Analysis

This analysis, prepared by the Finance Director and the Town Accountant, offers readers of the Town's financial statements a narrative overview and analysis of the financial activities of the Town of Hingham for the year ended June 30, 2014. This is the twelfth year our financial statements have been prepared under the Government Accounting Standards Board Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. We encourage readers to consider the information presented in this report in conjunction with additional information that we have furnished in our letter of transmittal.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Governments must adhere to GASB pronouncements in order to issue their financial statements in conformity with GAAP. The users of financial statements also rely on the independent auditor's opinion. If the Town's financial statements have significant departures from GAAP the independent auditors may issue a modified opinion or a disclaimer (where no opinion is given). These types of opinions may have an adverse effect on the Town's bond rating and our ability to borrow money at favorable interest rates. The Town has enjoyed an unmodified opinion on its financial statements for many years.

Financial Highlights

- The government-wide assets of the Town of Hingham exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$125.4 million and \$45.3 million (net position) for governmental activities and business-type activities, respectively.
- Of these amounts, 23% or \$39.9 million (unrestricted net position) may be used to meet the government's on-going obligations to citizens and creditors.
- At the close of the current year, the Town of Hingham's general fund reported an ending fund balance of \$25.7 million, including \$1.9 million set aside in stabilization funds, an increase of \$4.0 million over the prior year. Total fund balance represents 27% of total general fund expenditures. Approximately \$20.6 million of this total amount is available for appropriation at the Town's discretion.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Hingham's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 private-sector businesses.

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, public education, public works, human services, culture and recreation, community preservation, and interest. The business-type activities include the activities of the South Shore Country Club and the Hingham Municipal Lighting Plant enterprise funds.

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. The Town, like other state and local governments, uses fund accounting 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 fund statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Fiscal year 2011 was the Town's initial year of implementation of GASB #54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The implementation of this standard has changed the fund balance components into nonspendable, restricted, committed, assigned and unassigned. Additionally, under the new standard, the Town's stabilization funds are reported within the general fund as unassigned.

Because the focus of governmental funds is narrower than that of 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town's general fund and the Middle School Building Project fund are shown separately and the remaining governmental funds are aggregated and shown as nonmajor governmental funds.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintains one proprietary fund type.

Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements, only in more detail. The Town uses enterprise funds to account for its country club and electric lighting operations, both of which are considered major funds 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 reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to 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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Hingham, assets exceeded liabilities and deferred inflows of resources by \$170.7 million at the close of 2014.

Government-wide net position of \$126.3 million (74%) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town of Hingham's net position, \$14.6 million (9%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$29.8 million (17%), may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current year, the Town of Hingham is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Details related to the Town's governmental and business-type activities follow.

Governmental activities. The governmental activities net position increased by \$14.8 million during the current year as compared to an increase in net position of \$15.4 million during the prior year. The change was affected by capital grants of approximately \$10.2 million received primarily from the Massachusetts School Building Authority who is providing contract assistance for the Middle School building project and positive budgetary results.

Governmental Activities Condensed Statement of Net Position

	2014	2013
Assets:		
Current assets.....	\$ 53,466,173	\$ 59,456,638
Noncurrent assets (excluding capital).....	11,406,514	13,178,664
Capital assets, non depreciable.....	66,993,536	46,790,866
Capital assets, net of accumulated depreciation.....	106,566,025	105,322,429
Total assets.....	238,432,248	224,748,597
Liabilities:		
Current liabilities (excluding debt).....	7,815,002	9,186,668
Noncurrent liabilities (excluding debt).....	9,523,524	9,289,952
Current debt.....	50,516,797	45,304,483
Noncurrent debt.....	45,044,958	50,222,555
Total liabilities.....	112,900,281	114,003,658
Total deferred inflows of resources.....	97,693	94,248
Net Position:		
Net investment in capital assets.....	94,286,033	86,629,936
Restricted.....	4,539,617	3,091,710
Unrestricted.....	26,608,624	20,929,045
Total net position.....	\$ 125,434,274	\$ 110,650,691

Non-Depreciable capital assets and current debt have both increased relating to the activities of the new Middle School construction project.

Governmental Activities Condensed Statement of Activities

	2014	2013
Program revenues:		
Charges for services.....	\$ 10,587,335	\$ 10,241,015
Operating grants and contributions.....	21,849,504	20,101,300
Capital grants and contributions.....	10,184,444	12,402,159
General Revenues:		
Real estate, personal property taxes, and motor vehicle and other excise taxes.....	74,831,789	71,812,957
Penalties & interest	398,883	252,485
Nonrestricted grants, contributions, and other.....	1,809,955	1,604,856
Unrestricted investment income.....	155,149	157,975
Gain on sale of capital assets.....	-	250,561
Other miscellaneous revenue.....	14,082	-
Total revenues.....	119,831,141	116,823,308
Expenses:		
General government.....	6,838,831	5,531,669
Public safety.....	17,188,102	17,064,620
Education.....	63,532,065	61,329,548
Public works.....	11,099,791	10,283,605
Human services.....	1,232,437	1,307,992
Culture and recreation.....	3,344,603	3,122,258
Community preservation.....	134,873	376,463
Interest.....	2,177,845	2,430,517
Total expenses.....	105,548,547	101,446,672
Excess before transfers.....	14,282,594	15,376,636
Transfers.....	500,989	(24,478)
Change in net position.....	14,783,583	15,352,158
Net position - beginning of year.....	110,650,691	95,298,533
Net position - end of year.....	\$ 125,434,274	\$ 110,650,691

Other financial notes related to governmental activities:

- Charges for services represented 9% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Town are included in this category.
- Operating grants and contributions accounted for 18% of the governmental activities resources. Most of these resources apply to educational operations. These resources offset costs within the school department and supplement their General Fund operating budget.
- Capital grants and contributions accounted for 8% of the governmental activities resources. These mainly consist of state grants for the new Middle School.
- Property and other excise taxes are by far the most significant revenue source for the Town's governmental activities. They comprised 62% of current resources.

- All other revenues comprised a total of 3% percent of the governmental activities resources. These primarily include penalties & interest and unrestricted contributions.
- Education is by far the largest governmental activity of the Town. After subtracting \$30.7 million of program revenues (charges for services and operating and capital grants) as shown on the Statement of Activities, approximately \$32.8 million in taxes and other revenue were needed to cover its 2014 net operating expenses. A pension contribution of approximately \$9.9 million made by the State on-behalf of Hingham teachers was recorded as an expense and grant revenue.
- Public safety and public works are the second and third largest activities of the Town. Approximately \$14.7 million and \$7.0 million, respectively, of taxes and other revenue were needed to cover their 2014 operating expenses.

Business-type activities. Business-type activities, consisting of the South Shore Country Club and the Hingham Municipal Lighting Plant, increased the Town's net position by \$2.8 million. These results continue to reflect management's goal of maintaining the systems while only charging users for the cost of operations.

As shown below, business-type activities assets exceeded liabilities and deferred inflows of resources by \$45.3 million at the close of 2014. Net investment in capital assets was \$32 million (71%) while unrestricted net position was \$13.3 million (29%).

Business-Type Activities Condensed Statement of Net Position

	2014	2013
Assets:		
Current assets.....	\$ 20,647,291	\$ 17,707,122
Noncurrent assets (excluding capital).....	1,541,186	1,521,330
Capital assets, non depreciable.....	7,788,342	7,185,302
Capital assets, net of accumulated depreciation.....	25,283,867	25,957,751
Total assets.....	55,260,686	52,371,505
Liabilities:		
Current liabilities (excluding debt).....	3,871,471	4,524,633
Non-current liabilities (excluding debt).....	1,630,516	1,577,331
Current debt.....	341,418	145,000
Noncurrent debt.....	655,000	805,000
Total liabilities.....	6,498,405	7,051,964
Total deferred inflows of resources.....	3,486,930	2,876,562
Net Position:		
Net investment in capital assets.....	31,991,194	32,068,037
Restricted.....	10,129,197	8,175,888
Unrestricted.....	3,154,960	2,199,054
Total net position.....	\$ 45,275,351	\$ 42,442,979

Noncurrent assets include \$1.4 million of pre-funded other postemployment benefits of the Municipal Lighting Plant.

The South Shore Country Club includes facilities for golf, bowling, tennis, swimming, and dining. Total revenues amounted to \$2,049,000 as compared to \$1,958,000 in 2013, expenses increased by \$152,000 and the Country Club's net position decreased by \$79,000 for the year.

The Hingham Municipal Lighting Plant provides electricity to Hingham residents. Total revenues amounted to \$29,528,000 as compared to \$28,644,000 in the prior year. Expenses decreased by \$181,000 and after transferring \$501,000 to the general fund the Lighting Plant's net position increased by \$2,912,000 for the year.

Business-Type Activities Condensed Statement of Activities

	<u>2014</u>	<u>2013</u>
Program revenues:		
Charges for services.....	\$ 31,521,964	\$ 30,560,936
General Revenues:		
Unrestricted investment income.....	54,782	41,556
Total revenues.....	<u>31,576,746</u>	<u>30,602,492</u>
Expenses:		
South Shore Country Club.....	2,128,067	1,976,008
Electric Lighting.....	<u>26,115,318</u>	<u>26,296,157</u>
Total expenses.....	<u>28,243,385</u>	<u>28,272,165</u>
Excess before transfers.....	3,333,361	2,330,327
Transfers.....	<u>(500,989)</u>	<u>24,478</u>
Change in net position.....	2,832,372	2,354,805
Net position - beginning of year.....	<u>42,442,979</u>	<u>40,088,174</u>
Net position - end of year.....	<u>\$ 45,275,351</u>	<u>\$ 42,442,979</u>

Financial Analysis of the Government's Major Funds

As noted earlier, The Town of Hingham 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, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, governmental funds reported a combined ending fund deficit of (\$3.2) million, a decrease of \$10.2 million for the year. This is mainly related to various projects which have been funded to date with Bond Anticipation Notes that don't provide a financial statement funding source against the deficit until they are permanently financed with long-term debt.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current year, the unassigned fund balance of the general fund was \$20.6 million, while the total fund balance was \$25.7 million. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures. The unassigned fund balance represents 22% of total general fund expenditures, while the total fund balance represents 27% of that same amount.

The fund balance of the General Fund increased by just over \$4.0 million during the current year from revenue surpluses in virtually all categories and by monitoring expenditures against the budget.

Middle School Building Project

The Middle School Building Project is a capital project fund used to account for the activities of constructing the new school. The project is being funded with a combination of debt and state grants from the Massachusetts School Building Authority (MSBA). During the year the Town borrowed \$34.4 million of Bond Anticipation Notes, received grant reimbursements of \$8.9 million from the MSBA, and expended approximately \$20.3 million for construction. The fund ended the year with a deficit of (\$30.1) million.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

The final budget increased from the original budget by approximately \$692,000 for legal services, snow removal, and various special articles.

Total general fund revenues exceeded budget overall by approximately 2.5%.

Total expenditures and carryovers were less than budgeted amounts by approximately \$2.6 million. The largest savings were from school department expenses; however virtually every Town department contributed to the savings.

Capital Assets and Debt Management

In conjunction with the operating budget, the Town annually prepares a capital budget which includes detailed information concerning those capital requests for the upcoming year as well as summary information for the following four years to identify current projections of what level of capital outlay will be required in future years.

The Town of Hingham has maintained its bond rating of "Aaa" from Moody's Investor Services, "AAA" from Fitch Ratings, and "AAA" from Standard & Poor's. This is a significant achievement as only about 6% of Massachusetts communities receive these highest ratings.

Major capital assets are funded primarily by the issuance of long-term debt and at times from the receipt of capital grants. For capital assets acquired through debt, the effect on net position during the construction phase of the project is neutral since the Town increases its assets and associated liabilities by the same amount. For capital assets acquired through capital grants, the effect on net position is positive since the Town does not use its own resources to acquire the assets. In subsequent years the net position will be reduced through depreciation and will be increased by the revenues raised to support the debt principal payments. Outstanding long-term debt of the general government, as of June 30, 2014, totaled \$50.2 million, a decrease of \$5.3 million from the prior year. Funding for the majority of this debt service is from real estate taxes that have been exempt from the tax levy limitation of Massachusetts' Proposition 2 ½.

The enterprise funds have \$805,000 in Country Club debt used to install an irrigation system for the golf course.

The Town's major capital projects have been related to school construction, DPW building construction, land acquisition, and Affordable Housing. During 2014, the Town has spent approximately \$20.3 million on the new Middle School project which has been funded by Bond Anticipation Notes and State grants.

Please refer to notes 5, 7, 8, and 9 to the financial statements for further discussion of the major capital and debt activity.

Pension Trust Fund

The Pension Trust Fund (System) realized an increase in net position of \$10.1 million for the year. Contributions of \$7.0 million and investment income and other additions of \$10.5 million were offset by \$7.3 million of benefits and other deductions. Total net position of the System amounted to \$91.7 million at December 31, 2013.

Other Postemployment Benefits

The Town and the Municipal Lighting Plant implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)*, as of June 30, 2009 and December 31, 2008, respectively. The governmental-activities have accumulated a liability for other postemployment benefits in the amount of \$8.8 million at June 30, 2014 and have pre-funded future obligations in the amount of approximately \$4.7 million. The business-type activities (Municipal Lighting Plant) have pre-funded benefits in the amount of \$1.5 million which has created an OPEB asset in the amount of \$1.4 million at December 31, 2013. The total assets set aside in trust for future benefits amounted to approximately \$7.6 million at year-end.

Discretely Presented Component Units

The net position of the Component Units represent the Hingham Public Library, a separate legal entity established in 1872, and the Lincoln Apartments, LLC a Massachusetts Limited Liability Company established in 2009 to operate affordable housing at the Lincoln School Apartment building owned by the Town.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Susan M. Nickerson, Town Accountant, 210 Central Street, Hingham, MA 02403.

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Hingham Public Library	Lincoln Apartments, LLC (December 31, 2013)
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 46,075,493	\$ 15,908,389	\$ 61,983,882	\$ 29,939	\$ 259,092
Investments.....	356,783	-	356,783	1,745,957	-
Receivables, net of allowance for uncollectibles:					
Real estate, personal property and tax deferrals.....	1,372,502	-	1,372,502	-	-
Tax liens.....	735,316	-	735,316	-	-
Motor vehicle and other excise taxes.....	245,008	-	245,008	-	-
User charges.....	-	2,254,148	2,254,148	-	-
Sewer fees.....	426,654	-	426,654	-	-
Departmental and other.....	300,628	404,453	705,081	-	9,442
Special assessments.....	140,168	-	140,168	-	-
Intergovernmental.....	3,530,928	-	3,530,928	-	-
Tax foreclosures.....	122,712	-	122,712	-	-
Assets held for resale.....	159,981	-	159,981	-	-
Inventory.....	-	802,962	802,962	-	-
Purchased power advance deposits.....	-	180,926	180,926	-	-
Other assets.....	-	1,096,413	1,096,413	2,900	292,430
Total Current Assets.....	53,466,173	20,647,291	74,113,464	1,778,796	560,964
NONCURRENT:					
Receivables, net of allowance for uncollectibles:					
Special assessments.....	1,059,065	-	1,059,065	-	-
Intergovernmental.....	10,347,449	-	10,347,449	-	-
Investment in Hydro Quebec.....	-	176,875	176,875	-	-
Other postemployment benefits asset.....	-	1,364,311	1,364,311	-	-
Capital assets, non depreciable.....	66,993,536	7,788,342	74,781,878	154,036	112,482
Capital assets, net of accumulated depreciation.....	106,566,025	25,283,867	131,849,892	-	160,031
Total Noncurrent Assets.....	184,966,075	34,613,395	219,579,470	154,036	272,513
TOTAL ASSETS.....	238,432,248	55,260,686	293,692,934	1,932,832	833,477
LIABILITIES					
CURRENT:					
Warrants payable.....	3,035,342	2,528,890	5,564,232	13,534	11,082
Accrued liabilities.....	2,756,006	1,047,362	3,803,368	-	65,261
Accrued interest.....	354,689	9,392	364,081	-	-
Other liabilities.....	11,140	214,157	225,297	-	-
Advance collections - fees.....	412,776	-	412,776	-	6,668
Due to the Town of Hingham for rent.....	-	-	-	-	197,594
Capital lease obligations.....	-	41,659	41,659	-	-
Compensated absences.....	870,666	30,011	900,677	-	-
Workers' compensation.....	374,383	-	374,383	-	-
Notes payable.....	45,339,200	191,418	45,530,618	-	-
Bonds payable.....	5,177,597	150,000	5,327,597	-	-
Total Current Liabilities.....	58,331,799	4,212,889	62,544,688	13,534	280,605
NONCURRENT:					
Capital lease obligations.....	-	42,938	42,938	-	-
Compensated absences.....	362,428	-	362,428	-	-
Workers' compensation.....	359,736	-	359,736	-	-
Customer deposits.....	-	1,587,578	1,587,578	-	-
Other postemployment benefits.....	8,801,360	-	8,801,360	-	-
Bonds payable.....	45,044,958	655,000	45,699,958	-	-
Total Noncurrent Liabilities.....	54,568,482	2,285,516	56,853,998	-	-
TOTAL LIABILITIES.....	112,900,281	6,498,405	119,398,686	13,534	280,605
DEFERRED INFLOWS OF RESOURCES					
Rate stabilization reserve.....	-	3,486,930	3,486,930	-	-
Advance collections - taxes.....	97,693	-	97,693	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	97,693	3,486,930	3,584,623	-	-
NET POSITION					
Net investment in capital assets.....	94,286,033	31,991,194	126,277,227	154,036	272,513
Restricted for:					
Depreciation.....	-	10,129,197	10,129,197	-	-
Permanent funds:					
Expendable.....	64,422	-	64,422	-	-
Nonexpendable.....	35,000	-	35,000	-	-
Grants and gifts.....	2,285,565	-	2,285,565	-	-
Community preservation.....	2,154,630	-	2,154,630	-	-
Unrestricted.....	26,608,624	3,154,960	29,763,584	1,765,262	280,359
TOTAL NET POSITION.....	\$ 125,434,274	\$ 45,275,351	\$ 170,709,625	\$ 1,919,298	\$ 552,872

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 6,838,831	\$ 2,759,337	\$ 538,537	\$ -	\$ (3,540,957)
Public safety.....	17,188,102	1,483,042	561,411	402,554	(14,741,095)
Public education.....	63,532,065	2,522,500	19,251,891	8,969,544	(32,788,130)
Public works.....	11,099,791	2,851,187	1,091,880	161,350	(6,995,374)
Human services.....	1,232,437	230,160	32,500	-	(969,777)
Culture and recreation.....	3,344,603	741,109	48,908	-	(2,554,586)
Community preservation.....	134,873	-	-	650,996	516,123
Interest.....	2,177,845	-	324,377	-	(1,853,468)
Total Governmental Activities.....	105,548,547	10,587,335	21,849,504	10,184,444	(62,927,264)
<i>Business-Type Activities:</i>					
South Shore Country Club.....	2,128,067	2,048,677	-	-	(79,390)
Hingham Municipal Lighting Plant.....	26,115,318	29,473,287	-	-	3,357,969
Total Business-Type Activities.....	28,243,385	31,521,964	-	-	3,278,579
Total Primary Government.....	\$ 133,791,932	\$ 42,109,299	\$ 21,849,504	\$ 10,184,444	\$ (59,648,685)
Component Units:					
Hingham Public Library.....	\$ 1,734,280	\$ 79,186	\$ 103,180	\$ -	\$ (1,551,914)
Lincoln Apartments, LLC.....	1,138,557	280,463	849,327	200,000	191,233
Total Component Units.....	\$ 2,872,837	\$ 359,649	\$ 952,507	\$ 200,000	\$ (1,360,681)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Hingham Public Library	Lincoln Apartments, LLC (December 31, 2012)
Changes in net position:					
Net (expense) revenue from previous page.....	\$ (62,927,264)	\$ 3,278,579	\$ (59,648,685)	\$ (1,551,914)	\$ 191,233
<i>General revenues:</i>					
Real estate and personal property taxes, net of tax refunds.....	69,459,189	-	69,459,189	-	-
Tax liens.....	70,570	-	70,570	-	-
Motor vehicle and other excise taxes.....	3,761,242	-	3,761,242	-	-
Local meals tax.....	674,133	-	674,133	-	-
Community preservation tax.....	866,655	-	866,655	-	-
Penalties and interest on taxes.....	398,883	-	398,883	-	-
Grants and contributions not restricted to specific programs.....	1,809,955	-	1,809,955	-	-
Unrestricted investment income.....	155,149	54,782	209,931	291,765	450
Payments from the Town of Hingham.....	-	-	-	1,483,081	-
Other miscellaneous revenue.....	14,082	-	14,082	-	-
<i>Transfers, net</i>	500,989	(500,989)	-	-	-
Total general revenues and transfers.....	<u>77,710,847</u>	<u>(446,207)</u>	<u>77,264,640</u>	<u>1,774,846</u>	<u>450</u>
Change in net position.....	14,783,583	2,832,372	17,615,955	222,932	191,683
<i>Net Position:</i>					
Beginning of year.....	110,650,691	42,442,979	153,093,670	1,696,366	361,189
End of year.....	\$ <u>125,434,274</u>	\$ <u>45,275,351</u>	\$ <u>170,709,625</u>	\$ <u>1,919,298</u>	\$ <u>552,872</u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2014

	General	Middle School Building Project	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents.....	\$ 28,629,610	\$ 5,467,612	\$ 11,978,271	\$ 46,075,493
Investments.....	-	-	356,783	356,783
Receivables, net of uncollectibles:				
Real estate, personal property and tax deferrals	1,372,502	-	-	1,372,502
Tax liens.....	735,316	-	-	735,316
Motor vehicle and other excise taxes.....	245,008	-	-	245,008
Departmental and other.....	292,717	-	7,911	300,628
User charges.....	-	-	426,654	426,654
Special assessments.....	1,199,233	-	-	1,199,233
Intergovernmental.....	11,951,478	452,493	1,474,406	13,878,377
Tax foreclosures.....	122,712	-	-	122,712
Due from other funds.....	1,658,893	-	-	1,658,893
Assets held for resale.....	-	-	159,981	159,981
TOTAL ASSETS.....	\$ 46,207,469	\$ 5,920,105	\$ 14,404,006	\$ 66,531,580
LIABILITIES				
Warrants payable.....	\$ 1,000,575	\$ 1,634,366	\$ 400,402	\$ 3,035,343
Accrued payroll.....	1,795,250	-	-	1,795,250
Other liabilities.....	971,895	-	-	971,895
Advance collections - fees.....	-	-	412,776	412,776
Due to other funds.....	-	-	1,658,893	1,658,893
Notes payable.....	1,200,000	34,350,000	9,789,200	45,339,200
TOTAL LIABILITIES.....	4,967,720	35,984,366	12,261,271	53,213,357
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue.....	15,432,393	-	984,017	16,416,410
Advance collections - taxes.....	97,693	-	-	97,693
TOTAL DEFERRED INFLOWS OF RESOURCES.....	15,530,086	-	984,017	16,514,103
FUND BALANCES				
Nonspendable.....	-	-	35,000	35,000
Restricted.....	1,250,000	-	10,850,736	12,100,736
Committed.....	1,473,926	-	-	1,473,926
Assigned.....	2,374,893	-	-	2,374,893
Unassigned.....	20,610,844	(30,064,261)	(9,727,018)	(19,180,435)
TOTAL FUND BALANCES.....	25,709,663	(30,064,261)	1,158,718	(3,195,880)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 46,207,469	\$ 5,920,105	\$ 14,404,006	\$ 66,531,580

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

JUNE 30, 2014

Total governmental fund balances.....		\$ (3,195,880)
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		173,559,561
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		16,416,410
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(354,689)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable.....	(50,222,555)	
Compensated absences.....	(1,233,094)	
Workers' compensation.....	(734,119)	
Other postemployment benefits.....	<u>(8,801,360)</u>	
Net effect of reporting long-term liabilities.....		<u>(60,991,128)</u>
Net position of governmental activities.....		<u>\$ 125,434,274</u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2014

	General	Middle School Building Project	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ 69,440,471	\$ -	\$ -	\$ 69,440,471
Tax liens.....	70,570	-	-	70,570
Motor vehicle and other excise taxes.....	3,869,853	-	-	3,869,853
Local meals tax.....	674,133	-	-	674,133
Penalties and interest.....	398,883	-	-	398,883
Charges for services.....	2,187,883	-	2,564,110	4,751,993
Intergovernmental.....	9,371,426	8,874,852	6,337,161	24,583,439
State grant for teachers pension.....	9,857,159	-	-	9,857,159
Departmental and other.....	1,946,001	-	3,855,634	5,801,635
Community preservation tax.....	-	-	865,832	865,832
Contributions.....	-	-	582,419	582,419
Investment income.....	86,584	-	68,565	155,149
Miscellaneous revenue.....	10,240	-	3,842	14,082
TOTAL REVENUES.....	97,913,203	8,874,852	14,277,563	121,065,618
EXPENDITURES:				
Current:				
General government.....	4,239,242	-	854,037	5,093,279
Public safety.....	11,345,133	-	923,059	12,268,192
Public education.....	41,163,910	20,276,272	9,440,906	70,881,088
Public works.....	5,806,908	-	3,525,273	9,332,181
Human services.....	892,875	-	130,259	1,023,134
Culture and recreation.....	1,600,385	-	927,631	2,528,016
Community preservation.....	-	-	740,381	740,381
Teachers pension benefits - state funded.....	9,857,159	-	-	9,857,159
Town pension.....	3,716,341	-	-	3,716,341
Property and liability insurance.....	412,965	-	-	412,965
Employee benefits.....	8,257,215	-	-	8,257,215
State and county charges.....	159,467	-	-	159,467
Debt service:				
Principal.....	4,726,369	-	355,000	5,081,369
Interest.....	2,200,071	-	214,870	2,414,941
TOTAL EXPENDITURES.....	94,378,040	20,276,272	17,111,416	131,765,728
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	3,535,163	(11,401,420)	(2,833,853)	(10,700,110)
OTHER FINANCING SOURCES (USES):				
Transfers in.....	504,653	-	10,000	514,653
Transfers out.....	-	-	(13,664)	(13,664)
TOTAL OTHER FINANCING SOURCES (USES).....	504,653	-	(3,664)	500,989
NET CHANGE IN FUND BALANCES.....	4,039,816	(11,401,420)	(2,837,517)	(10,199,121)
FUND BALANCES AT BEGINNING OF YEAR.....	21,669,847	(18,662,841)	3,996,235	7,003,241
FUND BALANCES AT END OF YEAR.....	\$ 25,709,663	\$ (30,064,261)	\$ 1,158,718	\$ (3,195,880)

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds.....		\$ (10,199,121)
<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.....	27,265,465	
Donated capital assets.....	94,962	
Depreciation expense.....	<u>(5,914,161)</u>	
Net effect of reporting capital assets.....		21,446,266
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable 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 unavailable revenue.....</p>		
		(1,329,169)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Amortization of bond premiums.....	208,914	
Debt service principal payments.....	<u>5,081,369</u>	
Net effect of reporting long-term debt.....		5,290,283
<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.....	(135,376)	
Net change in other postemployment benefits accrual.....	(69,870)	
Net change in accrued interest on long-term debt.....	28,182	
Net change in workers' compensation accrual.....	<u>(247,612)</u>	
Net effect of recording long-term liabilities.....		<u>(424,676)</u>
Change in net position of governmental activities.....		<u>\$ 14,783,583</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2014

	Business-type Activities - Enterprise Funds		
	South Shore Country Club	Hingham Municipal Lighting Plant (December 31, 2013)	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 250,739	\$ 15,657,650	\$ 15,908,389
Receivables, net of allowance for uncollectibles:			
User charges.....	-	2,254,148	2,254,148
Departmental and other.....	2,350	402,103	404,453
Inventory.....	-	802,962	802,962
Purchased power advance deposits.....	-	180,926	180,926
Other assets.....	-	1,096,413	1,096,413
Total current assets.....	<u>253,089</u>	<u>20,394,202</u>	<u>20,647,291</u>
NONCURRENT:			
Investment in Hydro Quebec.....	-	176,875	176,875
Other postemployment benefits asset.....	-	1,364,311	1,364,311
Capital assets, nondepreciable.....	7,008,200	780,142	7,788,342
Capital assets, net of accumulated depreciation.....	<u>3,099,689</u>	<u>22,184,178</u>	<u>25,283,867</u>
Total noncurrent assets.....	<u>10,107,889</u>	<u>24,505,506</u>	<u>34,613,395</u>
TOTAL ASSETS.....	<u>10,360,978</u>	<u>44,899,708</u>	<u>55,260,686</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	212,944	2,315,946	2,528,890
Accrued liabilities.....	-	1,047,362	1,047,362
Accrued interest.....	9,392	-	9,392
Other liabilities.....	-	214,157	214,157
Capital lease obligations.....	41,659	-	41,659
Compensated absences.....	30,011	-	30,011
Notes payable.....	191,418	-	191,418
Bonds payable.....	150,000	-	150,000
Total current liabilities.....	<u>635,424</u>	<u>3,577,465</u>	<u>4,212,889</u>
NONCURRENT:			
Capital lease obligations.....	42,938	-	42,938
Customer deposits.....	-	1,587,578	1,587,578
Bonds payable.....	655,000	-	655,000
Total noncurrent liabilities.....	<u>697,938</u>	<u>1,587,578</u>	<u>2,285,516</u>
TOTAL LIABILITIES.....	<u>1,333,362</u>	<u>5,165,043</u>	<u>6,498,405</u>
DEFERRED INFLOWS OF RESOURCES			
Rate stabilization reserve.....	-	3,486,930	3,486,930
NET POSITION			
Net investment in capital assets.....	9,026,874	22,964,320	31,991,194
Restricted for depreciation.....	-	10,129,197	10,129,197
Unrestricted.....	742	3,154,218	3,154,960
TOTAL NET POSITION.....	<u>\$ 9,027,616</u>	<u>\$ 36,247,735</u>	<u>\$ 45,275,351</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2014

	Business-type Activities - Enterprise Funds		
	South Shore Country Club	Hingham Municipal Lighting Plant (December 31, 2013)	Total
OPERATING REVENUES:			
Charges for services	\$ 2,048,677	\$ 29,127,010	\$ 31,175,687
Other.....	-	346,277	346,277
TOTAL OPERATING REVENUES	2,048,677	29,473,287	31,521,964
OPERATING EXPENSES:			
Program expenses.....	41,276	21,816,221	21,857,497
Administrative and general salaries and wages.....	822,485	169,764	992,249
Grounds and custodial expenses.....	737,994	669,868	1,407,862
Facility expenses.....	135,809	371,561	507,370
Other administrative expenses.....	-	1,169,342	1,169,342
Depreciation.....	356,738	1,916,120	2,272,858
TOTAL OPERATING EXPENSES	2,094,302	26,112,876	28,207,178
OPERATING INCOME (LOSS).....	(45,625)	3,360,411	3,314,786
NONOPERATING REVENUES (EXPENSES):			
Investment income.....	42	54,740	54,782
Interest expense.....	(33,765)	(2,442)	(36,207)
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(33,723)	52,298	18,575
INCOME BEFORE TRANSFERS.....	(79,348)	3,412,709	3,333,361
TRANSFERS:			
Transfers out.....	-	(500,989)	(500,989)
CHANGE IN NET POSITION.....	(79,348)	2,911,720	2,832,372
NET POSITION AT BEGINNING OF YEAR.....	9,106,964	33,336,015	42,442,979
NET POSITION AT END OF YEAR.....	\$ 9,027,616	\$ 36,247,735	\$ 45,275,351

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2014

	Business-type Activities - Enterprise Funds		
	South Shore Country Club	Hingham Municipal Lighting Plant (December 31, 2013)	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users.....	\$ 2,046,327	\$ 30,449,359	\$ 32,495,686
Payments to vendors.....	(713,952)	(22,280,587)	(22,994,539)
Payments to employees.....	(813,252)	(2,561,240)	(3,374,492)
NET CASH FROM OPERATING ACTIVITIES.....	519,123	5,607,532	6,126,655
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers out.....	-	(500,989)	(500,989)
Pre-funding transfer for OPEB benefits.....	-	(24,946)	(24,946)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	-	(525,935)	(525,935)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the issuance of bonds and notes.....	191,418	-	191,418
Acquisition and construction of capital assets.....	(322,673)	(1,879,341)	(2,202,014)
Principal payments on bonds and notes.....	(145,000)	-	(145,000)
Principal payments on capital lease obligations.....	(40,419)	-	(40,419)
Interest expense.....	(35,456)	(2,442)	(37,898)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(352,130)	(1,881,783)	(2,233,913)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Increase in investment in Hydro Quebec.....	-	5,090	5,090
Investment income.....	42	54,740	54,782
NET CASH FROM INVESTING ACTIVITIES.....	42	59,830	59,872
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	167,035	3,259,644	3,426,679
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	83,704	12,398,006	12,481,710
CASH AND CASH EQUIVALENTS, END OF YEAR.....	\$ 250,739	\$ 15,657,650	\$ 15,908,389
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:			
Operating income (loss).....	\$ (45,625)	\$ 3,360,411	\$ 3,314,786
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation.....	356,738	1,916,120	2,272,858
Changes in assets and liabilities:			
User charges.....	-	221,004	221,004
Department and other receivables.....	(2,350)	(164,301)	(166,651)
Inventory.....	-	122,990	122,990
Other assets.....	-	(297,698)	(297,698)
Purchased power advance deposits.....	-	606,865	606,865
Warrants payable.....	201,127	256,231	457,358
Accrued liabilities.....	-	(1,333,459)	(1,333,459)
Rate stabilization reserve.....	-	610,368	610,368
Customer deposits.....	-	94,844	94,844
Other liabilities.....	-	214,157	214,157
Compensated absences.....	9,233	-	9,233
Total adjustments.....	564,748	2,247,121	2,811,869
NET CASH FROM OPERATING ACTIVITIES.....	\$ 519,123	\$ 5,607,532	\$ 6,126,655

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2014

	Pension Trust Fund (as of December 31, 2013)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Fund
ASSETS				
Cash and cash equivalents.....	\$ 359,475	\$ 32,666	\$ 24,550	\$ 885,006
Investments:				
Equity securities.....	-	246,552	-	-
Equity mutual funds.....	-	280,871	4,372,822	-
Fixed income mutual funds.....	-	308,498	-	-
Debt securities.....	-	853,766	-	-
PRIT funds.....	91,197,436	5,923,383	-	-
Receivables, net of allowance for uncollectibles:				
Departmental and other receivables.....	170,853	-	-	-
TOTAL ASSETS.....	91,727,764	7,645,736	4,397,372	885,006
LIABILITIES				
Accrued liabilities.....	8,398	-	-	-
Liabilities due depositors.....	-	-	-	885,006
TOTAL LIABILITIES.....	8,398	-	-	885,006
NET POSITION				
Restricted for pension.....	91,719,366	-	-	-
Held in trust for OPEB benefits and other purposes.....	-	7,645,736	4,397,372	-
TOTAL NET POSITION.....	91,719,366	7,645,736	4,397,372	-

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2014

	Pension Trust Fund (as of December 31, 2013)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS:			
Contributions:			
Employer.....	\$ 4,045,905	\$ 1,172,000	\$ -
Plan members.....	2,912,708	5,124	-
Private donations.....	-	-	120,128
Total contributions.....	<u>6,958,613</u>	<u>1,177,124</u>	<u>120,128</u>
Net investment income:			
Net change in fair value of investments.....	7,944,182	764,974	747,133
Interest.....	1,263,994	136,962	-
Dividends.....	1,063,445	-	-
Total investment income.....	10,271,621	901,936	747,133
Less: investment expense.....	<u>(292,529)</u>	<u>(30,124)</u>	<u>-</u>
Net investment income.....	<u>9,979,092</u>	<u>871,812</u>	<u>747,133</u>
Intergovernmental.....	331,953	-	-
Transfers from other systems.....	144,746	-	-
TOTAL ADDITIONS.....	<u>17,414,404</u>	<u>2,048,936</u>	<u>867,261</u>
DEDUCTIONS:			
Administration.....	129,072	-	-
Transfers to other systems.....	246,182	-	-
Retirement benefits and refunds.....	6,889,527	-	-
Educational scholarships.....	-	-	213,311
TOTAL DEDUCTIONS.....	<u>7,264,781</u>	<u>-</u>	<u>213,311</u>
CHANGE IN NET POSITION.....	10,149,623	2,048,936	653,950
NET POSITION AT BEGINNING OF YEAR.....	<u>81,569,743</u>	<u>5,596,800</u>	<u>3,743,422</u>
NET POSITION AT END OF YEAR.....	<u>\$ 91,719,366</u>	<u>\$ 7,645,736</u>	<u>\$ 4,397,372</u>

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Hingham, 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 significant accounting policies are described herein.

A. Reporting Entity

The Town was incorporated in 1635 under the statutes of the Commonwealth of Massachusetts (the "Commonwealth"). The Town is a municipal corporation governed by an elected Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units 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. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. Three entities have been included as component units in the reporting entity, because of the significance of its operational and/or financial relationship.

Component Unit Presented as a Fiduciary Fund – The following component unit is presented as a Fiduciary Fund of the primary government due to the nature and significance of the relationship between the Town and the component unit.

In the Fiduciary Funds:

- (1) The Hingham Contributory Retirement System (the System) was established to provide retirement benefits to Town employees and the Hingham Housing Authority employees, and their beneficiaries. Board members of the Retirement System consist of two elected members, who are employees or retirees within the system and who are elected by the members-in-service and retirees, an ex-officio member who is a member by virtue of holding the office of Town Accountant, and an appointed member who is chosen by the Board of Selectmen. The remaining four members select the fifth member of the Board. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

Discretely Presented Component Units – Discretely presented component units are entities that are legally separate from the Town, but are financially accountable to the Town, or whose relationships with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete. The Town has included the following Discretely Presented Component Units:

- (2) The Hingham Public Library is a private non-profit corporation that operates a library for the Town of Hingham residents. The Board of Trustees for the Hingham Public Library consists of the members of the corporation, the superintendent of schools of the Town, the treasurer of the Town, a member of the Board of Selectmen, and five residents of which three are appointed by the Board of Selectmen and two are appointed by the Town Moderator. The library is financially accountable to the Town as a result of fiscal dependency. The Town has the authority to approve and modify the budget of the library.
- (3) The Lincoln Apartments, LLC is a Massachusetts limited liability company that operates affordable housing for Hingham residents at the Lincoln School Apartment building owned by the Town. The affordable housing program is subsidized by the U.S. Department of Housing and Urban Development

(HUD). Under the terms of a 30 year lease agreement, Lincoln Apartments, LLC will pay the Town an annual base rent equal to the debt service on the bonds issued by the Town to finance the building plus “Cash Flow Rent” and “Additional Rent” as defined in the Agreement.

Availability of Financial Information for Component Units, Lighting Plant Enterprise Fund, and Joint Venture

The Hingham Contributory Retirement System issues a publicly available statutory basis financial report that includes financial statements and required supplemental information. Copies of these financial statements may be obtained by writing to the Hingham Retirement Board, 210 Central Street, Hingham, MA 02043.

The Hingham Public Library issues a publically available financial report that includes financial statements and related notes. Further information about the Public Library can be obtained from the Library’s administrative offices, at 66 Leavitt Street, Hingham, MA 02043.

The Lincoln Apartments, LLC issues a publicly available financial report that includes financial statements and supplementary information. Copies of these financial statements may be obtained by writing to the Board of Managers, C/O the Hingham Affordable Housing Trust, 210 Central Street, Hingham, MA 02043.

The Hingham Municipal Lighting Plant issues a publicly available financial report that includes financial statements and required supplemental information. Copies of these financial statements may be obtained by writing to the Hingham Municipal Lighting Plant, 350 Lincoln Street, Suite 110, Hingham, MA 02043-1585.

Joint Venture – The Town has entered into a joint venture for the South Shore Regional Emergency Communications Center (SSRECC) along with the Towns of Cohasset, Hull, and Norwell to pool resources and share costs, risks, and rewards of operating a regional 911 call center. The Center became operational as of January 1, 2012, and the Town’s 2014 assessment totaled \$738,446. Since the assets of the SSRECC were acquired with State grants there is currently no significant equity interest accruing to the member communities. The annual assessments are based on and equal to the operating costs of the Center. The SSRECC issues a publically available financial report that includes its financial statements. Copies of these financial statements may be obtained by writing to the SSRECC’s Executive Director, 210 Central Street, Hingham, MA 02043.

B. Government-Wide and Fund-Level Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units.

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

Major funds must be reported if the following criteria are met:

- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, 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*
- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, 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 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.

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:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- 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. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of 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., 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 unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the amounts have matured or are due and payable.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual criteria" is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *middle school building project fund* is a capital project fund used to account for all activity related to the middle school building project.

The nonmajor governmental funds consist of other special revenue, capital project 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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *permanent fund* is used to account for and report 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 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 major proprietary funds are reported:

The *South Shore Country Club* manages and operates a recreational complex which primarily includes a municipal golf course in the Town of Hingham.

The *Hingham Municipal Lighting Plant* is used to account for the operations of the municipal lighting plant's activities.

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 in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

The *pension trust fund* is used to account for the activities of the Hingham Contributory Retirement System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries.

The *other postemployment benefit trust fund* is used to accumulate resources to provide funding for future OPEB (other postemployment benefits) liabilities.

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trust funds have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings. The Town's educational scholarships are accounted for in this fund.

The *agency fund* is used to account for assets held in a purely custodial capacity. The Town's agency fund mainly consists of off-duty work details, performance bonds, and fees collected on behalf of other governments. Agency funds apply the accrual basis of accounting but do not have a measurement focus.

D. Cash and Investments

Government-Wide and Fund Financial Statements

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

Investments are carried at fair value. The fair values were determined by the closing price for those securities traded on national stock exchanges and at the average bid-and-asked quotation for those securities traded in the over-the-counter market.

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

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

Real estate tax liens are processed annually after the close of the valuation year on delinquent properties and are recorded as receivables in the year they are processed.

A statewide limitation statute known as "Proposition 2 ½" limits the annual property tax levy increases to an amount equal to 2 ½% of the value of all taxable property in the Town, plus taxes levied on property newly added to the tax rolls. Certain Proposition 2 ½ taxing limitations can be overridden by a Town wide referendum vote.

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

Although the Hingham Municipal Lighting Plant is exempt from property taxes, they pay amounts in lieu of taxes to the Town of Hingham.

Motor Vehicle Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the 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.

User Charges

User charges and liens consist primarily of amounts due from residents for the providing of services by various departments including the Hingham Municipal Lighting Plant.

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

Departmental and Other

Departmental and other receivables consist primarily of police and fire details and are recorded as receivables in the year in which the service is performed.

Departmental and other receivables are recorded net of an allowance for uncollectible accounts. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Special Assessments

Special Assessments consist of apportioned and unapportioned sewer betterments assessed to homeowners whose properties were improved through Town-run construction projects.

Since these receivables are secured via the lien process they are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Intergovernmental

Various Federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded 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.

F. Inventories***Government-Wide and Fund Financial Statements***

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

Materials and supplies held by the Municipal Lighting Plant are generally recorded at the lower of cost or market, using the weighted average method.

G. Capital Assets***Government-Wide and Proprietary Fund Financial Statements***

Capital assets, which include land, construction in process, land improvements, buildings, building improvements, plant in service, machinery and equipment, and infrastructure (e.g., roads, street lights, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide 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.

For the Town of Hingham capital assets are defined as all purchases and construction costs in excess of \$5,000 which are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than three years.

Capital assets (excluding land and construction in progress) are depreciated over the estimated useful lives using the straight-line method. The estimated useful lives of capital assets being depreciated are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	10 - 30
Buildings.....	35
Building improvements.....	10 - 20
Plant in service.....	30 - 40
Machinery and equipment.....	3 - 20
Infrastructure.....	50

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.

The statutory provision for depreciation of utility plant is computed on the straight-line method at three percent of cost of plant in service at the beginning of the year, exclusive of land and land rights. Therefore, no depreciation is taken in the year of plant additions. Massachusetts' law stipulates that the Hingham Municipal Lighting Plant may change from the statutory depreciation rate only with the approval of the DTE. The Hingham Municipal Lighting Plant has consistently used a rate of 3.0%, which approximates GAAP. The Hingham Municipal Lighting Plant charges maintenance to expense when incurred. Replacements and betterments are charged to the utility plant.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the year of the purchase.

H. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has recorded advance tax collections and a rate stabilization reserve as deferred inflows of resources in the government-wide statement of net position.

Governmental Fund Financial Statements

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

has recorded unavailable revenue and advance tax collections as deferred inflows of resources in the governmental funds balance sheet.

I. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

J. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Unearned and Unavailable Revenue

Unearned revenue at the government-wide and fund financial statement level represents resources that have been received, but not yet earned.

Unavailable 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, i.e. receivables that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

L. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future reimbursements from the state’s school building program is not considered to be capital related debt.

Net position is reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been “restricted for” the following:

“Permanent funds - expendable” represents the amount of realized and unrealized investment earnings of donor restricted funds. The restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings.

“Permanent funds - nonexpendable” represents the endowment portion of donor restricted funds.

“Grants and gifts” represents amounts held for school grants, and other grants and gift funds.

“Community preservation” represents amounts held for uses restricted by law for community preservation purposes.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Financial Statements (Fund Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments’ or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Town Meeting is the highest level of decision making authority that can, by Town Meeting vote of a Special Article, commit funds for a specific purpose. Once voted, the limitation imposed of the Special Article remains in place until the funds are used for their intended purpose or a vote is taken to rescind the commitment.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. The Town’s by-laws authorize the Town Accountant to assign fund balance. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Town’s spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation.

Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

M. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Fund Financial Statements

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

N. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Compensated absences are reported in the governmental funds only if they have matured, i.e. unused reimbursable leave still outstanding following an employee’s resignation or retirement. Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

O. 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 Law (MGL).

Investment income from proprietary funds is maintained in those funds.

P. Individual Fund Deficits

Several individual fund deficits exist at June 30, 2014, within the Special Revenue and Capital Project Funds. These deficits will be funded through grants, bond proceeds, and other available funds in future years.

Q. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the year. Actual results could vary from estimates that were used.

R. 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 the equivalent of consolidated financial information.

NOTE 2 – AFFORDABLE HOUSING TRUST

In January 2009 the Town entered into a lease agreement with Lincoln Apartments, LLC, a Massachusetts limited liability company that operates affordable housing for Hingham residents at the Lincoln School Apartments. The affordable housing program is subsidized by the U.S. Department of Housing and Urban Development (HUD). Under the terms of the 30 year lease agreement, Lincoln Apartments, LLC will pay the Town an annual base rent equal to the debt service on the bonds used by the Town to finance the Premises plus “Cash Flow Rent” and “Additional Rent” as defined in the Agreement.

The Town contributed \$200,000 to Lincoln Apartments, LLC to replenish its property replacement reserve account. This amount will be repaid in future years as additional rent under the terms of the agreement.

NOTE 3 – CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type’s portion of this pool is displayed on the balance sheet as “Cash and cash equivalents”. The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U. S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer’s Investment Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans,

which are legal for the investment of funds of savings banks under the laws of the Commonwealth. The Town Treasurer is responsible for adhering to these statutes, and at June 30, 2014 the Town is in compliance with these requirements.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

The Retirement System participates in the Pension Reserve Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves Investment Management Board, which was established by the Treasurer of the Commonwealth of Massachusetts who serves as Trustee. The fair value of the position in the PRIT is the same as the value of the PRIT shares.

Town policy provides that up to 100% of available cash may be invested in the State Treasurer's pooled fund. Investment in a single institution may not exceed 10% of the institution's capital and surplus position as of the most recent quarterly data available to the Town Treasurer. Investment in a single institution (other than MMDT) may not exceed 25% of the total cash balance at any time. The Town treasurer shall subscribe to information reports from a recognized bank rating company. Direct investment in an institution shall be restricted to those ranked in the upper half of rating categories utilized by the Town unless the Town Treasurer obtains additional adequate security for the investment or otherwise determines and documents in writing that the rating provided does not properly reflect the strength of the institution. Maintenance of disbursement or other types of accounts at an institution below a mid-range rating shall be limited, to the maximum extent possible, to a balance below \$100,000. When the rating falls to a "warning stage" or when more than one-half of the institution's capital and surplus has been lost in a 12-month period, any accounts shall be closed forthwith.

The effective weighted duration rate for PRIT investments ranged from .25 to 10.78 years.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town policy for mitigating custodial credit risk is that the Town will not have on deposit amounts exceeding 10% of capital and surplus unless those deposits carry full FDIC insurance or are collateralized. In addition, it is the Town's policy that at no time shall any single bank or bank holding company hold an excess of 25% of the cash balance under the control of the Treasurer at any time.

At year-end the carrying amount (book value) of the Town's deposits totaled \$37,142,956 and the bank balances totaled \$37,458,109. Of the bank balance, \$2,250,000 was covered by Federal Depository Insurance, \$2,069,426 was covered by the Depositors Insurance Fund, \$1,910,373 was collateralized, and \$31,228,310 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2013 the carrying amount (book value) of the Retirement System's deposits totaled \$359,475 and the bank balance totaled \$375,855. The bank balance was fully covered by Federal Depository Insurance.

As of June 30, 2014 the Town had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			<u>Rating</u>	
		<u>Under 1 Year</u>	<u>1-5 Years</u>	<u>Over 10 Years</u>		
<u>Debt Securities</u>						
U.S. Government Treasuries.....	\$ 369,949	\$ -	\$ 299,855	\$ -	\$ 70,094	Aaa - AAA
Government Sponsored Enterprises.....	204,300	50,486	103,913	49,901	-	Aaa - AAA
Corporate Bonds.....	<u>1,639,184</u>	<u>383,017</u>	<u>318,107</u>	<u>938,060</u>	-	NR - AAA
Total Debt Securities.....	2,213,433	\$ <u>433,503</u>	\$ <u>721,875</u>	\$ <u>987,961</u>	\$ <u>70,094</u>	
<u>Other Investments</u>						
Equity Mutual Funds.....	3,650,809					Not Rated
Fixed Income Mutual Funds.....	308,498					A - AAA
Equity Securities.....	246,552					Not Rated
PRIT Core Fund.....	5,923,383					Not Rated
Money Market Mutual Funds.....	164,291					Not Rated
MMDT.....	<u>25,618,857</u>					Not Rated
Total Investments.....	\$ <u>38,125,823</u>					

MMDT maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 2 months.

As of December 31, 2013 the Retirement System had investments in the following segmented portfolios:

<u>PRIT Investment</u>	<u>Fair Value</u>
Core Fixed Income.....	\$ 26,721,459
Core Real Estate.....	5,064,615
Domestic Equity.....	27,828,121
Emerging Markets Equity.....	3,642,122
General Allocation Acct.....	2,377,354
Hedge Funds.....	4,568,444
International Equity.....	14,324,730
Private Equity Vintage Year 2011.....	262,208
Private Equity Vintage Year 2012.....	101,779
Private Equity Vintage Year 2013.....	21,740
PRIM Value Added Fixed Income.....	6,284,842
Cash Fund.....	<u>22</u>
Total Investments.....	\$ <u>91,197,436</u>

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 the possession of an outside party.

The Town investments of \$1,639,184 and \$246,552 in corporate bonds and equity securities, respectively, are subject to custodial credit risk exposure because the related securities are uninsured, unregistered and held by the counterparty.

The Town will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Statutory Authority section of the Town's Investment Policy; and obtaining necessary documentation (e.g. broker certification forms and documentation of perfected security interests in pledged collateral) from the financial institutions, broker/dealers, intermediaries and advisors, as applicable, with which the Town will do business in accordance with this Investment Policy. Some of this risk will be managed requiring that the above referenced financial institutions, broker/dealers, intermediaries and advisors have Securities Investor Protection Corporation (SIPC) and excess SIPC Coverage.

At December 31, 2013, the System's \$91.2 million investment in PRIT is not subject to custodial credit risk exposure because it is not evidenced by securities that exist in physical or book-entry form.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Town's investment policy is to follow state statutes, which limits investment maturities as a means of managing its exposure to fair value losses arising from increasing rates.

Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to meet its obligations. The Treasurer's policy for credit risk requires all financial institutions wishing to do business with the Town to read the Town's Investment Policy and agree to comply with it. This policy requires minimum standards of credit worthiness as well as guidance for the types of investment allowed.

The Town has disclosed the credit ratings of its investments in accordance with GASB Statement No. 40. At June 30, 2014 the Town's investments in corporate bonds and fixed income mutual funds were proportionally rated between NR (not rated) and AAA. The credit ratings for the money market mutual funds and for MMDT are not available.

Concentration of Credit Risk

The Town has adopted a formal policy to mitigate concentration of credit risk by mandating that the town may not at any one time have on deposit in a bank or trust company an amount exceeding 10% of the capital and surplus of that institution unless the deposits are fully collateralized.

The Town and the System do not have any investments in any one issuer that represents 5% or more of its total investments requiring disclosure in these financial statements.

NOTE 4 – RECEIVABLES

At June 30, 2014, receivables for the individual major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,388,887	\$ (16,385)	\$ 1,372,502
Tax liens.....	735,316	-	735,316
Motor vehicle and other excise taxes.....	367,052	(122,044)	245,008
User fees.....	426,654	-	426,654
Departmental and other.....	444,952	(144,324)	300,628
Special assessments.....	1,199,233	-	1,199,233
Intergovernmental.....	13,878,377	-	13,878,377
Total.....	<u>\$ 18,440,471</u>	<u>\$ (282,753)</u>	<u>\$ 18,157,718</u>

At December 31, 2013 and June 30, 2014, respectively, receivables for the electric lighting and South Shore Country Club enterprise funds consisted of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
<i>Electric Light</i>			
User fees.....	\$ 2,254,148	\$ -	\$ 2,254,148
Departmental and other.....	402,103	-	402,103
<i>South Shore Country Club</i>			
Departmental and other.....	2,350	-	2,350
Total.....	<u>\$ 2,658,601</u>	<u>\$ -</u>	<u>\$ 2,658,601</u>

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the various components of unavailable revenue reported in the governmental funds were as follows:

	General Fund	Nonmajor Governmental Funds	Total
<u>Receivables and other asset types:</u>			
Real estate and personal property taxes.....	\$ 901,094	\$ -	\$ 901,094
Tax liens.....	735,316	-	735,316
Motor vehicle and other excise taxes.....	245,008	-	245,008
User charges.....	-	426,654	426,654
Departmental and other.....	293,796	6,832	300,628
Special assessments.....	1,199,233	-	1,199,233
Intergovernmental.....	11,935,234	550,531	12,485,765
Tax foreclosures.....	122,712	-	122,712
Total.....	<u>\$ 15,432,393</u>	<u>\$ 984,017</u>	<u>\$ 16,416,410</u>

NOTE 5 – CAPITAL ASSETS

A summary of changes in capital asset activity for the year ended June 30, 2014, is as follows:

Governmental Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 13,874,037	\$ 239,423	\$ -	\$ 14,113,460
Construction in progress.....	32,916,829	25,817,693	(5,854,446)	52,880,076
Total capital assets not being depreciated.....	<u>46,790,866</u>	<u>26,057,116</u>	<u>(5,854,446)</u>	<u>66,993,536</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	2,486,568	5,888,072	-	8,374,640
Buildings.....	149,975,614	267,852	-	150,243,466
Machinery and equipment.....	13,643,754	941,630	(406,670)	14,178,714
Infrastructure.....	50,806,659	60,203	-	50,866,862
Total capital assets being depreciated.....	<u>216,912,595</u>	<u>7,157,757</u>	<u>(406,670)</u>	<u>223,663,682</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(409,589)	(94,922)	-	(504,511)
Buildings.....	(72,388,061)	(3,901,746)	-	(76,289,807)
Machinery and equipment.....	(10,581,218)	(747,804)	406,670	(10,922,352)
Infrastructure.....	(28,211,298)	(1,169,689)	-	(29,380,987)
Total accumulated depreciation.....	<u>(111,590,166)</u>	<u>(5,914,161)</u>	<u>406,670</u>	<u>(117,097,657)</u>
Total capital assets being depreciated, net.....	<u>105,322,429</u>	<u>1,243,596</u>	<u>-</u>	<u>106,566,025</u>
Total governmental activities capital assets, net.....	<u>\$ 152,113,295</u>	<u>\$ 27,300,712</u>	<u>\$ (5,854,446)</u>	<u>\$ 173,559,561</u>
Business-Type Activities:				
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
South Shore Country Club				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 7,008,200	\$ -	\$ -	\$ 7,008,200
<u>Capital assets being depreciated:</u>				
Land improvements.....	2,113,681	-	-	2,113,681
Building improvements.....	3,083,227	131,256	-	3,214,483
Machinery and equipment.....	1,197,982	191,417	-	1,389,399
Total capital assets being depreciated.....	<u>6,394,890</u>	<u>322,673</u>	<u>-</u>	<u>6,717,563</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(436,575)	(72,035)	-	(508,610)
Building improvements.....	(2,075,718)	(143,704)	-	(2,219,422)
Machinery and equipment.....	(748,843)	(140,999)	-	(889,842)
Total accumulated depreciation.....	<u>(3,261,136)</u>	<u>(356,738)</u>	<u>-</u>	<u>(3,617,874)</u>
Total capital assets being depreciated, net.....	<u>3,133,754</u>	<u>(34,065)</u>	<u>-</u>	<u>3,099,689</u>
Total South Shore Country Club capital assets, net.....	<u>\$ 10,141,954</u>	<u>\$ (34,065)</u>	<u>\$ -</u>	<u>\$ 10,107,889</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Hingham Municipal Lighting Plant				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 434,101	\$ 762	\$ -	\$ 434,863
Construction in progress.....	41,755	650,939	(347,415)	345,279
Total capital assets not being depreciated.....	<u>475,856</u>	<u>651,701</u>	<u>(347,415)</u>	<u>780,142</u>
<u>Capital assets being depreciated:</u>				
Plant in service.....	47,902,997	1,575,055	(35,690)	49,442,362
<u>Less accumulated depreciation for:</u>				
Plant in service.....	(25,377,754)	(1,916,120)	35,690	(27,258,184)
Total capital assets being depreciated, net.....	<u>22,525,243</u>	<u>(341,065)</u>	<u>-</u>	<u>22,184,178</u>
Total Hingham Municipal Lighting Plant capital assets, net.....	<u>\$ 23,001,099</u>	<u>\$ 310,636</u>	<u>\$ (347,415)</u>	<u>\$ 22,964,320</u>

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

Governmental Activities:

General government.....	\$ 603,730
Public safety.....	740,741
Public education.....	2,676,680
Public works.....	1,600,818
Human services.....	5,342
Culture and recreation.....	<u>286,850</u>

Total depreciation expense - governmental activities..... \$ 5,914,161

Business-Type Activities:

South shore country club.....	\$ 356,738
Hingham municipal light plant.....	<u>1,916,120</u>

Total depreciation expense - business-type activities..... \$ 2,272,858

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables between funds at June 30, 2014, as summarized as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Town Grants	\$ 158,676
General Fund	Sewer Capital Projects	8,383
General Fund	New Elementary School	244,738
General Fund	Plymouth River School	236,907
General Fund	South Shore Regional Emergency Communications Center	<u>1,010,189</u>
		<u>\$ 1,658,893 (1)</u>

(1) Represents advances between funds to meet temporary cash flow needs.

Interfund transfers for the year ended June 30, 2014, are summarized as follows:

Transfers Out:	Transfers In:		
	General Fund	Nonmajor Governmental Funds	Total
Nonmajor Governmental Funds.....	\$ 3,664	\$ 10,000	\$ 13,664 (1)
Lighting Plant Enterprise Fund.....	500,989	-	500,989 (2)
Total.....	<u>\$ 504,653</u>	<u>\$ 10,000</u>	<u>\$ 514,653</u>

(1) Represents budgeted transfers from the Town Revolving Fund to the General Fund and from Community Preservation to the Conservation Fund.

(2) Represents transfers in from the Lighting Plant Enterprise Fund as a payment in lieu of taxes.

NOTE 7 – LEASES

Capital Leases

The Town has entered into lease agreements to finance the acquisition of equipment and golf carts for the South Shore Country Club, an enterprise fund of the Town. The two 5 year lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception dates.

The following identifies the assets acquired through capital lease agreements:

<u>Asset:</u>	<u>Business-Type Activities</u>
Machinery and equipment.....	\$ 975,556
Less: accumulated depreciation.....	<u>(677,513)</u>
Total.....	<u>\$ 298,043</u>

Future minimum lease payments under capitalized leases consist of the following at June 30, 2014:

<u>Years Ending June 30,</u>	<u>Governmental Activities</u>
2015.....	\$ 44,255
2016.....	<u>44,256</u>
Total minimum lease payments.....	88,511
Less: amounts representing interest.....	<u>(3,914)</u>
Present value of minimum lease payments.....	<u>\$ 84,597</u>

Operating Leases

The Town leases school buses under noncancelable operating leases that expire in 2015. The cost of the leases for the year ended June 30, 2014, totaled approximately \$407,341, and is reported as an educational expenditure of the general fund.

The future minimum lease payments are as follows at June 30, 2014:

<u>Year Ending June 30,</u>	<u>Governmental</u>
	<u>Activities</u>
2015.....	\$ <u><u>417,525</u></u>

NOTE 8 – SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and enterprise fund, respectively.

Details related to short term debt activity for the year ended June 30, 2014, are as follows:

<u>Type</u>	<u>Purpose</u>	<u>Rate (%)</u>	<u>Due Date</u>	<u>Balance at June 30, 2013</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance at June 30, 2014</u>
Governmental Funds							
BAN	Municipal Purpose.....	1.00%	05/23/14	\$ 40,014,200	\$ -	\$ 40,014,200	\$ -
BAN	Municipal Purpose.....	0.75%	05/22/15	-	45,339,200	-	45,339,200
				<u>\$ 40,014,200</u>	<u>\$ 45,339,200</u>	<u>\$ 40,014,200</u>	<u>\$ 45,339,200</u>

<u>Type</u>	<u>Purpose</u>	<u>Rate (%)</u>	<u>Due Date</u>	<u>Balance at June 30, 2013</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance at June 30, 2014</u>
Enterprise Funds							
BAN	Municipal Purpose.....	0.75%	05/22/15	-	191,418	-	191,418
				<u>-</u>	<u>191,418</u>	<u>-</u>	<u>191,418</u>

NOTE 9 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the Town’s outstanding general obligation and other indebtedness at June 30, 2014, and the debt service requirements are as follows:

Governmental Activities

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2013	Issued	Redeemed	Outstanding at June 30, 2014
Municipal Purpose GOB of 1998 - Refunding Debt.....	2019	\$ 3,700,000	2.0 - 3.0	\$ 2,140,000	\$ -	\$ 410,000	\$ 1,730,000
Municipal Purpose GOB of 2002 - Refunding Debt.....	2021	19,080,000	2.0 - 4.0	16,625,000	-	2,220,000	14,405,000
2007 Multi Purpose Bonds.....	2027	4,929,750	4.0	3,725,000	-	245,000	3,480,000
MWPAT - 1993 Bonds.....	2014	131,769	0.0	7,377	-	7,377	-
MWPAT - 1998 Bonds.....	2019	2,505,200	0.0	1,229,300	-	190,000	1,039,300
MWPAT - 2001 Bonds.....	2019	97,838	0.0	32,606	-	5,436	27,170
MWPAT - 2006 Bonds.....	2027	400,000	2.0	296,813	-	18,556	278,257
Municipal Purpose Bonds of 2010.....	2029	38,565,991	3.0 - 5.0	29,900,000	-	1,985,000	27,915,000
Total general obligation indebtedness.....				53,956,096	-	5,081,369	48,874,727
Unamortized Premium on Bonds.....				1,556,742	-	208,914	1,347,828
Total Long-Term Debt.....				\$ 55,512,838	\$ -	\$ 5,290,283	\$ 50,222,555

Debt service requirements for principal and interest for Governmental bonds payable in future years are as follows:

Year	Principal	Interest	Total
2015.....	\$ 4,985,065	\$ 1,891,909	\$ 6,876,974
2016.....	4,956,447	1,716,441	6,672,888
2017.....	4,932,937	1,541,429	6,474,366
2018.....	4,894,436	1,362,428	6,256,864
2019.....	4,686,142	1,156,614	5,842,756
2020.....	4,255,922	977,361	5,233,283
2021.....	4,226,345	787,886	5,014,231
2022.....	2,256,776	629,131	2,885,907
2023.....	2,262,216	539,191	2,801,407
2024.....	2,267,664	449,042	2,716,706
2025.....	2,273,122	358,685	2,631,807
2026.....	2,273,589	268,218	2,541,807
2027.....	2,279,066	177,641	2,456,707
2028.....	1,965,000	93,000	2,058,000
2029.....	360,000	14,400	374,400
Total.....	\$ 48,874,727	\$ 11,963,376	\$ 60,838,103

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$268,000 and interest costs for \$104,000. Thus, net MCWT loan repayments, including interest, are scheduled to be \$1,196,000. The principal subsidies are guaranteed and therefore a \$268,000 intergovernmental receivable and corresponding revenue have been reported in the Sewer fund. Since the Town

is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. In 2014, the Town was subsidized for principal in the amount of \$52,000 and interest in the amount of \$36,000.

The Town is receiving school construction assistance through the Massachusetts School Building Authority (MSBA) on bonded projects completed in prior years. The MSBA provides resources for eligible construction costs and related debt interest and borrowing costs. During 2014, approximately \$1.8 million of such assistance was received. Approximately \$12.1 million is expected to be received in future years. Of this amount, \$406,000 represents reimbursement of long-term interest costs, and \$11.7 million represents reimbursement of approved construction costs. Accordingly, an \$11.7 million intergovernmental receivable and corresponding deferred inflow have been reported in the governmental fund financial statements. The deferred inflow for the entire grant has been recognized as revenue in the conversion to the government-wide financial statements in prior years.

In addition, the MSBA offers a construction grant program which pays the Town the State’s share of approved school construction costs and therefore eliminates the need for the Town to fund the State’s share through long-term debt. The Hingham Middle School project is being funded by this grant program. The total grant received by the Town is expected to be approximately \$25.6 million. During the year, the Town received \$8,422,359 and recorded a receivable for \$452,493 for reimbursements that were received subsequent to year end.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2014, the Town had the following authorized and unissued debt:

Purpose	Amount
Sewer Construction.....	\$ 800,000
Sewer MWRA I & I Removal.....	426,050
Sewer Route 3a.....	800,000
Sewer Weir River 2.....	451,887
Sewer Green Street Court.....	17,842
School Buildings.....	19,000
Lincoln School Apartments Acquisition.....	100,000
Sewer Construction / Thaxter to Kents Lane.....	35,000
School Buildings / Hingham Middle School.....	59,679
Wastewater Treatment Facility / Engineer & Permit.....	190,000
High School Fields Improvement Project.....	5,154,000
School Buildings / New Middle School.....	39,611,845
Recreation Park Drive.....	3,750,000
Fire Engines.....	1,200,000
Heritage Museum.....	1,100,000
Total.....	\$ 53,715,303

Business-Type Activities

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2013	Issued	Redeemed	Outstanding at June 30, 2014
SSCC - Irrigation.....	2019	\$ 1,585,000	4.0	\$ 950,000	\$ -	\$ 145,000	\$ 805,000

Debt service requirements for principal and interest for enterprise fund bonds and notes payable in future years are as follows:

Year	Principal	Interest	Total
2015.....	\$ 150,000	\$ 29,200	\$ 179,200
2016.....	155,000	23,100	178,100
2017.....	160,000	16,800	176,800
2018.....	165,000	10,300	175,300
2019.....	175,000	3,500	178,500
Total.....	\$ 805,000	\$ 82,900	\$ 887,900

Calculation of the Net Investment in Capital Assets

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation.....	\$ 173,559,561	\$ 33,072,209
Outstanding principal of related debt:		
Bonds payable.....	(50,222,555)	(805,000)
Notes payable.....	(45,339,200)	(191,418)
Capital lease obligations.....	-	(84,597)
Less:		
Unspent proceeds of capital debt.....	4,620,693	-
Non capital-related debt (1).....	11,667,534	-
Net investment in capital assets.....	\$ 94,286,033	\$ 31,991,194

(1) School construction grant financing.

Changes in Long-term Liabilities

During the year ended June 30, 2014, the following changes occurred in long-term liabilities:

	Balance June 30, 2013	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Balance June 30, 2014	Due Within One Year
Governmental Activities:							
Bonds payable.....	\$ 53,956,096	\$ -	\$ (5,081,369)	\$ -	\$ -	\$ 48,874,727	\$ 4,985,065
Unamortized bond premium.....	1,556,742	-	-	-	(208,914)	1,347,828	192,532
Workers' compensation.....	486,507	-	-	495,713	(248,101)	734,119	374,383
Compensated absences.....	1,097,718	-	-	913,038	(777,662)	1,233,094	870,666
Other postemployment benefits....	8,731,490	-	-	4,295,385	(4,225,515)	8,801,360	-
Total governmental activity long-term liabilities.....	\$ 65,828,553	\$ -	\$ (5,081,369)	\$ 5,704,136	\$ (5,460,192)	\$ 60,991,128	\$ 6,422,646
Business-Type Activities:							
Bonds payable.....	\$ 950,000	\$ -	\$ (145,000)	\$ -	\$ -	\$ 805,000	\$ 150,000
Compensated absences.....	20,778	-	-	30,011	(20,778)	30,011	30,011
Capital lease obligations.....	125,016	-	-	-	(40,419)	84,597	41,659
Customer deposits.....	1,492,734	-	-	94,844	-	1,587,578	-
Total business-type activity long-term liabilities.....	\$ 2,588,528	\$ -	\$ (145,000)	\$ 124,855	\$ (61,197)	\$ 2,507,186	\$ 221,670

Governmental activities long-term liabilities are generally liquidated by the general fund. Business-type activities long-term liabilities are normally paid from the funds reporting the liability, namely the South Shore Country Club or the Hingham Municipal Lighting Plant.

NOTE 10 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town has adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, beginning in 2011. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town’s financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

At June 30, 2014, approximately \$1,885,000 has been set aside in a stabilization fund that is classified as part of the general fund in the governmental funds financial statements. Municipal finance laws of the Commonwealth of Massachusetts authorize municipalities to establish stabilization funds on an as needed basis. The number of and exact purpose of the stabilization funds of the Town are dependent upon authorization and approval of Town Meeting. The stabilization fund balance can be used for general and/or capital purposes upon approval of Town Meeting. Additions to the fund can only be made upon Town Meeting approval.

As of June 30, 2014, the governmental fund balances consisted of the following:

	Governmental Funds			
	General	Middle School Building Project	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances				
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 35,000	\$ 35,000
Restricted for:				
Town gift funds.....	-	-	596,392	596,392
School gift funds.....	-	-	27,608	27,608
School state grant funds.....	-	-	1,121,032	1,121,032
School federal grant funds.....	-	-	371,378	371,378
Affordable housing trust.....	-	-	252,829	252,829
School revolving funds.....	-	-	1,928,326	1,928,326
Town revolving funds.....	-	-	696,175	696,175
Town trust funds.....	-	-	169,155	169,155
Town other funds.....	-	-	465,453	465,453
Community preservation.....	-	-	2,154,630	2,154,630
Preservation projects.....	-	-	1,614,756	1,614,756
Conservation.....	-	-	75,897	75,897
Sewer inflow/infiltration.....	-	-	701,818	701,818
Landfill.....	-	-	2,449	2,449
Harbor dredging.....	-	-	444,247	444,247
Central fire station.....	-	-	89,756	89,756
DPW building.....	-	-	29,601	29,601
Foster school.....	-	-	33,187	33,187
Middle school additions.....	-	-	9,319	9,319
Other capital project funds.....	-	-	2,306	2,306
Conservation permanent fund.....	-	-	64,205	64,205
Town permanent funds.....	-	-	217	217
Proceeds from the sale of the Hersey House.....	1,250,000	-	-	1,250,000
Committed to:				
Harbor maintenance.....	1,010,729	-	-	1,010,729
Special articles.....	463,197	-	-	463,197
Assigned for carryover encumbrances to:				
General government.....	318,553	-	-	318,553
Public safety.....	116,206	-	-	116,206
Public education.....	801,750	-	-	801,750
Public works.....	123,032	-	-	123,032
Human services.....	7,839	-	-	7,839
Culture and recreation.....	245,668	-	-	245,668
Subsequent year expenditures.....	761,845	-	-	761,845
Unassigned.....	<u>20,610,844</u>	<u>(30,064,261)</u>	<u>(9,727,018)</u>	<u>(19,180,435)</u>
Total Fund Balances.....	\$ <u>25,709,663</u>	\$ <u>(30,064,261)</u>	\$ <u>1,158,718</u>	\$ <u>(3,195,880)</u>

NOTE 11 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Town participates in premium-based health care plans for its active employees and retirees. The Town is self-insured for workers’ compensation and unemployment benefits, and also self-insures property coverage over a group of vacant buildings given to them by the federal government. The Town maintains liability coverage on these respective buildings. The Town records an estimated liability for workers’ compensation claims based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported based on historical experience. At June 30, 2014, the estimated liability for workers’ compensation claims totaled \$734,119.

Changes in the Workers’ Compensation claims liability amount for the years ended June 30 were as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2013..... \$	615,390 \$	(120,990) \$	(7,893) \$	486,507
2014.....	486,507	285,376	(37,764)	734,119

Any liability for unemployment claims at June 30, 2014 is considered to be immaterial for these financial statements.

NOTE 12 – CONTRIBUTORY RETIREMENT SYSTEM

Plan Description - The Town contributes to the System, a cost sharing multiple-employer defined benefit pension plan administered by the Hingham Contributory Retirement Board. Substantially all employees are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$9,857,000 for the year ended June 30, 2014, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth’s state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Hingham Contributory Retirement Board and are borne by the System. The System issues a publicly available audited financial report that may be obtained by contacting the System located at 210 Central Street, Hingham, MA 02043.

At December 31, 2013, the System’s membership consists of the following:

Active members.....	620
Inactive members.....	123
Retirees and beneficiaries currently receiving benefits.....	<u>293</u>
 Total.....	 <u><u>1,036</u></u>

Funding Policy - 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 system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The current and two preceding years’ apportionment of the annual pension cost between the two employers required the Town to contribute approximately 99% of the total. Chapter 32 of the MGL governs the contributions of plan members and the Town.

Annual Pension Cost - The Town’s contributions to the System for the last three years ended June 30, 2014, 2013, and 2012 were \$3,958,936, \$3,900,316, and \$3,772,827, respectively, which equaled its required contribution for each year. At June 30, 2014, the Town did not have a net pension obligation. The required contribution was determined as part of the January 1, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included an 8.0% investment rate of return and projected salary increases of 4.0% per year. The actuarial value of the System’s assets was determined using the fair value of the assets. The System’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls. The remaining amortization period at January 1, 2014 was 24 years.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/14	\$ 88,826,629	\$ 130,408,659	\$ 41,582,030	68.1%	\$ 27,037,796	153.8%
1/1/12	79,699,482	114,766,986	35,067,504	69.4%	23,273,757	150.7%
1/1/10	72,255,686	104,411,776	32,156,090	69.2%	22,266,750	144.4%
1/1/09	62,299,932	99,303,172	37,003,240	62.7%	21,715,745	170.4%
1/1/08	75,680,784	94,518,253	18,837,469	80.1%	19,856,230	94.9%
1/1/07	64,778,166	88,204,142	23,425,976	73.4%	19,177,310	122.2%
1/1/06	58,096,713	85,429,148	27,332,435	68.0%	18,005,014	151.8%

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Fiscal year 2009 and calendar year 2008, respectively, were the initial years that the Town and the Hingham Municipal Lighting Plant (HMLP) implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (GASB 45). As allowed by GASB 45, the Town and the HMLP have established the net Other Postemployment Benefit (OPEB) obligation at zero at the beginning of the transition years and have applied the measurement and recognition requirements of GASB 45 on a prospective basis.

The Town implemented the provisions of GASB Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, during 2008 and established its “Other Postemployment Benefit Trust Fund”. The Town voted to begin pre-funding its OPEB liabilities through the use of this irrevocable trust.

Plan Description – The Town maintains a single employer defined benefit healthcare plan (“The Other Postemployment Benefit Plan”), which the HMLP participates in. The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the Plan. The plan provides the benefits by participating in the Mayflower Municipal Health Group. Medical and prescription drug benefits are provided to all eligible retirees through a variety of plans offered by Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim Health Care, Tufts Health Plan, and Fallon Community Health Plan, as well as an out-of-area indemnity plan administered by North American Administrators. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The plan also pays approximately 50% of the retiree life insurance premiums. The Other Postemployment Benefit Plan does not issue a publicly available financial report.

The Town adopted MGL, Chapter 32B, Section 18 in April 2006, requiring all Medicare-eligible retirees to enroll in a Medicare supplement plan. The effects of this adoption have been included in the actuarial determination of OPEB liabilities by the Town’s actuary.

Based on the June 30, 2014 actuarial valuation, the Plan’s memberships consisted of the following:

	Governmental Activities	Business-Type Activities
Current retirees, beneficiaries, and dependents.....	470	15
Current active members.....	931	27
Total.....	<u>1,401</u>	<u>42</u>

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. Retired plan members and beneficiaries currently receiving benefits are required to contribute between 10% and 50% of the cost of benefits provided depending on the plan they choose. The Town and the HMLP are required to contribute the balance of the current premiums and may contribute additional amounts to pre-fund benefits. The Town and the HMLP contributed \$3,061,821 and \$83,699, respectively, during 2014 towards these benefits in addition to the pre-funding amount discussed below. Administrative costs of the Plan are assumed to be included in the fully insured premium rates.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the Postemployment Benefit Trust Fund and to enable the Town to raise taxes necessary to begin pre-funding its OPEB liabilities. During 2014, the Town pre-funded future OPEB liabilities in the amount of \$1,172,000.

Annual OPEB Cost and Net OPEB Obligation – The annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the Town’s and the HMLP’s annual OPEB costs for the periods, the amount actually contributed to the plan, and changes in the net OPEB obligations are summarized in the following table:

	Governmental Activities	Business-Type Activities (1)
Annual required contribution..... \$	4,111,694	\$ 46,935
Interest on net OPEB obligation.....	698,519	-
Adjustments to annual required contribution.....	(514,828)	11,818
Annual OPEB cost/expense.....	4,295,385	58,753
Contributions made.....	(4,225,515)	(83,699)
Increase in net OPEB obligation.....	69,870	(24,946)
Net OPEB obligation - beginning of year.....	8,731,490	(1,339,365)
Net OPEB obligation/(asset) - end of year..... \$	<u>8,801,360</u>	<u>(1,364,311)</u>

(1) The Business-Type Activities consist of the Hingham Municipal Lighting Plant (HMLP) as of December 31, 2013.

The annual OPEB costs, the percentage of annual OPEB costs contributed to the plan, and the net OPEB obligations for the last three periods are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/ (Asset)
6/30/2014	\$ 4,354,138	98.97%	\$ 7,437,049
6/30/2013	4,635,357	95.30%	7,392,125
6/30/2012	4,525,589	91.08%	7,174,202

Funded Status and Funding Progress – The funded status of the Plan as of the most recent actuarial valuation dates is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/2014	\$ 7,622,382	\$ 58,080,380	\$ 50,457,998	13.12%	\$ 51,711,077	97.58%
6/30/2012	4,030,945	59,358,619	55,327,674	6.79%	47,391,655	116.75%
6/30/2011	2,965,242	64,713,447	61,748,205	4.58%	43,450,759	142.11%

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

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

The following additional information is provided for the latest actuarial valuation:

Valuation date.....	June 30, 2014
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Payments increasing at 4.0%, level % of payroll
Remaining amortization period.....	27 years as of June 30, 2014, closed
Asset valuation method.....	Market value
Actuarial assumptions:	
Investment rate of return.....	7.75% full pre-funded scenario
Inflation rate.....	3.0%
Projected salary increases.....	4.0%
Medical/Drug cost trend rate.....	7.0% decreasing by 0.5% for 5 years to an ultimate level of 5.0% per year

NOTE 14 – COMMITMENTS

The Town has been authorized to borrow approximately \$54 million primarily to cover the costs of various school and sewer related projects. The Town is in the process of constructing a new Middle School with a total cost estimated at approximately \$58.4 million of which approximately \$25.6 million will be funded through grants from the Massachusetts School Building Authority (MSBA). As of June 30, 2014 the Town has expended approximately \$51.8 million on the project.

The Hingham Municipal Lighting Plant has various power purchase commitments as more fully described in Note 15.

NOTE 15 – POWER PURCHASE COMMITMENTS

Hingham Municipal Lighting Plant has entered into various power contracts through Energy New England (ENE), as their acting agent. These power contracts began in 2008 and go through to the year 2026.

Hingham Municipal Lighting Plant has entered into a contract with Braintree Electric Lighting Department as a 10% entitlement owner to the Watson Power Plant. This purchase power contract is effective from 2009 thru 2029. Watson Units entitle HMLP to 11.4 MWs. They are natural gas fired. The average 2013 energy price for Watson was \$0.34556/kWh. HMLP is a 2.3% entitlement owner to Potter 2 which is a life of unit contract. Potter 2 entitles HMLP to 2.1 MW. The 2013 energy price for Potter was \$0.51511/kWh. It can run on either oil or natural gas.

HMLP is a .5% entitlement owner in the Seabrook nuclear power plant and is entitled to almost 6MW. The average 2013 energy price for Seabrook was \$0.0794/kWh. This contract is a life of unit contract.

HMLP is a .1% entitlement owner in the Millstone nuclear power plant and is entitled to almost 1 ¼ MW. The average 2013 energy price for Millstone was \$0.08365/kWh. This contract is a life of unit contract.

HMLP is a 6% entitlement owner in the Miller Hydro plant for hydroelectric renewable energy and is entitled to almost 1 MW. The Lighting Plant entered into a six year contract with Miller Hydro expiring in 2016. The average 2013 energy price for Miller Hydro was \$.0.0555/kWh.

HMLP has entered into a fifteen year contract through 2026 with Spruce Mountain Wind Farm for renewable wind energy. They have an ownership entitlement of 9% with a commitment to purchase almost 2 MW. The average 2013 energy price for Spruce Mountain Wind was \$0.03791/kWh.

HMLP is a 2 ¾% entitlement owner in Taunton's Cleary power plant which can burn either oil or natural gas. The contract is for the life of the unit. The average 2013 energy price for Cleary is \$0.21338/kWh. HMLP's contract with Taunton Municipal Lighting Plant allowed for HMLP to no longer buy power from the Cleary plant if certain conditions came to fruition. Those conditions were met and HMLP informed TMLP that effective March 2014, they would no longer buy power from the Cleary plant.

HMLP has entered into a contract running until 2017 with Granby Landfill. They are entitled to .5MWH of renewable energy and have an ownership entitlement of about 17%. The average 2013 energy price for Granby Landfill is \$0.04378/kWh.

HMLP is an entitlement owner in the Stony Brook Intermediate (4%) and Peaking (5 1/3%) units. The Intermediate units can run on either gas or oil while the peaking unit runs on oil. Units 1A, B and C of the Intermediate entitle HMLP to a total of 14MW. Units 2A and B of the Peaking units entitle HMLP to a total of 9.2MW. The contracts are for the life of the units. The average 2013 energy price for the Intermediate units is \$0.18786/kWh.

HMLP is a 2% entitlement owner in the NYPA Hydro Base and Peaking plants for hydroelectric renewable energy. The contracts are life of unit contracts. The average 2013 energy price for the NYPA units is \$0.03251/kWh.

MMWEC Contingencies and Liabilities

MMWEC has issued separate issues of revenue bonds for each of its eight Projects, which are payable solely from, and secured solely by, the revenues derived from the Project to which the bonds relate, plus available funds pledged under MMWEC's Amended and Restated General Bond Resolution (GBR) with respect to the bonds of the Project. The MMWEC revenues derived from each Project are used solely to provide for the payment of the bonds of any bond issue relating to such Project and to pay MMWEC's cost of owning and operating such Project and are not used to provide for the payment of the bonds of any bond issue relating to any other project.

MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has a 3.7% in the W.F. Wyman Unit No. 4 plant, which is operated and owned by its majority owner, FPL Energy Wyman IV, LLC, a subsidiary of NextEra Energy Resources, LLC, and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. (DNCI), the majority owner and an indirect subsidiary of Dominion Resources, Inc. DNCI also owns and operates Millstone Unit 2 nuclear unit. The operating license for the Millstone Unit 3 nuclear extends to November 25, 2045.

A substantial portion of MMWEC's plant investment and financing program is an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC (NextEra Seabrook), the majority owner and an indirect subsidiary of NextEra Energy Resources LLC. The operating license for Seabrook Station extends to March 2030. NextEra Seabrook has submitted an application to extend the Seabrook Station operating license for an additional 20 years.

Pursuant to the PSAs, the MMWEC Seabrook and Millstone Project Participants are liable for their proportionate share of the costs associated with decommissioning the plants, which costs are being funded through monthly Project billings. Also, the Project Participants are liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act (Act). Originally enacted in 1957, the Act has been renewed several times. In July 2005, as part of the Energy Policy Act of 2005, Congress extended the Act until the end of 2025.

MMWEC is involved in various legal actions. In the opinion of MMWEC management, the outcome of such actions will not have a material adverse effect on the financial position of the company.

Seven municipal light departments that are Participants under PSAs with MMWEC have submitted a demand for arbitration of a dispute relating to charges under the PSAs. MMWEC cannot predict the outcome of the arbitration demand, but in the opinion of MMWEC management, it will not have a material adverse effect on the financial position of MMWEC.

Total capital expenditures for MMWEC's Projects amounted to \$1,607,269,000, of which \$63,335,000 represents the amount associated with the Lighting Plant's share of the Projects in which it participates, although such amount is not allocated to the Lighting Plant. MMWEC's debt outstanding for the Projects includes Power Supply System Revenue Bonds totaling \$225,280,000, of which \$8,477,000 is associated with the Lighting Plant's share of the Project Capability of the Projects in which it participates, although such amount is not allocated to the Lighting Plant. As of December 31, 2013, MMWEC's total future debt service requirement on outstanding bonds issued for the Projects is \$218,518,000, of which \$8,304,000 is anticipated to be billed to the Lighting Plan in the future.

In addition, under the PSAs, the Lighting Plant is required to pay to MMWEC its share of the Operation and Maintenance (O&M) costs of the Projects in which it participates. The Lighting Plant's total O&M costs including debt service under the PSAs were \$6,315,000 and \$6,235,000 for the years ended December 31, 2013 and 2012 respectively.

HMLP's annual energy costs related to its long-term power purchase commitments as of 2013 are as follows:

For Years Ended December 31,

	<u>MMWEC</u>	<u>ENE</u>	<u>Watson</u>	<u>Total</u>
2014.....	\$ 2,427,000	\$ 4,602,424	\$ 1,532,486	\$ 8,561,910
2015.....	2,283,000	4,114,513	1,531,914	7,929,427
2016.....	2,139,000	3,845,487	1,531,031	7,515,518
2017.....	1,054,000	3,507,874	1,530,332	6,092,206
2018.....	226,000	3,363,065	1,529,484	5,118,549
2019-2023.....	175,000	16,152,328	7,635,323	23,962,651
2024-2028.....	-	1,713,739	6,952,631	8,666,370
2029-2033.....	-	-	274,949	274,949
Total.....	<u>\$ 8,304,000</u>	<u>\$ 37,299,430</u>	<u>\$ 22,518,150</u>	<u>\$ 68,121,580</u>

NOTE 16 – 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, 2014, 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 expected such amounts, if any, to be immaterial.

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, 2014, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2014.

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2014, the following GASB pronouncements were implemented:

- GASB Statement #65, *Items Previously Reported as Assets and Liabilities*. Financial statement changes include the presentation of deferred outflows and inflows in the Statement of Net Position and Balance Sheet. Notes to the basic financial statements were changed to provide additional disclosure on deferred outflows of resources and deferred inflows of resources.
- GASB Statement #70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The implementation of this pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in future years:

- The GASB issued Statement #67, *Financial Reporting for Pension Plans*, which is required to be implemented in 2015.
- The GASB issued Statement #68, *Accounting and Financial Reporting for Pensions*, which is required to be implemented in 2015.
- The GASB issued Statement #69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented in 2015.
- The GASB issued Statement #71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which is required to be implemented simultaneously with GASB Statement #68 in 2015.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

Required Supplementary Information

Budgetary Comparison Schedule

The General Fund is the general operating fund of the Town. It is used to account for the entire Town's financial resources, except those required to be accounted for in another fund.

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 69,300,425	\$ 69,300,425	\$ 69,434,416	\$ -	\$ 133,991
Tax liens.....	-	-	70,570	-	70,570
Motor vehicle and other excise taxes.....	3,115,000	3,115,000	3,869,853	-	754,853
Local meals tax.....	-	-	674,133	-	674,133
Charges for services.....	1,942,346	1,942,346	2,187,883	-	245,537
Penalties and interest on taxes.....	225,000	225,000	398,883	-	173,883
Intergovernmental.....	9,791,812	9,791,812	9,319,697	-	(472,115)
Departmental and other.....	1,360,000	1,360,000	1,922,480	-	562,480
Investment income.....	75,000	75,000	82,901	-	7,901
Miscellaneous.....	-	-	10,240	-	10,240
TOTAL REVENUES.....	85,809,583	85,809,583	87,971,056	-	2,161,473
EXPENDITURES:					
Selectmen:					
Payroll.....	424,006	449,427	449,426	-	1
Expenditures.....	33,217	31,090	27,517	3,187	386
	<u>457,223</u>	<u>480,517</u>	<u>476,943</u>	<u>3,187</u>	<u>387</u>
Advisory Committee:					
Reserve Fund.....	550,000	353	-	-	353
Town Accountant:					
Payroll.....	348,021	358,754	358,754	-	-
Expenditures.....	23,505	23,505	15,374	1,000	7,131
New Equipment.....	276,403	276,403	79,906	196,119	378
Audit.....	55,000	62,500	62,500	-	-
	<u>702,929</u>	<u>721,162</u>	<u>516,534</u>	<u>197,119</u>	<u>7,509</u>
Information Technology.....	130,980	145,980	136,102	4,984	4,894
Assessors:					
Payroll.....	204,804	209,672	208,796	-	876
Expenditures.....	11,827	9,827	7,507	-	2,320
Revaluation.....	70,235	71,335	70,896	-	439
Maintenance of Maps.....	6,000	6,000	-	6,000	-
	<u>292,866</u>	<u>296,834</u>	<u>287,199</u>	<u>6,000</u>	<u>3,635</u>
Treasurer / Collector:					
Payroll.....	304,647	311,505	311,462	-	43
Expenditures.....	44,308	43,508	40,996	-	2,512
New Equipment.....	6,000	6,000	5,965	-	35
Tax Titles.....	11,216	11,216	5,131	6,085	-
	<u>366,171</u>	<u>372,229</u>	<u>363,554</u>	<u>6,085</u>	<u>2,590</u>
Legal Services:					
Expenditures.....	277,781	497,781	464,349	15,000	18,432
Town Meetings:					
Payroll.....	2,692	2,746	1,756	-	990
Expenditures.....	28,300	28,300	22,968	-	5,332
	<u>30,992</u>	<u>31,046</u>	<u>24,724</u>	<u>-</u>	<u>6,322</u>
Town Clerk:					
Payroll.....	169,837	173,214	160,594	-	12,620
Expenditures.....	7,957	7,957	7,397	-	560
	<u>177,794</u>	<u>181,171</u>	<u>167,991</u>	<u>-</u>	<u>13,180</u>
Elections and Registers:					
Payroll.....	11,350	11,350	11,073	-	277
Expenditures.....	10,845	10,845	8,968	-	1,877
	<u>22,195</u>	<u>22,195</u>	<u>20,041</u>	<u>-</u>	<u>2,154</u>
Community Planning:					
Payroll.....	658,057	670,114	647,023	11,391	11,700
Expenditures.....	89,282	89,282	66,227	12,242	10,813
	<u>747,339</u>	<u>759,396</u>	<u>713,250</u>	<u>23,633</u>	<u>22,513</u>

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Bare Cove Park:					
Payroll.....	16,233	16,558	16,555	-	3
Expenditures.....	5,332	5,333	5,042	-	291
	<u>21,565</u>	<u>21,891</u>	<u>21,597</u>	<u>-</u>	<u>294</u>
Town Office Building:					
Payroll.....	188,856	200,605	200,602	-	3
Expenditures.....	362,002	364,002	362,780	-	1,222
New Equipment.....	105,451	105,451	39,988	60,000	5,463
	<u>656,309</u>	<u>670,058</u>	<u>603,370</u>	<u>60,000</u>	<u>6,688</u>
GAR Hall:					
Expenditures.....	14,691	14,691	11,415	2,545	731
Total General Government.....	4,448,835	4,215,304	3,807,069	318,553	89,682
Public Safety and Protective Services - Police:					
Payroll.....	4,532,619	4,564,313	4,561,299	2,830	184
Expenditures.....	323,311	323,311	323,126	-	185
New Equipment.....	177,891	177,891	177,606	-	285
	<u>5,033,821</u>	<u>5,065,515</u>	<u>5,062,031</u>	<u>2,830</u>	<u>654</u>
Public Safety and Protective Services - Fire:					
Payroll.....	4,306,420	4,312,902	4,296,368	-	16,534
Expenditures.....	390,412	390,412	349,698	17,175	23,539
New Equipment.....	126,014	126,014	38,344	87,664	6
	<u>4,822,846</u>	<u>4,829,328</u>	<u>4,684,410</u>	<u>104,839</u>	<u>40,079</u>
Public Safety and Protective Services - All Other:					
Payroll.....	183,302	186,925	170,092	-	16,833
Expenditures.....	1,366,972	1,439,905	1,428,599	8,537	2,769
	<u>1,550,274</u>	<u>1,626,830</u>	<u>1,598,691</u>	<u>8,537</u>	<u>19,602</u>
Total Protection of Persons and Property.....	11,406,941	11,521,673	11,345,132	116,206	60,335
School Department:					
Payroll.....	33,787,513	33,787,513	33,651,996	-	135,517
Expenditures.....	8,450,011	8,450,011	7,223,454	801,750	424,807
Capital Budget.....	550,734	550,734	288,460	-	262,274
	<u>42,788,258</u>	<u>42,788,258</u>	<u>41,163,910</u>	<u>801,750</u>	<u>822,598</u>
Project Engineering:					
Payroll.....	211,689	215,898	215,826	-	72
Expenditures.....	34,554	75,117	60,503	14,614	-
New Equipment.....	18,162	2,481	2,276	-	205
Road Building/Construction.....	385,712	385,712	373,493	7,010	5,209
	<u>650,117</u>	<u>679,208</u>	<u>652,098</u>	<u>21,624</u>	<u>5,486</u>
Department of Public Works:					
Payroll.....	1,778,745	1,813,645	1,800,066	13,579	-
Expenditures.....	439,600	439,600	401,950	36,052	1,598
New Equipment.....	362,000	362,000	360,055	-	1,945
Snow Removal.....	504,325	935,172	935,172	-	-
Resurfacing.....	282,835	282,835	269,680	13,154	1
	<u>3,367,505</u>	<u>3,833,252</u>	<u>3,766,923</u>	<u>62,785</u>	<u>3,544</u>
Landfill/Recycling:					
Payroll.....	436,748	445,421	420,485	-	24,936
Expenditures.....	884,601	877,362	813,729	38,623	25,010
New Equipment.....	131,764	139,003	138,555	-	448
	<u>1,453,113</u>	<u>1,461,786</u>	<u>1,372,769</u>	<u>38,623</u>	<u>50,394</u>
Total Public Works and Facilities.....	5,470,735	5,974,246	5,791,790	123,032	59,424
Health Department:					
Payroll.....	288,990	294,730	280,987	-	13,743
Expenditures.....	19,735	19,735	17,454	408	1,873
	<u>308,725</u>	<u>314,465</u>	<u>298,441</u>	<u>408</u>	<u>15,616</u>

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Elder Services:					
Payroll.....	188,737	192,494	191,982	-	512
Expenditures.....	22,038	22,038	17,935	-	4,103
New Equipment.....	25,000	25,000	20,858	-	4,142
Senior Workoff Program.....	60,000	60,000	40,000	-	20,000
	<u>295,775</u>	<u>299,532</u>	<u>270,775</u>	<u>-</u>	<u>28,757</u>
Veteran's Services:					
Payroll.....	77,924	88,283	87,238	-	1,045
Expenditures.....	4,594	4,594	4,472	-	122
Benefits.....	290,688	290,688	231,948	1,431	57,309
	<u>373,206</u>	<u>383,565</u>	<u>323,658</u>	<u>1,431</u>	<u>58,476</u>
Plymouth County Rape Crisis Center.....	2,500	2,500	-	2,500	-
South Shore Women's Center.....	3,500	3,500	-	3,500	-
Total Human Services.....	<u>983,706</u>	<u>1,003,562</u>	<u>892,874</u>	<u>7,839</u>	<u>102,849</u>
Library:					
Payroll.....	1,223,094	1,226,205	1,205,642	-	20,563
Expenditures.....	268,336	268,336	261,006	5,668	1,662
New Equipment.....	221,354	221,354	16,533	203,028	1,793
	<u>1,712,784</u>	<u>1,715,895</u>	<u>1,483,181</u>	<u>208,696</u>	<u>24,018</u>
Recreation:					
Payroll.....	78,773	80,348	80,343	-	5
Trustees of Bathing Beach:					
Payroll.....	17,035	15,876	14,778	-	1,098
Expenditures.....	29,925	31,425	4,626	2,600	24,199
New Equipment.....	43,511	43,511	9,139	34,372	-
	<u>90,471</u>	<u>90,812</u>	<u>28,543</u>	<u>36,972</u>	<u>25,297</u>
Celebrations.....	10,920	10,920	8,418	-	2,502
Total Culture & Recreation.....	<u>1,892,948</u>	<u>1,897,975</u>	<u>1,600,485</u>	<u>245,668</u>	<u>51,822</u>
Debt Service:					
Principal.....	4,924,703	4,924,703	4,674,640	-	250,063
Interest.....	2,443,521	2,443,521	2,200,071	-	243,450
	<u>7,368,224</u>	<u>7,368,224</u>	<u>6,874,711</u>	<u>-</u>	<u>493,513</u>
Town Pension.....	3,732,145	3,718,860	3,716,341	-	2,519
Property and Liability Insurance.....	381,000	412,965	412,965	-	-
Employee Benefits.....	8,491,905	8,429,416	8,206,039	-	223,377
State and County Charges.....	805,781	805,781	159,467	-	646,314
Special Articles.....	430,269	756,277	293,079	463,197	1
TOTAL EXPENDITURES.....	<u>88,200,747</u>	<u>88,892,541</u>	<u>84,263,862</u>	<u>2,076,245</u>	<u>2,552,434</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	<u>(2,391,164)</u>	<u>(3,082,958)</u>	<u>3,707,194</u>	<u>(2,076,245)</u>	<u>4,713,907</u>
OTHER FINANCING SOURCES (USES):					
Transfers in.....	795,618	799,282	822,803	-	(23,521)
NET CHANGE IN FUND BALANCE.....	<u>(1,595,546)</u>	<u>(2,283,676)</u>	<u>4,529,997</u>	<u>(2,076,245)</u>	<u>4,690,386</u>
BUDGETARY FUND BALANCE, Beginning of year.....	<u>19,177,189</u>	<u>19,177,189</u>	<u>19,177,189</u>	<u>-</u>	<u>-</u>
BUDGETARY FUND BALANCE, End of year.....	<u>\$ 17,581,643</u>	<u>\$ 16,893,513</u>	<u>\$ 23,707,186</u>	<u>\$ (2,076,245)</u>	<u>\$ 4,690,386</u>

See notes to required supplementary information.

(Concluded)

Other Postemployment Benefit Plan Schedules

The Schedule of Funding Progress compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of Employer Contributions compares, overtime, the annual required contributions to the actual contributions made.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/2014	\$ 7,622,382	\$ 58,080,380	\$ 50,457,998	13.12%	\$ 51,711,077	97.58%
6/30/2012	4,030,945	59,358,619	55,327,674	6.79%	47,391,655	116.75%
6/30/2011	2,965,242	64,713,447	61,748,205	4.58%	43,450,759	142.11%
1/1/2009	1,716,955	116,646,488	114,929,533	1.47%	42,713,463	269.07%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
6/30/2014	\$ 4,158,629	\$ 4,309,214	103.6%
6/30/2013	4,485,567	4,417,434	98.5%
6/30/2012	4,337,467	4,121,822	95.0%
6/30/2011	4,759,734	4,278,531	89.9%
6/30/2010	7,735,851	5,312,116	68.7%
6/30/2009	7,550,842	3,858,586	51.1%

The Town initially implemented GASB Statement No. 45 for the year ended June 30, 2009, and for the calendar year ended December 31, 2008.

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods:

Valuation date.....	June 30, 2014
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Amortization payments increasing at 4.0%, level % of payroll
Remaining amortization period.....	27 years as of June 30, 2014, closed
Asset valuation method.....	Market value

Actuarial Assumptions:

Investment rate of return.....	7.75% full pre-funding scenario
Inflation rate.....	3.0%
Projected salary increases.....	4.0%
Medical/drug cost trend rate.....	7.75% decreasing by 0.5% for 5 years to an ultimate level of 5.0% per year

Plan Membership:

	Governmental Activities	Business-Type Activities
Current retirees, beneficiaries, and dependents.....	470	15
Current active members.....	931	27
Total.....	1,401	42

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITYA. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved at the Annual Town Meeting. The Town has an advisory committee that submits reports on proposed appropriations at Town Meetings.

The appropriated budget is prepared by fund, function and department. Transfers of appropriations among departments require the approval of Town Meeting.

The majority of appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year's original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds vote of the Board of Selectmen and written approval from the Massachusetts Department of Revenue. An annual budget is adopted for the general fund in conformity with the guidelines described above.

The original 2014 general fund budget consisted of approximately \$88.2 million in appropriations and other amounts to be raised, including \$1.5 million in amounts carried over from previous years.

The Accounting Office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised 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 year ended June 30, 2014, is presented below:

Net change in fund balance - budgetary basis.....	\$	4,529,997
<u>Perspective difference:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		(172,946)
<u>Basis of accounting differences:</u>		
Net change in recording tax refunds payable.....		(6,055)
Net change in recording accrued expenditures.....		(311,180)
Recognition of revenue for on-behalf payments.....		9,857,159
Recognition of expenditures for on-behalf payments.....		<u>(9,857,159)</u>
Net change in fund balance - GAAP basis.....	\$	<u><u>4,039,816</u></u>

NOTE B – OTHER POSTEMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan (“The Other Postemployment Benefit Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members.

The Town currently finances its other postemployment benefits (OPEB) on full pre-funded basis. The funded ratio for the primary government (actuarial value of assets expressed as a percentage of the actuarially accrued liability) was 13.12% as of June 30, 2014. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets.

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

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

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Combining Statements

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenue sources (other than permanent funds or capital project funds) that are restricted by law or administrative action to expenditures for specific purposes. The Town's special revenue funds are grouped into the following categories:

Town Gifts – These funds are used to account for gifts received by the Town. These include unrestricted and restricted gifts and the expenditures relating to these gifts.

School Gifts – These funds are used to account for gifts received by the Town to be used specifically by the school department.

Town Grants – This fund accounts for intergovernmental state grants received by the Town and related expenditures.

School State Grants – This fund is used to account for specific state grants received by the Town to be used by the school department and the related expenditures.

School Federal Grants – This fund is used to account for Federal grants received by the Town to be used by the school department and the related expenditures.

Affordable Housing Trust – This fund is used to account for the Town's affordable housing program.

School Revolving – This fund accounts for self-supporting programs sponsored by the Town.

Town Revolving – This fund is used to account for activity where specific revenues are earmarked for specific purposes.

Town Trusts – This fund is used to account for revenues and expenditures relating to other various programs provided for the Town residents.

Town Other – This fund is used to account for revenues and expenditures relating to other various programs provided for the Town residents.

Community Preservation – This fund is used to account for funds received in accordance with the Community Preservation Act (the CPA). Funds are received under the CPA through a surcharge of up to 3% of the real property tax levy and matching state grants. The funds are spent for the acquisition, creation, and preservation of open space, historical resources, and affordable housing.

Preservation Projects – This fund is used to account for revenues and expenditures relating to other various programs provided for the Town preservation projects.

Conservation – This fund is used to account for revenues and expenditures relating to other various programs provided for the Town conservation projects.

Sewer Inflow/Infiltration – This fund is used to account for revenues and expenditures relating to the maintenance of the sewer inflow/infiltration system of the Town.

Sewer Maintenance – This fund is used to account for revenues and expenditures relating to the maintenance of the sewer and drainage system of the Town.

CAPITAL PROJECT FUNDS

Capital project funds are used to account for financial resources used in the acquisition or construction of major capital facilities (other than those financed by enterprise funds). The Town's capital project funds are:

Landfill – This fund is used to account for the costs relating to the capping of the Hingham landfill in accordance with required laws and regulations.

Harbor Dredging – This fund is used to account for the costs associated with the dredging of the Town's harbor.

Central Fire Station – This fund is used to account for the renovations of the Town's central fire station.

DPW Building – This fund is used to account for the construction of a new DPW facility.

Sewer – This fund is used to account for the construction/repairs of the Town's sewer system.

Foster School – This fund is used to account for the planning and repair of the Foster Elementary School.

Plymouth River School – This fund is used to account for the planning and repair of the Plymouth River Elementary School.

Middle School Additions – This fund is used to account for the planning and repair of the Town's middle school.

Recreation Drive – This fund is used to account for recreational land acquisition and improvements.

New Elementary School – This fund is used to account for the construction of the East elementary school.

High School Field Improvements – This fund is used to account for the renovations to the high school track and fields.

The South Shore Regional Emergency Communications Center - is used to account for the operations of the regional dispatch center for the Towns of Hingham, Cohasset, Hull, and Norwell.

Other – This fund is used to account for capital expenditures not already assigned to any other fund.

PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Town's programs. The Town's permanent funds are:

Conservation – This fund is used to account for assets relating to the environmental conservation of various plots of land in the Town.

Town – This fund is used to account for activity relating to various maintenance and improvements to Town property.

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2014

Special Revenue Funds							
	Town Gifts	School Gifts	Town Grants	School State Grants	School Federal Grants	Affordable Housing Trust	School Revolving
ASSETS							
Cash and cash equivalents.....	\$ 613,250	\$ 27,608	\$ -	\$ 1,179,042	\$ 396,062	\$ 292,848	\$ 1,906,185
Investments.....	-	-	-	-	-	-	-
Receivables, net of uncollectibles:							
Departmental and other.....	-	-	-	-	-	-	1,079
User charges.....	-	-	-	-	-	-	-
Intergovernmental.....	-	-	360,200	-	-	-	30,009
Assets held for resale.....	-	-	-	-	-	159,981	-
TOTAL ASSETS.....	\$ 613,250	\$ 27,608	\$ 360,200	\$ 1,179,042	\$ 396,062	\$ 452,829	\$ 1,937,273
LIABILITIES							
Warrants payable.....	\$ 16,858	\$ -	\$ 155,982	\$ 58,010	\$ 24,684	\$ -	\$ 4,592
Advance collections.....	-	-	-	-	-	-	4,355
Due to other funds.....	-	-	158,676	-	-	-	-
Notes payable.....	-	-	-	-	-	200,000	-
TOTAL LIABILITIES.....	16,858	-	314,658	58,010	24,684	200,000	8,947
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue.....	-	-	334,529	-	-	-	-
FUND BALANCES							
Nonspendable.....	-	-	-	-	-	-	-
Restricted.....	596,392	27,608	-	1,121,032	371,378	252,829	1,928,326
Unassigned.....	-	-	(288,987)	-	-	-	-
TOTAL FUND BALANCES.....	596,392	27,608	(288,987)	1,121,032	371,378	252,829	1,928,326
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 613,250	\$ 27,608	\$ 360,200	\$ 1,179,042	\$ 396,062	\$ 452,829	\$ 1,937,273

Special Revenue Funds

Town Revolving	Town Trusts	Town Other	Community Preservation	Preservation Projects	Conservation	Sewer Inflow/Infiltration	Sewer Maintenance	Sub-total
\$ 1,123,329	\$ 169,501	\$ 466,885	\$ 2,174,299	\$ 1,284,374	\$ 75,897	\$ 745,370	\$ 636,752	\$ 11,091,402
-	-	-	-	356,783	-	-	-	356,783
-	-	-	6,832	-	-	-	-	7,911
-	-	-	-	-	-	-	426,654	426,654
-	-	275	216,000	-	-	-	-	606,484
-	-	-	-	-	-	-	-	159,981
<u>\$ 1,123,329</u>	<u>\$ 169,501</u>	<u>\$ 467,160</u>	<u>\$ 2,397,131</u>	<u>\$ 1,641,157</u>	<u>\$ 75,897</u>	<u>\$ 745,370</u>	<u>\$ 1,063,406</u>	<u>\$ 12,649,215</u>
\$ 18,733	\$ 346	\$ 1,707	\$ 19,669	\$ 26,401	\$ -	\$ 43,552	\$ 29,868	\$ 400,402
408,421	-	-	-	-	-	-	-	412,776
-	-	-	-	-	-	-	-	158,676
-	-	-	-	-	-	-	760,000	960,000
<u>427,154</u>	<u>346</u>	<u>1,707</u>	<u>19,669</u>	<u>26,401</u>	<u>-</u>	<u>43,552</u>	<u>789,868</u>	<u>1,931,854</u>
-	-	-	222,832	-	-	-	426,656	984,017
-	-	-	-	-	-	-	-	-
696,175	169,155	465,453	2,154,630	1,614,756	75,897	701,818	-	10,175,449
-	-	-	-	-	-	-	(153,118)	(442,105)
<u>696,175</u>	<u>169,155</u>	<u>465,453</u>	<u>2,154,630</u>	<u>1,614,756</u>	<u>75,897</u>	<u>701,818</u>	<u>(153,118)</u>	<u>9,733,344</u>
<u>\$ 1,123,329</u>	<u>\$ 169,501</u>	<u>\$ 467,160</u>	<u>\$ 2,397,131</u>	<u>\$ 1,641,157</u>	<u>\$ 75,897</u>	<u>\$ 745,370</u>	<u>\$ 1,063,406</u>	<u>\$ 12,649,215</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2014

Capital Projects Funds								
	Landfill	Harbor Dredging	Central Fire Station	DPW Building	Sewer	Foster School	Plymouth River School	Middle School Additions
ASSETS								
Cash and cash equivalents.....	\$ 2,449	\$ 444,247	\$ 89,756	\$ 29,601	\$ -	\$ 33,187	\$ -	\$ 9,319
Investments.....	-	-	-	-	-	-	-	-
Receivables, net of uncollectibles:								
Departmental and other.....	-	-	-	-	-	-	-	-
User charges.....	-	-	-	-	-	-	-	-
Intergovernmental.....	-	-	-	-	-	-	-	-
Assets held for resale.....	-	-	-	-	-	-	-	-
TOTAL ASSETS.....	\$ 2,449	\$ 444,247	\$ 89,756	\$ 29,601	\$ -	\$ 33,187	\$ -	\$ 9,319
LIABILITIES								
Warrants payable.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advance collections.....	-	-	-	-	-	-	-	-
Due to other funds.....	-	-	-	-	8,383	-	236,907	-
Notes payable.....	-	-	-	-	-	-	-	-
TOTAL LIABILITIES.....	-	-	-	-	8,383	-	236,907	-
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue.....	-	-	-	-	-	-	-	-
FUND BALANCES								
Nonspendable.....	-	-	-	-	-	-	-	-
Restricted.....	2,449	444,247	89,756	29,601	-	33,187	-	9,319
Unassigned.....	-	-	-	-	(8,383)	-	(236,907)	-
TOTAL FUND BALANCES.....	2,449	444,247	89,756	29,601	(8,383)	33,187	(236,907)	9,319
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 2,449	\$ 444,247	\$ 89,756	\$ 29,601	\$ -	\$ 33,187	\$ -	\$ 9,319

Capital Projects Funds						Permanent Funds			Total Nonmajor Governmental Funds
Recreation Drive	New Elementary School	High School Fields Improvements	South Shore Regional Emergency Communications Center	Other	Sub-total	Conservation	Town	Sub-total	
\$ 16,143	\$ -	\$ 160,439	\$ -	\$ 2,306	\$ 787,447	\$ 84,205	\$ 15,217	\$ 99,422	\$ 11,978,271
-	-	-	-	-	-	-	-	-	356,783
-	-	-	-	-	-	-	-	-	7,911
-	-	-	-	-	-	-	-	-	426,654
-	-	-	867,922	-	867,922	-	-	-	1,474,406
-	-	-	-	-	-	-	-	-	159,981
<u>\$ 16,143</u>	<u>\$ -</u>	<u>\$ 160,439</u>	<u>\$ 867,922</u>	<u>\$ 2,306</u>	<u>\$ 1,655,369</u>	<u>\$ 84,205</u>	<u>\$ 15,217</u>	<u>\$ 99,422</u>	<u>\$ 14,404,006</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400,402
-	-	-	-	-	-	-	-	-	412,776
-	244,738	-	1,010,189	-	1,500,217	-	-	-	1,658,893
<u>3,750,000</u>	<u>-</u>	<u>5,079,200</u>	<u>-</u>	<u>-</u>	<u>8,829,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,789,200</u>
<u>3,750,000</u>	<u>244,738</u>	<u>5,079,200</u>	<u>1,010,189</u>	<u>-</u>	<u>10,329,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,261,271</u>
-	-	-	-	-	-	-	-	-	984,017
-	-	-	-	-	-	20,000	15,000	35,000	35,000
-	-	-	-	2,306	610,865	64,205	217	64,422	10,850,736
<u>(3,733,857)</u>	<u>(244,738)</u>	<u>(4,918,761)</u>	<u>(142,267)</u>	<u>-</u>	<u>(9,284,913)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,727,018)</u>
<u>(3,733,857)</u>	<u>(244,738)</u>	<u>(4,918,761)</u>	<u>(142,267)</u>	<u>2,306</u>	<u>(8,674,048)</u>	<u>84,205</u>	<u>15,217</u>	<u>99,422</u>	<u>1,158,718</u>
<u>\$ 16,143</u>	<u>\$ -</u>	<u>\$ 160,439</u>	<u>\$ 867,922</u>	<u>\$ 2,306</u>	<u>\$ 1,655,369</u>	<u>\$ 84,205</u>	<u>\$ 15,217</u>	<u>\$ 99,422</u>	<u>\$ 14,404,006</u>

(Concluded)

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2014

	Special Revenue Funds							
	Town Gifts	School Gifts	Town Grants	School State Grants	School Federal Grants	Affordable Housing Trust	School Revolving	Town Revolving
REVENUES:								
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental.....	-	-	936,264	1,622,443	1,534,810	-	899,682	-
Departmental and other.....	214,592	33,747	-	-	-	595,375	1,729,785	967,697
Community preservation tax.....	-	-	-	-	-	-	-	-
Contributions.....	436,120	-	-	-	-	-	-	-
Interest income.....	8	-	-	-	-	332	-	-
Miscellaneous.....	250	-	3,592	-	-	-	-	-
TOTAL REVENUES.....	650,970	33,747	939,856	1,622,443	1,534,810	595,707	2,629,467	967,697
EXPENDITURES:								
Current:								
General government.....	566,985	-	16,381	-	-	203,311	-	-
Public safety.....	22,828	-	218,135	170,650	-	-	-	159,887
Public education.....	-	111,392	-	786,490	1,199,437	-	2,289,501	-
Public works.....	-	-	690,447	-	-	-	-	-
Human services.....	14,893	-	63,223	-	-	-	-	50,697
Culture and recreation.....	70,565	-	8,085	-	-	-	-	683,392
Community preservation.....	-	-	-	-	-	-	-	-
Debt service:								
Principal.....	-	-	-	-	-	355,000	-	-
Interest.....	-	-	-	-	-	214,870	-	-
TOTAL EXPENDITURES.....	675,271	111,392	996,271	957,140	1,199,437	773,181	2,289,501	893,976
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(24,301)	(77,645)	(56,415)	665,303	335,373	(177,474)	339,966	73,721
OTHER FINANCING SOURCES (USES):								
Transfers in.....	-	-	-	-	-	-	-	-
Transfers out.....	-	-	-	-	-	-	-	(3,664)
TOTAL OTHER FINANCING SOURCES (USES)....	-	-	-	-	-	-	-	(3,664)
NET CHANGE IN FUND BALANCES.....	(24,301)	(77,645)	(56,415)	665,303	335,373	(177,474)	339,966	70,057
FUND BALANCES AT BEGINNING OF YEAR.....	620,693	105,253	(232,572)	455,729	36,005	430,303	1,588,360	626,118
FUND BALANCES AT END OF YEAR.....	\$ 596,392	\$ 27,608	\$ (288,987)	\$ 1,121,032	\$ 371,378	\$ 252,829	\$ 1,928,326	\$ 696,175

Special Revenue Funds

Town Trusts	Town Other	Community Preservation	Preservation Projects	Conservation	Sewer Inflow/Infiltration	Sewer Maintenance	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171,276	\$ 2,392,834	\$ 2,564,110
-	36,211	434,996	-	-	163,508	-	5,627,914
30,890	33,646	-	-	-	-	17,752	3,623,484
-	-	865,832	-	-	-	-	865,832
500	7,384	-	138,365	-	-	-	582,369
6,521	9	-	60,918	53	154	-	67,995
-	-	-	-	-	-	-	3,842
<u>37,911</u>	<u>77,250</u>	<u>1,300,828</u>	<u>199,283</u>	<u>53</u>	<u>334,938</u>	<u>2,410,586</u>	<u>13,335,546</u>
38,241	18,228	-	-	10,071	-	-	853,217
-	53,847	-	-	-	-	-	625,347
-	-	-	-	-	-	-	4,386,820
1,050	4,353	-	-	-	309,360	2,520,063	3,525,273
-	1,446	-	-	-	-	-	130,259
-	-	-	165,589	-	-	-	927,631
-	-	740,381	-	-	-	-	740,381
-	-	-	-	-	-	-	355,000
-	-	-	-	-	-	-	214,870
<u>39,291</u>	<u>77,874</u>	<u>740,381</u>	<u>165,589</u>	<u>10,071</u>	<u>309,360</u>	<u>2,520,063</u>	<u>11,758,798</u>
<u>(1,380)</u>	<u>(624)</u>	<u>560,447</u>	<u>33,694</u>	<u>(10,018)</u>	<u>25,578</u>	<u>(109,477)</u>	<u>1,576,748</u>
-	-	-	-	10,000	-	-	10,000
-	-	(10,000)	-	-	-	-	(13,664)
-	-	(10,000)	-	10,000	-	-	(3,664)
(1,380)	(624)	550,447	33,694	(18)	25,578	(109,477)	1,573,084
<u>170,535</u>	<u>466,077</u>	<u>1,604,183</u>	<u>1,581,062</u>	<u>75,915</u>	<u>676,240</u>	<u>(43,641)</u>	<u>8,160,260</u>
\$ <u>169,155</u>	\$ <u>465,453</u>	\$ <u>2,154,630</u>	\$ <u>1,614,756</u>	\$ <u>75,897</u>	\$ <u>701,818</u>	\$ <u>(153,118)</u>	\$ <u>9,733,344</u>

(Continued)

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2014

	Capital Projects Funds							
	Landfill	Harbor Dredging	Central Fire Station	DPW Building	Sewer	Foster School	Plymouth River School	Middle School Additions
REVENUES:								
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental.....	-	-	-	-	-	-	-	-
Departmental and other.....	-	-	-	-	-	-	-	-
Community preservation tax.....	-	-	-	-	-	-	-	-
Contributions.....	-	-	-	-	-	-	-	-
Interest income.....	-	-	-	-	-	-	-	-
Miscellaneous.....	-	-	-	-	-	-	-	-
TOTAL REVENUES.....	-	-	-	-	-	-	-	-
EXPENDITURES:								
Current:								
General government.....	-	820	-	-	-	-	-	-
Public safety.....	-	-	-	-	-	-	-	-
Public education.....	-	-	-	-	-	-	-	-
Public works.....	-	-	-	-	-	-	-	-
Human services.....	-	-	-	-	-	-	-	-
Culture and recreation.....	-	-	-	-	-	-	-	-
Community preservation.....	-	-	-	-	-	-	-	-
Debt service:								
Principal.....	-	-	-	-	-	-	-	-
Interest.....	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES.....	-	820	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	-	(820)	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES):								
Transfers in.....	-	-	-	-	-	-	-	-
Transfers out.....	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	-	(820)	-	-	-	-	-	-
FUND BALANCES AT BEGINNING OF YEAR.....	2,449	445,067	89,756	29,601	(8,383)	33,187	(236,907)	9,319
FUND BALANCES AT END OF YEAR.....	\$ 2,449	\$ 444,247	\$ 89,756	\$ 29,601	\$ (8,383)	\$ 33,187	\$ (236,907)	\$ 9,319

Capital Projects Funds						Permanent Funds			Total Nonmajor Governmental Funds
Recreation Drive	New Elementary School	High School Fields Improvements	South Shore Regional Emergency Communications Center	Other	Sub-total	Conservation	Town	Sub-total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,564,110
-	-	-	709,247	-	709,247	-	-	-	6,337,161
-	-	232,150	-	-	232,150	-	-	-	3,855,634
-	-	-	-	-	-	-	-	-	865,832
-	-	-	-	-	-	-	50	50	582,419
-	-	510	-	-	510	51	9	60	68,565
-	-	-	-	-	-	-	-	-	3,842
-	-	232,660	709,247	-	941,907	51	59	110	14,277,563
-	-	-	-	-	820	-	-	-	854,037
-	-	-	297,712	-	297,712	-	-	-	923,059
-	-	5,054,086	-	-	5,054,086	-	-	-	9,440,906
-	-	-	-	-	-	-	-	-	3,525,273
-	-	-	-	-	-	-	-	-	130,259
-	-	-	-	-	-	-	-	-	927,631
-	-	-	-	-	-	-	-	-	740,381
-	-	-	-	-	-	-	-	-	355,000
-	-	-	-	-	-	-	-	-	214,870
-	-	5,054,086	297,712	-	5,352,618	-	-	-	17,111,416
-	-	(4,821,426)	411,535	-	(4,410,711)	51	59	110	(2,833,853)
-	-	-	-	-	-	-	-	-	10,000
-	-	-	-	-	-	-	-	-	(13,664)
-	-	-	-	-	-	-	-	-	(3,664)
-	-	(4,821,426)	411,535	-	(4,410,711)	51	59	110	(2,837,517)
(3,733,857)	(244,738)	(97,335)	(553,802)	2,306	(4,263,337)	84,154	15,158	99,312	3,996,235
\$ (3,733,857)	\$ (244,738)	\$ (4,918,761)	\$ (142,267)	\$ 2,306	\$ (8,674,048)	\$ 84,205	\$ 15,217	\$ 99,422	\$ 1,158,718

(Concluded)

Fiduciary Funds

Agency Fund – The *agency fund* is used to account for assets held in a purely custodial capacity. The Town's agency fund mainly consists of off-duty work details, performance bonds, and fees collected on behalf of other governments.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Agency Accounts July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Agency Accounts June 30, 2014</u>
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 704,769	\$ 1,798,754	\$ (1,618,517)	\$ 885,006
LIABILITIES				
Liabilities due depositors.....	\$ 704,769	\$ 1,798,754	\$ (1,618,517)	\$ 885,006

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Statistical Section



**Town of Hingham, Massachusetts
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014**

Statistical Section

This part of the Town of Hingham's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Financial Trends

- These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

- These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity

- These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

- These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the audited financial reports for the relevant year. The Town implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

**NET POSITION BY COMPONENT
LAST TEN YEARS**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Activities										
Net investment in capital assets.....	\$ 37,754,728	\$ 52,330,548	\$ 65,883,656	\$ 64,238,223	\$ 77,520,944	\$ 76,103,445	\$ 76,535,196	\$ 72,361,430	\$ 86,629,936	\$ 94,286,033
Restricted.....	616,664	1,104,659	1,339,197	1,775,597	3,746,298	3,265,064	3,319,289	4,322,038	3,091,710	4,539,617
Unrestricted.....	14,434,337	17,896,855	15,576,261	17,470,135	9,296,519	8,507,908	13,755,110	18,615,065	20,929,045	26,608,624
Total governmental activities net position	\$ 52,805,729	\$ 71,332,062	\$ 82,799,114	\$ 83,483,955	\$ 90,563,761	\$ 87,876,417	\$ 93,609,595	\$ 95,298,533	\$ 110,650,691	\$ 125,434,274
Business-type Activities										
Net investment in capital assets.....	20,739,708	23,802,025	30,787,618	32,511,793	33,774,892	34,175,368	33,475,349	32,642,589	32,068,037	31,991,194
Restricted.....	3,468,000	3,793,000	4,138,000	-	-	-	-	6,843,356	8,175,888	10,129,197
Unrestricted.....	7,142,945	8,771,587	1,352,954	3,592,241	2,743,613	2,976,623	4,098,106	602,229	2,199,054	3,154,960
Total business-type activities net position.....	\$ 31,350,653	\$ 36,366,612	\$ 36,278,572	\$ 36,104,034	\$ 36,518,505	\$ 37,151,991	\$ 37,573,455	\$ 40,088,174	\$ 42,442,979	\$ 45,275,351
Primary government										
Net investment in capital assets.....	58,494,436	76,132,573	96,671,274	96,750,016	111,295,836	110,278,813	110,010,545	105,004,019	118,697,973	126,277,227
Restricted.....	4,084,664	4,897,659	5,477,197	1,775,597	3,746,298	3,265,064	3,319,289	11,165,394	11,267,598	14,668,814
Unrestricted.....	21,577,282	26,668,442	16,929,215	21,062,376	12,040,132	11,484,531	17,853,216	19,217,294	23,128,099	29,763,584
Total primary government activities net position.....	\$ 84,156,382	\$ 107,698,674	\$ 119,077,686	\$ 119,587,989	\$ 127,082,266	\$ 125,028,408	\$ 131,183,050	\$ 135,386,707	\$ 153,093,670	\$ 170,709,625

Information on the Restricted Net Position of the Business-Type Activities for years 2008 to 2011 is not available.

**CHANGES IN NET POSITION
LAST TEN YEARS**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government.....	\$ 3,983,961	\$ 3,914,504	\$ 5,778,974	\$ 5,990,823	\$ 4,631,169	\$ 4,970,623	\$ 4,890,174	\$ 5,942,879	\$ 5,531,669	\$ 6,838,831
Public safety.....	11,565,324	12,990,456	12,652,649	13,384,339	14,972,434	15,901,991	15,056,274	20,189,039	17,064,620	17,188,102
Public education.....	41,896,818	44,953,811	45,471,333	48,223,524	55,777,553	58,865,520	59,143,074	60,092,877	61,329,548	63,532,065
Public works.....	7,609,470	8,578,650	8,368,706	10,240,661	9,592,257	10,035,307	11,560,586	10,743,766	10,283,605	11,099,791
Human services.....	1,152,420	1,037,046	1,050,004	1,119,653	1,276,418	1,196,017	1,068,951	1,191,783	1,307,992	1,232,437
Culture and recreation.....	2,190,103	3,101,226	2,574,607	2,803,297	2,996,585	4,616,526	3,228,299	3,127,819	3,122,258	3,344,603
Community Preservation.....	-	-	-	-	60,905	6,304	81,220	123,324	376,463	134,873
Claims and judgments.....	-	-	-	-	-	-	547,000	-	-	-
Miscellaneous.....	3,045,493	-	-	-	-	-	-	-	-	-
Unallocated interest on long term debt.....	2,173,466	2,058,722	1,921,911	2,187,955	1,945,209	2,545,526	2,352,715	1,940,022	2,430,517	2,177,845
Total Governmental activities expenses.....	73,617,055	76,634,415	77,818,184	83,950,252	91,252,530	97,937,814	97,928,293	103,351,509	101,446,672	105,548,547
Business-type activities:										
Country Club.....	1,268,252	1,351,046	1,714,813	1,631,808	1,574,791	1,654,620	1,629,085	2,061,404	1,976,008	2,128,607
Hingham Municipal Lighting Plant.....	17,757,874	16,576,913	23,602,405	27,488,101	27,542,592	27,195,703	28,800,853	27,268,237	26,296,157	26,115,318
Total business-type activities expenses.....	19,026,126	17,927,959	25,317,218	29,119,909	29,117,383	28,850,323	30,429,938	29,329,641	28,272,165	28,243,385
Total primary government expenses.....	\$ 92,643,181	\$ 94,562,374	\$ 103,135,402	\$ 113,070,161	\$ 120,369,913	\$ 126,788,137	\$ 128,358,231	\$ 132,681,150	\$ 129,718,837	\$ 133,791,932
Program Revenues										
Governmental activities:										
Charges for services:										
General government.....	\$ 1,594,548	\$ 1,694,778	\$ 1,945,541	\$ 1,931,970	\$ 796,484	\$ 1,208,001	\$ 1,699,823	\$ 2,511,730	\$ 2,786,484	\$ 2,759,337
Public safety.....	2,277,532	2,129,662	1,454,445	1,428,864	1,993,270	2,465,158	2,125,909	1,830,183	1,590,872	1,483,042
Public education.....	1,665,159	1,693,845	1,790,130	1,974,201	1,925,323	2,041,456	2,313,647	2,275,103	2,306,585	2,522,500
Public works.....	1,474,903	1,696,892	1,835,713	2,092,231	2,338,091	2,195,688	2,693,651	2,746,526	2,686,859	2,851,187
Human services.....	86,100	83,180	83,835	84,490	148,620	192,296	187,121	228,815	228,411	230,160
Culture and recreation.....	-	-	-	-	639,376	703,866	708,975	696,642	721,804	741,109
Operating grants and contributions.....	2,317,009	2,335,920	2,308,220	2,138,547	18,497,416	19,246,742	20,934,750	21,061,709	20,313,250	21,849,504
Capital grants and contributions.....	-	-	-	-	10,310,718	1,049,982	2,764,000	2,706,963	12,190,209	10,184,444
Total Governmental activities program revenues.....	9,415,251	9,634,277	9,417,884	9,650,303	36,649,298	29,103,189	33,427,876	33,857,671	42,744,474	42,621,283
Business-type activities:										
Charges for services:										
Country Club.....	1,520,687	1,527,265	1,516,724	1,653,287	1,668,284	1,700,467	1,663,537	1,982,729	1,957,909	2,048,677
Hingham Municipal Lighting Plant.....	18,636,458	21,461,267	23,699,133	26,367,251	27,622,993	27,880,141	29,662,512	30,060,173	28,603,027	29,473,287
Capital contributions - Country Club.....	-	-	-	-	-	233,863	-	-	-	-
Total business-type activities program revenues.....	20,157,145	22,988,532	25,215,857	28,020,538	29,291,277	29,814,471	31,326,049	32,042,902	30,560,936	31,521,964
Total primary government program revenues.....	\$ 29,572,396	\$ 32,622,809	\$ 34,633,741	\$ 37,670,841	\$ 65,940,575	\$ 58,917,660	\$ 64,753,925	\$ 65,900,573	\$ 73,305,410	\$ 74,143,247
Net (Expense)/Revenue										
Governmental activities.....	\$ (64,201,804)	\$ (67,000,138)	\$ (68,400,300)	\$ (74,299,949)	\$ (54,603,232)	\$ (68,834,625)	\$ (64,500,417)	\$ (69,493,838)	\$ (58,702,198)	\$ (62,927,264)
Business-type activities.....	1,131,019	5,060,573	(101,361)	(1,099,371)	173,894	964,148	896,111	2,713,261	2,288,771	3,278,579
Total primary government net expense.....	\$ (63,070,785)	\$ (61,939,565)	\$ (68,501,661)	\$ (75,399,320)	\$ (54,429,338)	\$ (67,870,477)	\$ (63,604,306)	\$ (66,780,577)	\$ (56,413,427)	\$ (59,648,685)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes.....	\$ 47,500,326	\$ 52,296,707	\$ 52,501,871	\$ 55,999,333	\$ 59,064,292	\$ 63,715,553	\$ 66,335,378	\$ 68,836,981	\$ 71,812,957	\$ 74,831,789
Unrestricted grants and contributions.....	14,108,355	12,111,270	13,456,536	15,401,426	1,964,357	1,534,498	1,683,802	1,576,677	1,604,856	1,809,955
Penalties and interest on taxes.....	340,133	347,513	385,993	303,699	208,962	286,495	335,810	431,791	252,485	398,883
Investment earnings.....	570,971	982,239	1,297,867	1,008,741	445,427	128,168	92,048	89,498	157,975	155,149
Miscellaneous.....	1,060,264	1,656,083	1,774,657	2,784,756	-	-	-	-	-	14,082
Gain on the sale of capital assets.....	-	-	-	-	-	-	1,250,000	-	250,561	-
Transfers.....	185,400	290,970	109,585	(203,650)	-	482,567	536,557	247,829	(24,478)	500,989
Total Governmental activities.....	63,765,449	67,684,782	69,526,509	75,294,305	61,683,038	66,147,281	70,233,595	71,182,776	74,054,356	77,710,847
Business-type activities:										
Investment earnings.....	66,941	246,356	317,421	411,668	240,577	151,905	61,910	49,287	41,556	54,782
Transfers.....	(185,400)	(290,970)	(109,585)	203,650	-	(482,567)	(536,557)	(247,829)	24,478	(500,989)
Total business-type activities.....	(118,459)	(44,614)	207,836	615,318	240,577	(330,662)	(474,647)	(198,542)	66,034	(446,207)
Total primary government.....	\$ 63,646,990	\$ 67,640,168	\$ 69,734,345	\$ 75,909,623	\$ 61,923,615	\$ 65,816,619	\$ 69,758,948	\$ 70,984,234	\$ 74,120,390	\$ 77,264,640
Changes in Net Position										
Governmental activities.....	\$ (436,355)	\$ 684,644	\$ 1,126,209	\$ 994,356	\$ 7,079,806	\$ (2,687,344)	\$ 5,733,178	\$ 1,688,938	\$ 15,352,158	\$ 14,783,583
Business-type activities.....	1,012,560	5,015,959	106,475	(484,053)	414,471	633,486	421,464	2,514,719	2,354,805	2,832,372
Total primary government.....	\$ 576,205	\$ 5,700,603	\$ 1,232,684	\$ 510,303	\$ 7,494,277	\$ (2,053,858)	\$ 6,154,642	\$ 4,203,657	\$ 17,706,963	\$ 17,615,955

Note: The Town reclassified various activities in FY2009 and did not reclassify prior years.

**FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General fund										
Reserved.....	\$ 4,346,561	\$ 1,682,516	\$ 1,915,431	\$ 3,239,286	\$ 978,675	\$ 892,169	\$ -	\$ -	\$ -	\$ -
Unreserved.....	4,662,890	7,900,614	6,416,619	5,645,425	6,121,260	10,888,925	-	-	-	-
Restricted.....	-	-	-	-	-	-	1,250,000	1,250,000	1,250,000	1,250,000
Committed.....	-	-	-	-	-	-	472,759	610,152	1,033,485	1,473,926
Assigned.....	-	-	-	-	-	-	736,580	2,325,501	2,679,682	2,374,893
Unassigned.....	-	-	-	-	-	-	11,760,485	14,467,148	16,706,680	20,610,844
Total general fund.....	<u>\$ 9,009,451</u>	<u>\$ 9,583,130</u>	<u>\$ 8,332,050</u>	<u>\$ 8,884,711</u>	<u>\$ 7,099,935</u>	<u>\$ 11,781,094</u>	<u>\$ 14,219,824</u>	<u>\$ 18,652,801</u>	<u>\$ 21,669,847</u>	<u>\$ 25,709,663</u>
All Other Governmental Funds										
Reserved.....	\$ -	\$ -	\$ -	\$ -	\$ 35,000	\$ 35,000	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	5,261,069	6,236,294	5,804,547	6,719,840	6,476,412	6,459,001	-	-	-	-
Capital project funds.....	(398,742)	199,093	(2,777,466)	(1,630,042)	6,864,106	2,527,736	-	-	-	-
Permanent funds.....	1,015,406	905,556	1,257,315	1,767,888	64,902	65,116	-	-	-	-
Nonspendable.....	-	-	-	-	-	-	35,000	35,000	35,000	35,000
Restricted.....	-	-	-	-	-	-	9,939,236	9,725,814	9,112,470	10,850,736
Unassigned.....	-	-	-	-	-	-	(451,058)	(3,020,664)	(23,814,076)	(39,791,279)
Total all other governmental funds.	<u>\$ 5,877,733</u>	<u>\$ 7,340,943</u>	<u>\$ 4,284,396</u>	<u>\$ 6,857,686</u>	<u>\$ 13,440,420</u>	<u>\$ 9,086,853</u>	<u>\$ 9,523,178</u>	<u>\$ 6,740,150</u>	<u>\$ (14,666,606)</u>	<u>\$ (28,905,543)</u>

The Town implemented GASB 54 in 2011, fund balances prior to 2011 have been reported in the pre-GASB 54 format.

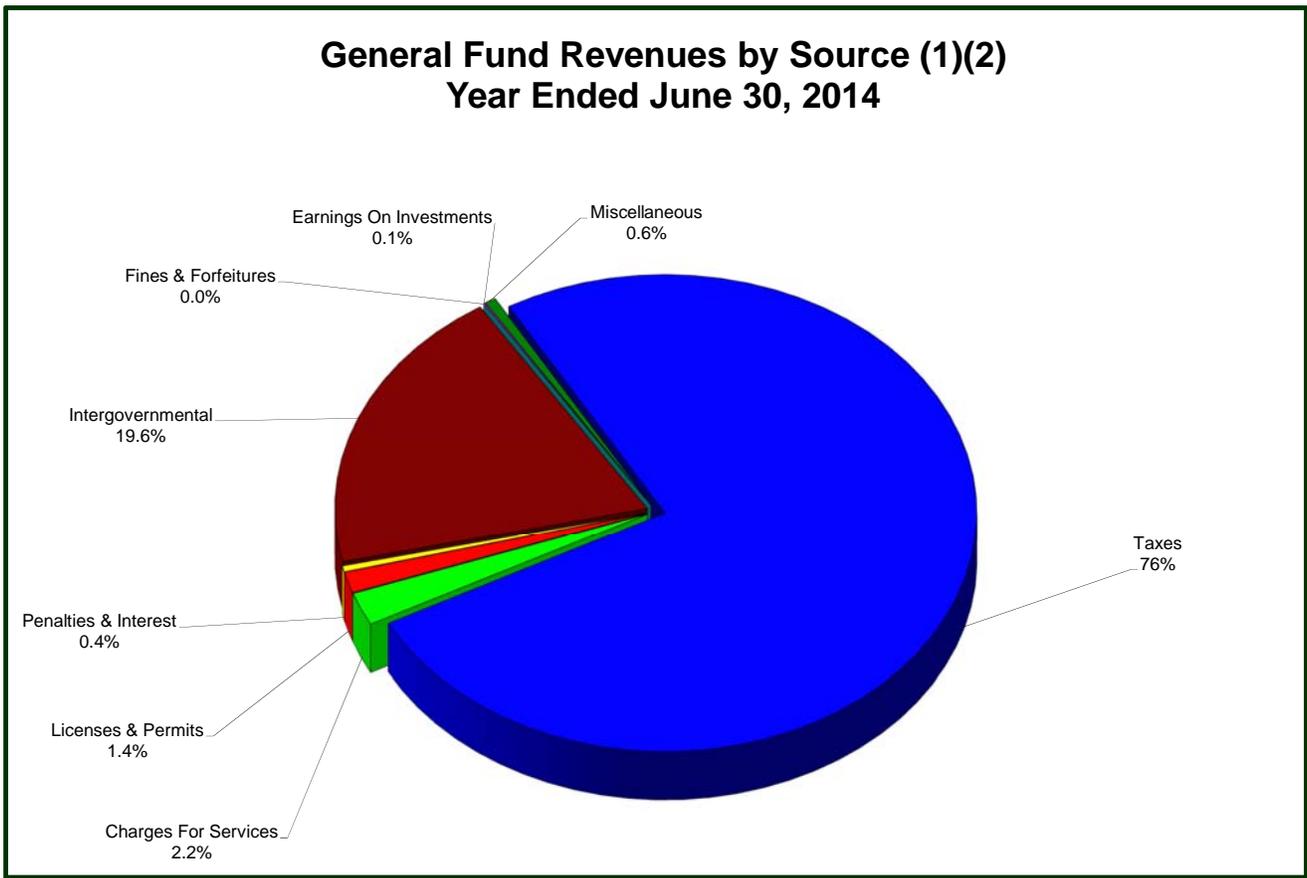
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS**

	2005	2006	2007	2008	2009 (1)	2010	2011	2012	2013 (1)	2014 (1)
REVENUES										
Taxes.....	\$ 48,094,223	\$ 51,523,864	\$ 53,645,306	\$ 57,314,221	\$ 59,269,620	\$ 64,449,558	\$ 64,070,863	\$ 70,205,364	\$ 71,142,869	\$ 74,453,910
Licenses and fees.....	2,443,941	2,306,958	1,629,756	1,606,900	-	-	-	-	-	-
Intergovernmental.....	16,143,996	16,178,632	17,999,121	19,916,398	30,325,931	22,445,941	26,057,658	26,472,612	35,037,693	34,440,598
Charges for services.....	4,092,192	4,018,802	3,622,749	4,344,359	3,802,150	4,161,968	4,173,594	4,451,604	4,713,862	4,751,993
Investment income.....	570,971	982,239	1,297,867	1,008,741	445,427	128,168	92,048	89,498	157,975	155,149
Other revenues.....	2,395,302	3,425,582	4,159,838	4,891,394	5,460,915	6,033,277	6,539,941	6,768,709	8,105,592	7,263,968
Total Revenues.....	73,740,625	78,436,077	82,354,637	89,082,013	99,304,043	97,218,912	100,934,104	107,987,787	119,157,991	121,065,618
EXPENDITURES										
General government.....	3,118,360	2,741,008	4,892,360	3,693,535	12,120,424	3,938,343	3,598,765	4,388,371	8,093,357	5,093,279
Public safety.....	9,223,025	10,095,403	10,482,700	10,823,407	11,198,838	10,856,492	12,557,453	13,240,642	12,466,949	12,268,192
Public education.....	37,097,463	39,934,182	41,652,980	46,096,435	65,455,163	44,968,570	42,437,085	45,757,078	73,406,386	70,881,088
Public works.....	6,544,382	6,437,669	6,783,898	8,849,401	14,941,072	8,143,631	9,036,226	9,807,486	8,024,323	9,332,181
Human services.....	986,998	889,787	926,127	986,568	1,020,889	912,482	818,590	883,629	994,695	1,023,134
Culture and recreation.....	1,727,611	1,847,199	1,991,870	2,215,516	2,301,559	3,781,741	2,292,205	2,183,380	2,284,767	2,528,016
Pension benefits.....	2,290,770	2,587,077	2,667,706	2,725,478	2,827,885	2,862,331	2,967,933	3,532,879	3,648,502	3,716,341
Group health insurance.....	2,752,529	3,289,713	3,317,028	3,430,971	4,148,112	6,112,888	8,070,819	8,963,822	8,247,415	8,257,215
Community preservation.....	-	-	-	-	2,972,916	1,240,212	164,410	342,411	2,070,939	740,381
Other.....	3,122,050	2,065,175	6,509,842	5,890,864	3,134,332	1,147,657	1,684,829	1,135,085	1,165,666	572,432
Intergovernmental.....	1,926,044	2,193,591	2,611,818	2,677,907	7,345,883	7,721,843	8,174,736	8,635,341	9,258,650	9,857,159
Debt service										
Principal.....	2,985,566	3,000,003	2,974,348	2,940,669	3,167,071	5,393,592	5,378,828	5,489,462	5,525,064	5,081,369
Interest.....	2,207,571	2,088,551	1,961,172	2,015,523	2,197,932	2,501,206	2,663,727	2,337,998	2,336,510	2,414,941
Total expenditures.....	73,982,369	77,169,358	86,771,849	92,346,274	132,832,076	99,580,988	99,845,606	106,697,584	137,523,223	131,765,728
Excess of revenues over (under) expenditures.....	(241,744)	1,266,719	(4,417,212)	(3,264,261)	(33,528,033)	(2,362,076)	1,088,498	1,290,203	(18,365,232)	(10,700,110)
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	-	479,200	-	5,008,862	38,325,991	240,000	-	-	-	-
Premium from issuance of bonds.....	-	-	-	-	-	1,927,101	1,582,913	111,917	-	-
Issuance of refunding bonds.....	-	-	-	-	-	3,700,000	19,080,000	-	-	-
Payments to refunding bonds escrow agent.....	-	-	-	-	-	(3,660,000)	(20,662,913)	-	-	-
Sale of capital assets.....	-	-	-	-	-	-	1,250,000	-	-	-
Transfers in.....	2,005,661	2,380,023	3,981,380	2,639,179	1,076,766	1,095,419	572,502	841,908	564,518	514,653
Transfers out.....	(1,820,261)	(2,089,053)	(3,871,795)	(2,842,829)	(1,076,766)	(612,852)	(35,945)	(594,079)	(588,996)	(13,664)
Total other financing sources (uses).....	185,400	770,170	109,585	4,805,212	38,325,991	2,689,668	1,786,557	359,746	(24,478)	500,989
Net change in fund balances.....	\$ (56,344)	\$ 2,036,889	\$ (4,307,627)	\$ 1,540,951	\$ 4,797,958	\$ 327,592	\$ 2,875,055	\$ 1,649,949	\$ (18,389,710)	\$ (10,199,121)
Ratio of Annual Debt Service to Non-Capital Expenditures.....	7.80%	7.20%	6.70%	6.30%	6.14%	8.45%	8.28%	7.79%	7.79%	7.17%

(1) Educational expenditures in years 2009, 2013 and 2014 include school construction.

**GENERAL FUND REVENUES BY SOURCE (1)(2)
LAST TEN YEARS**

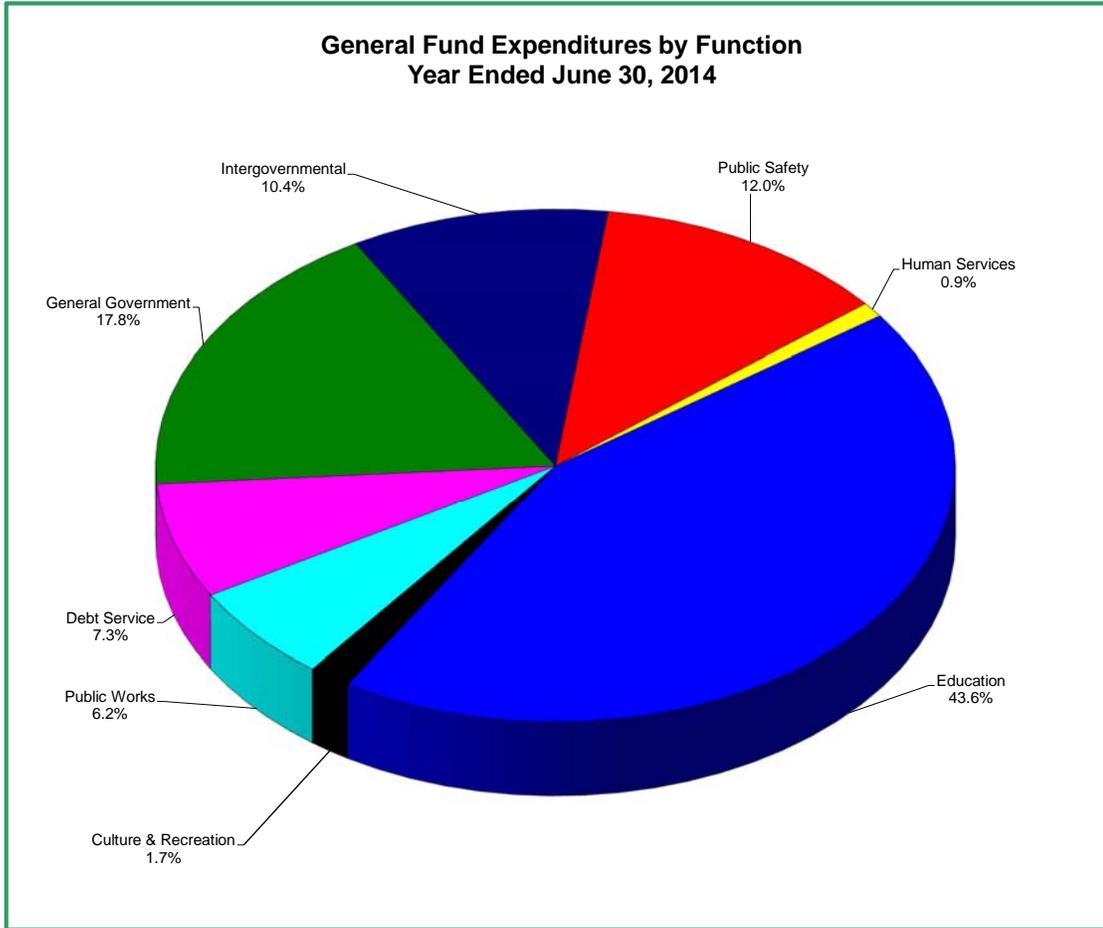
Year Ended June 30,	Taxes (3)	Charges For Services	Licenses & Permits	Inter-Governmental	Penalties & Interest	Fines & Forfeitures	Earnings On Investments	Misc.	Total
2005	\$ 48,094	\$ 778	\$ 2,444	\$ 12,941	\$ 236	\$ 104	\$ 543	\$ 389	\$ 65,529
2006	\$ 51,524	\$ 937	\$ 2,307	\$ 13,337	\$ 258	\$ 88	\$ 933	\$ 900	\$ 70,284
2007	\$ 53,645	\$ 1,076	\$ 1,630	\$ 14,730	\$ 290	\$ 99	\$ 1,225	\$ 755	\$ 73,450
2008	\$ 57,314	\$ 1,073	\$ 1,607	\$ 15,980	\$ 226	\$ 78	\$ 946	\$ 630	\$ 77,854
2009	\$ 58,374	\$ 1,580	\$ 1,082	\$ 15,988	\$ 209	\$ -	\$ 413	\$ 580	\$ 78,226
2010	\$ 63,406	\$ 2,035	\$ 1,380	\$ 16,139	\$ 286	\$ -	\$ 116	\$ 234	\$ 83,596
2011	\$ 63,735	\$ 1,876	\$ 1,434	\$ 17,278	\$ 336	\$ -	\$ 85	\$ 276	\$ 85,020
2012	\$ 69,774	\$ 2,101	\$ 1,364	\$ 17,833	\$ 432	\$ -	\$ 64	\$ 410	\$ 91,978
2013	\$ 70,890	\$ 2,145	\$ 1,355	\$ 18,988	\$ 252	\$ -	\$ 95	\$ 634	\$ 94,359
2014	\$ 74,055	\$ 2,188	\$ 1,402	\$ 19,228	\$ 399	\$ -	\$ 87	\$ 554	\$ 97,913



(1) All amounts in thousands (000's).
(2) Excluding transfers in.
(3) Includes real estate, personal property, motor vehicle and other taxes.

**GENERAL FUND EXPENDITURES BY FUNCTION
LAST TEN YEARS (1)**

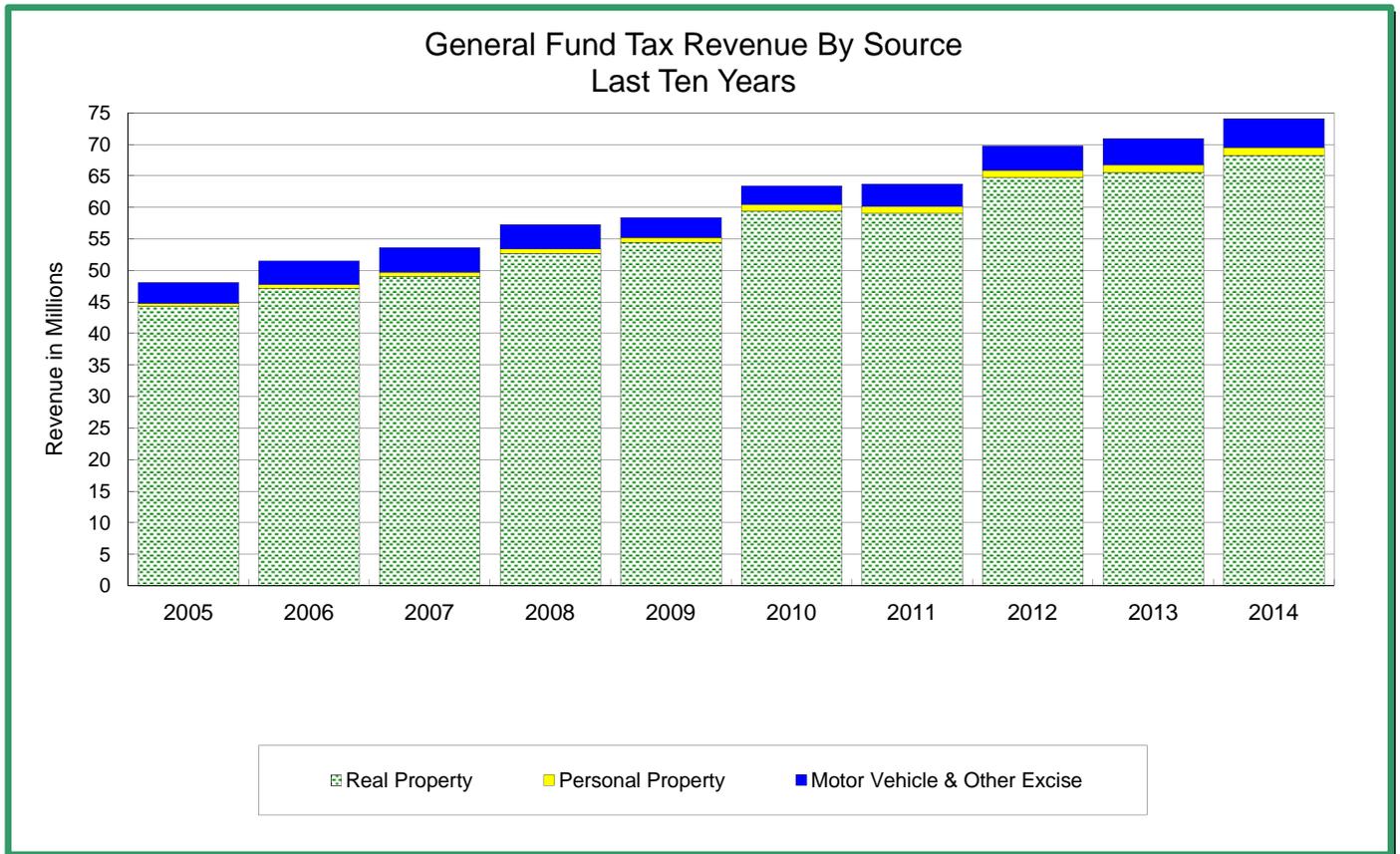
Year Ended June 30,	General Government(2)	Public Safety	Public Education	Public Works	Human Services	Culture & Recreation(3)	Inter-Governmental	Debt Services	Total
2005	\$ 8,703	\$ 8,560	\$ 33,945	\$ 4,643	\$ 591	\$ 1,417	\$ 1,926	\$ 5,033	\$ 64,818
2006	\$ 9,640	\$ 9,400	\$ 36,272	\$ 4,097	\$ 641	\$ 1,437	\$ 2,194	\$ 4,934	\$ 68,615
2007	\$ 10,782	\$ 9,662	\$ 37,899	\$ 4,000	\$ 723	\$ 1,562	\$ 2,612	\$ 4,804	\$ 72,044
2008	\$ 10,698	\$ 10,061	\$ 40,751	\$ 4,947	\$ 754	\$ 1,685	\$ 2,678	\$ 4,809	\$ 76,383
2009	\$ 13,303	\$ 10,416	\$ 35,130	\$ 5,682	\$ 816	\$ 1,632	\$ 7,346	\$ 5,234	\$ 79,559
2010	\$ 13,346	\$ 10,061	\$ 36,155	\$ 4,535	\$ 792	\$ 1,422	\$ 7,722	\$ 7,309	\$ 81,342
2011	\$ 16,047	\$ 10,165	\$ 35,910	\$ 5,062	\$ 721	\$ 1,476	\$ 8,175	\$ 7,374	\$ 84,930
2012	\$ 16,980	\$ 10,279	\$ 37,702	\$ 4,624	\$ 759	\$ 1,449	\$ 8,635	\$ 7,193	\$ 87,621
2013	\$ 16,739	\$ 11,344	\$ 39,729	\$ 4,850	\$ 844	\$ 1,565	\$ 9,259	\$ 6,982	\$ 91,312
2014	\$ 16,785	\$ 11,345	\$ 41,164	\$ 5,807	\$ 893	\$ 1,600	\$ 9,857	\$ 6,927	\$ 94,378



(1) All amounts in thousands (000's).
(2) Includes employee benefits and miscellaneous.
(3) Includes General Fund expenditures for Library component unit.

GENERAL FUND TAX REVENUE BY SOURCE LAST TEN YEARS

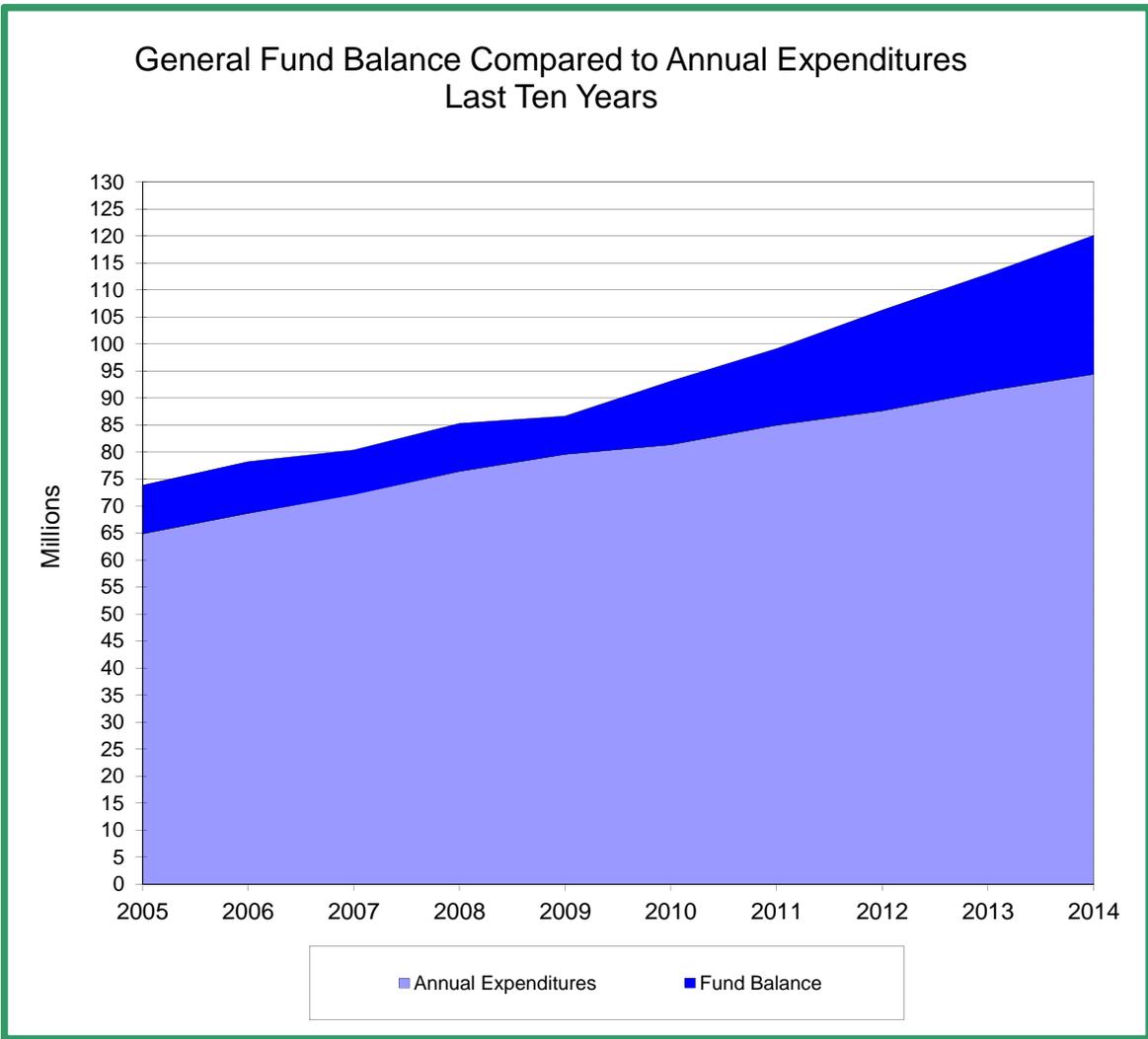
Year Ended June 30,	Real Property	Personal Property	Motor Vehicle & Other Excise	Total
2005	\$ 44,306,275	\$ 471,298	\$ 3,316,650	\$ 48,094,223
2006	\$ 47,196,123	\$ 599,809	\$ 3,727,932	\$ 51,523,864
2007	\$ 49,086,501	\$ 668,279	\$ 3,890,526	\$ 53,645,306
2008	\$ 52,729,826	\$ 690,885	\$ 3,893,511	\$ 57,314,222
2009	\$ 54,470,186	\$ 773,283	\$ 3,130,199	\$ 58,373,668
2010	\$ 59,388,413	\$ 1,043,711	\$ 2,974,353	\$ 63,406,477
2011	\$ 59,054,046	\$ 1,091,352	\$ 3,589,655	\$ 63,735,053
2012	\$ 64,727,199	\$ 1,151,269	\$ 3,895,105	\$ 69,773,573
2013	\$ 65,520,015	\$ 1,226,694	\$ 4,143,675	\$ 70,890,384
2014	\$ 68,252,233	\$ 1,258,808	\$ 4,543,986	\$ 74,055,027



Source: Audited financial statements, Town Accountant's records.

GENERAL FUND BALANCE COMPARED TO ANNUAL EXPENDITURES LAST TEN YEARS

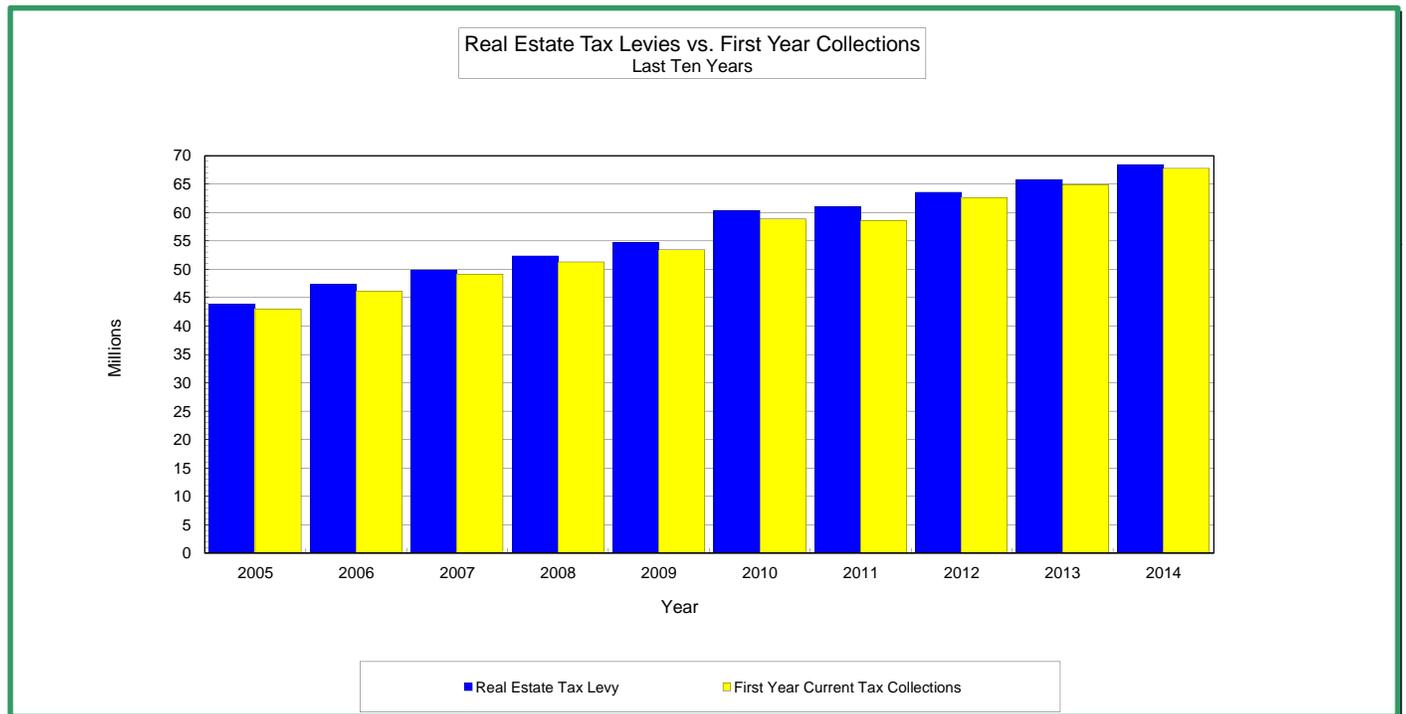
Year Ended June 30,	Fund Balance	Annual Expenditures	Balance as % of Expenditures
2005	\$ 9,009,451	\$ 64,818,332	13.90%
2006	\$ 9,583,130	\$ 68,614,807	13.97%
2007	\$ 8,332,050	\$ 72,043,499	11.57%
2008	\$ 8,884,711	\$ 76,382,718	11.63%
2009	\$ 7,099,935	\$ 79,559,960	8.92%
2010	\$ 11,781,094	\$ 81,342,054	14.48%
2011	\$ 14,219,824	\$ 84,929,680	16.74%
2012	\$ 18,652,801	\$ 87,621,170	21.29%
2013	\$ 21,669,847	\$ 91,311,575	23.73%
2014	\$ 25,709,663	\$ 94,378,040	27.24%



Source: Audited financial statements, Town Accountant's records.

**REAL ESTATE TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

Year Ended June 30,	Real Estate Tax Levy (1)	First Year Current Tax Collections (2)	Percent of Levy Collected	Delinquent Levy Tax Collections	Total Tax Collections To Date	Percent of Levy Collected
2005	\$ 43,844,609	\$ 42,972,135	98.0%	\$ 66,592	\$ 43,038,727	98.2%
2006	\$ 47,394,032	\$ 46,131,746	97.3%	\$ 149,541	\$ 46,281,287	97.7%
2007	\$ 49,861,711	\$ 49,102,357	98.5%	\$ 186,020	\$ 49,288,377	98.9%
2008	\$ 52,379,293	\$ 51,298,580	97.9%	\$ 65,279	\$ 51,363,859	98.1%
2009	\$ 54,789,488	\$ 53,444,778	97.5%	\$ 450,008	\$ 53,894,786	98.4%
2010	\$ 60,378,356	\$ 58,855,173	97.5%	\$ 655,856	\$ 59,511,029	98.6%
2011	\$ 60,970,038	\$ 58,567,611	96.1%	\$ 2,309,316	\$ 60,876,927	99.8%
2012	\$ 63,559,312	\$ 62,540,324	98.4%	\$ 531,413	\$ 63,071,737	99.2%
2013	\$ 65,785,681	\$ 64,928,353	98.7%	\$ 319,409	\$ 65,247,762	99.2%
2014	\$ 68,428,367	\$ 67,739,699	99.0%	\$ -	\$ 67,739,699	99.0%



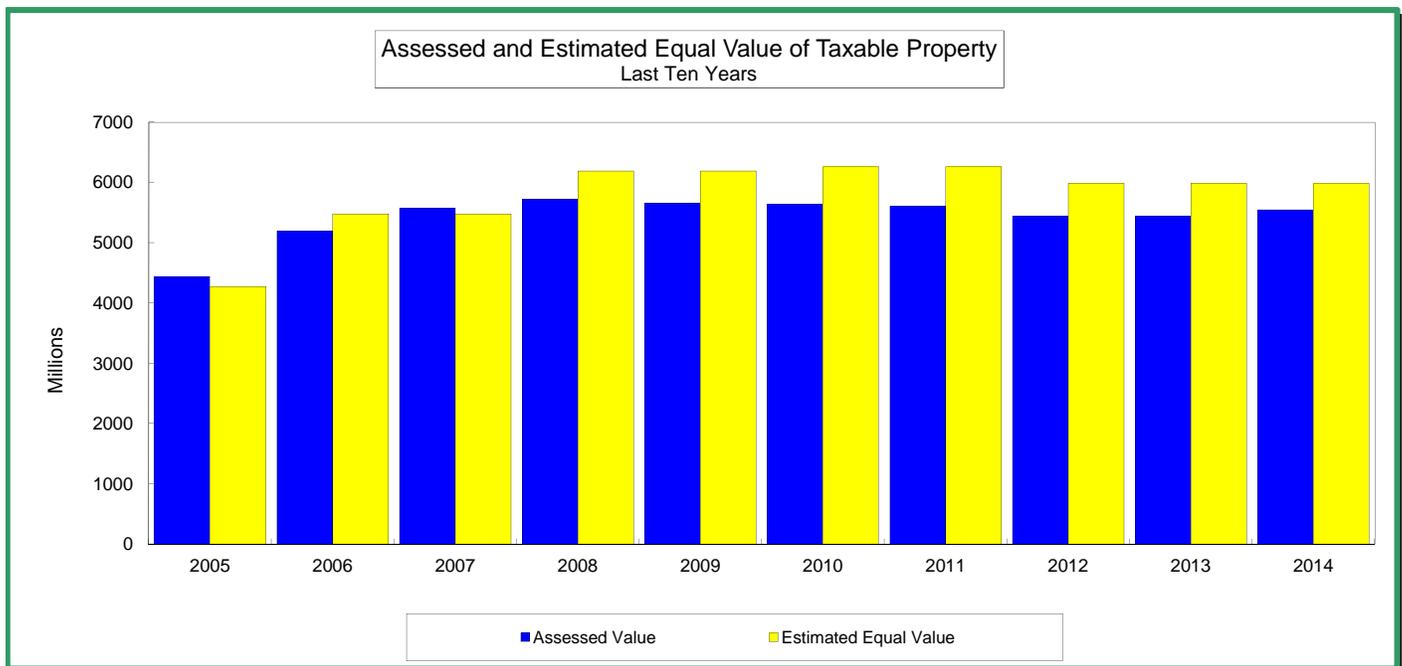
Source: Audited financial statements, Treasurer/Collector's records.

(1) Real Estate Tax Levy net of allowance for abatements and refunds.

(2) The "First Year Current Tax Collections" is the collection of the current year's taxes during the first fiscal year.

ASSESSED AND ESTIMATED EQUAL VALUE OF TAXABLE PROPERTY LAST TEN YEARS

Year Ended June 30,	Assessed Value (1)	Estimated Equal Value (2)	As Of	Assessed Value to Estimated Equal Value	Total Direct Rate
2005	\$ 4,436,551,270	\$ 4,273,602,000	01/01/2004	103.8%	\$ 9.96
2006	\$ 5,192,463,730	\$ 5,479,432,500	01/01/2006	94.8%	\$ 9.20
2007	\$ 5,572,597,140	\$ 5,479,432,500	01/01/2006	101.7%	\$ 9.00
2008	\$ 5,725,353,220	\$ 6,190,427,500	01/01/2008	92.5%	\$ 9.20
2009	\$ 5,653,800,660	\$ 6,190,427,500	01/01/2008	91.3%	\$ 9.75
2010	\$ 5,636,105,233	\$ 6,257,344,000	01/01/2010	90.1%	\$ 10.77
2011	\$ 5,599,519,350	\$ 6,257,344,000	01/01/2010	89.5%	\$ 11.08
2012	\$ 5,438,188,940	\$ 5,984,621,300	01/01/2012	90.9%	\$ 11.89
2013	\$ 5,439,457,670	\$ 5,984,621,300	01/01/2012	90.9%	\$ 12.32
2014	\$ 5,548,991,980	\$ 5,981,636,700	01/01/2014	92.8%	\$ 12.56



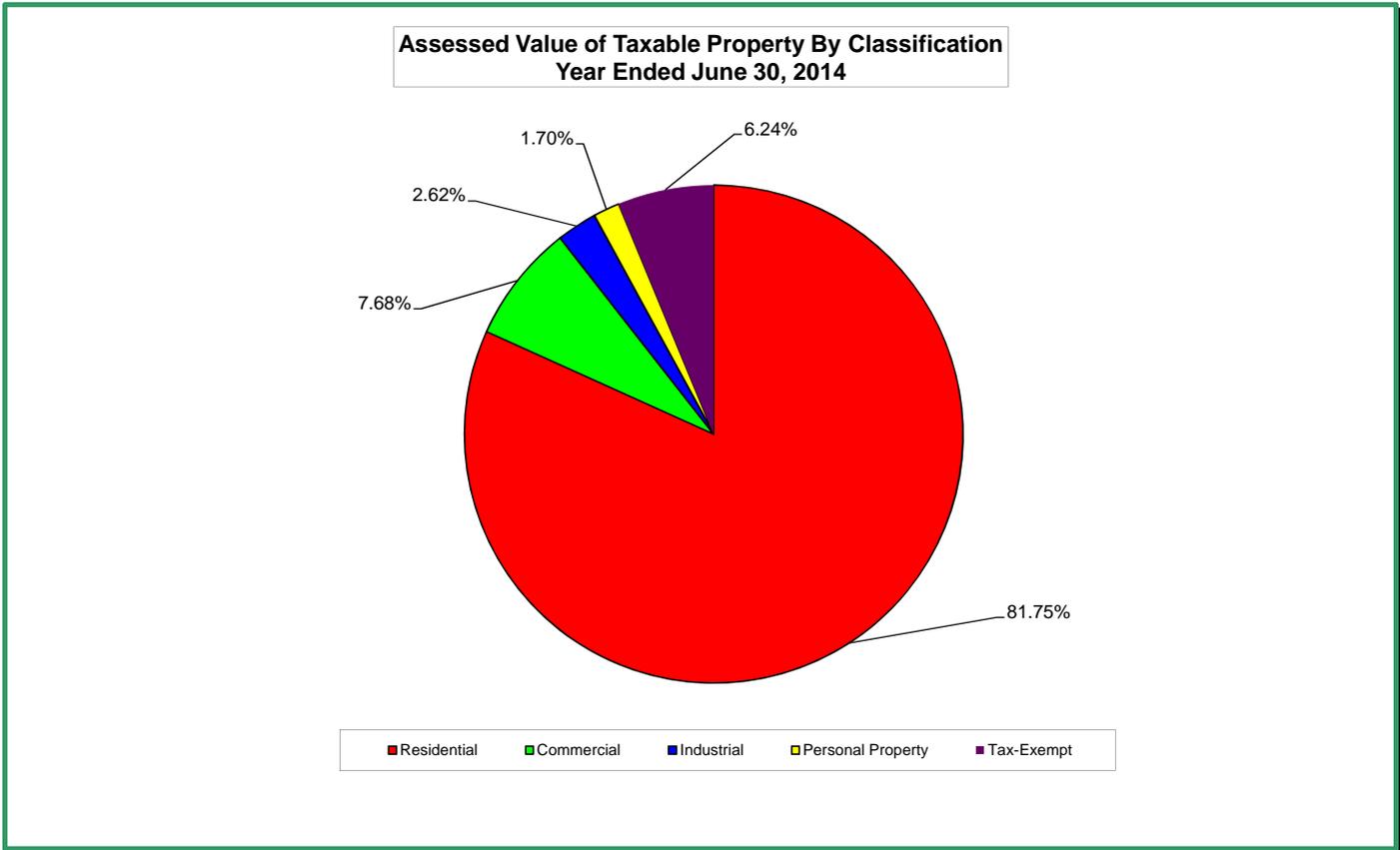
Source: Assessors Department, Town of Hingham

(1) Assessed valuations are determined annually as of January 1 and used for the year beginning on the next July 1. Taxable property in this chart refers only to real estate.

(2) The Commissioner of Revenue makes a determination of the fair cash value of the taxable property in each municipality in order to determine appropriate relative values for the purpose of certain distributions to and assessments upon cities and towns. This is known as "equalized value".

**ASSESSED VALUE OF TAXABLE PROPERTY BY CLASSIFICATION (1)
LAST TEN YEARS**

Year Ended June 30, (2)	Residential Valuation	Commercial Valuation	Industrial Valuation	Personal Property Valuation	Less: Tax-Exempt Property	Total Valuation
2005	\$ 3,968,827,225	\$ 247,289,457	\$ 158,456,758	\$ 61,977,830	\$ 315,475,400	\$ 4,121,075,870
2006	\$ 4,537,505,927	\$ 383,712,499	\$ 205,880,174	\$ 65,365,130	\$ 328,824,300	\$ 4,863,639,430
2007	\$ 4,880,457,430	\$ 423,901,180	\$ 193,763,390	\$ 74,475,140	\$ 333,520,000	\$ 5,239,077,140
2008	\$ 5,001,557,821	\$ 463,240,322	\$ 191,314,157	\$ 69,240,920	\$ 384,268,700	\$ 5,341,084,520
2009	\$ 4,902,896,684	\$ 473,771,299	\$ 186,915,617	\$ 90,217,060	\$ 392,792,200	\$ 5,261,008,460
2010	\$ 4,883,302,232	\$ 475,224,448	\$ 182,626,233	\$ 94,952,320	\$ 392,792,200	\$ 5,243,313,033
2011	\$ 4,839,160,498	\$ 481,235,961	\$ 182,314,541	\$ 96,808,350	\$ 405,665,200	\$ 5,193,854,150
2012	\$ 4,742,405,100	\$ 434,205,900	\$ 164,218,200	\$ 97,359,740	\$ 358,700,200	\$ 5,079,488,740
2013	\$ 4,743,269,100	\$ 438,829,300	\$ 157,648,400	\$ 99,710,870	\$ 368,419,500	\$ 5,071,038,170
2014	\$ 4,838,079,100	\$ 454,806,400	\$ 155,232,900	\$ 100,873,580	\$ 369,281,800	\$ 5,179,710,180
10 yr. average	\$ <u>4,733,746,112</u>	\$ <u>427,621,677</u>	\$ <u>177,837,037</u>	\$ <u>85,098,094</u>	\$ <u>364,973,950</u>	\$ <u>5,059,328,969</u>



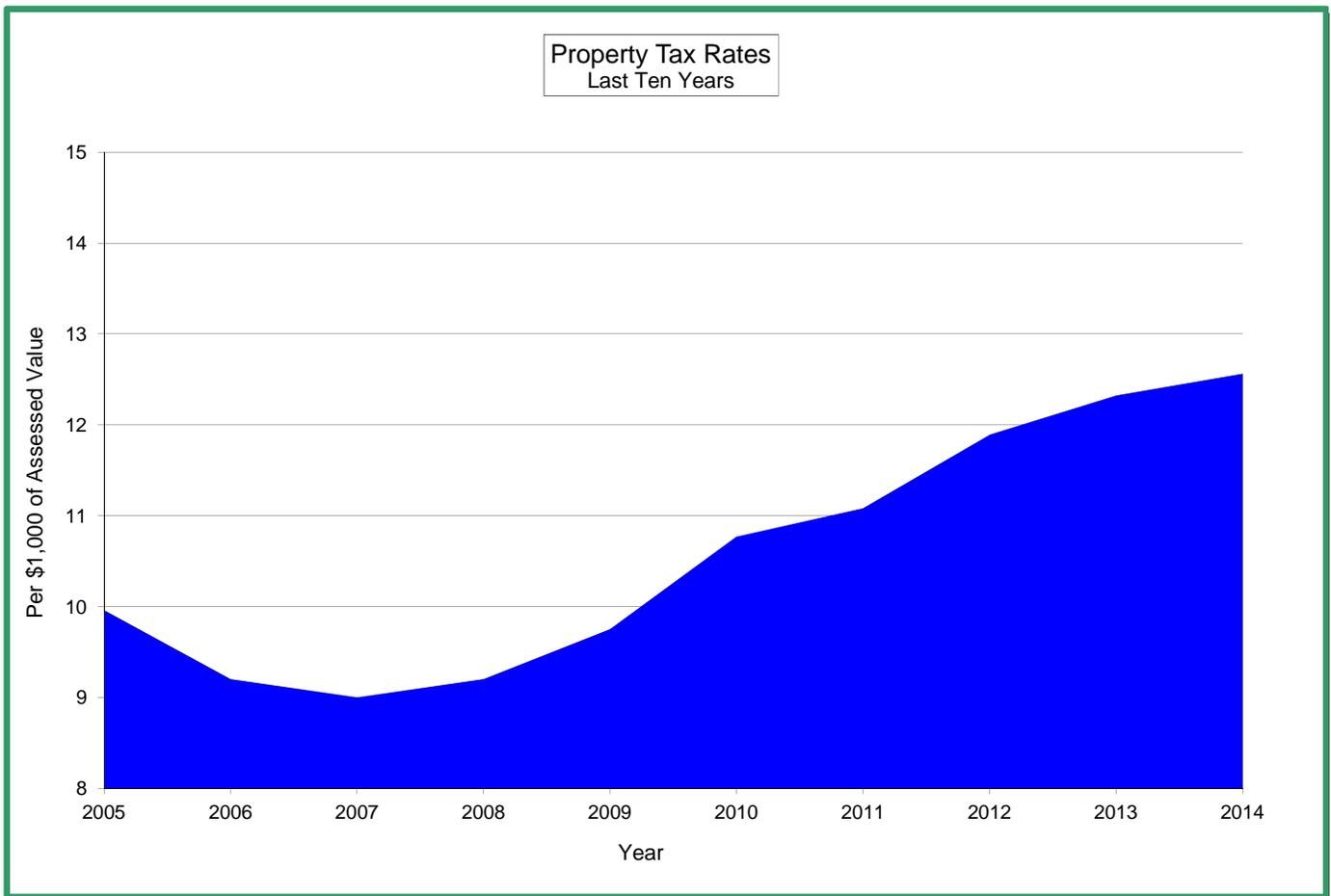
Source: Assessors Department, Town of Hingham

(1) Assessed valuations are determined annually as of January 1 and used for the year beginning on the next July 1.

(2) Change in valuations caused by revaluation of taxable property as required by State statute every three years; 2005, 2008 and 2011.

**PROPERTY TAX RATES (1)
PER \$1,000 OF ASSESSED VALUE
LAST TEN YEARS**

Year Ended June 30,	Residential	Commercial (2)	Industrial (2)	Personal
2005	\$ 9.96	\$ 9.96	\$ 9.96	\$ 9.96
2006	\$ 9.20	\$ 9.20	\$ 9.20	\$ 9.20
2007	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00
2008	\$ 9.20	\$ 9.20	\$ 9.20	\$ 9.20
2009	\$ 9.75	\$ 9.75	\$ 9.75	\$ 9.75
2010	\$ 10.77	\$ 10.77	\$ 10.77	\$ 10.77
2011	\$ 11.08	\$ 11.08	\$ 11.08	\$ 11.08
2012	\$ 11.89	\$ 11.89	\$ 11.89	\$ 11.89
2013	\$ 12.32	\$ 12.32	\$ 12.32	\$ 12.32
2014	\$ 12.56	\$ 12.56	\$ 12.56	\$ 12.56

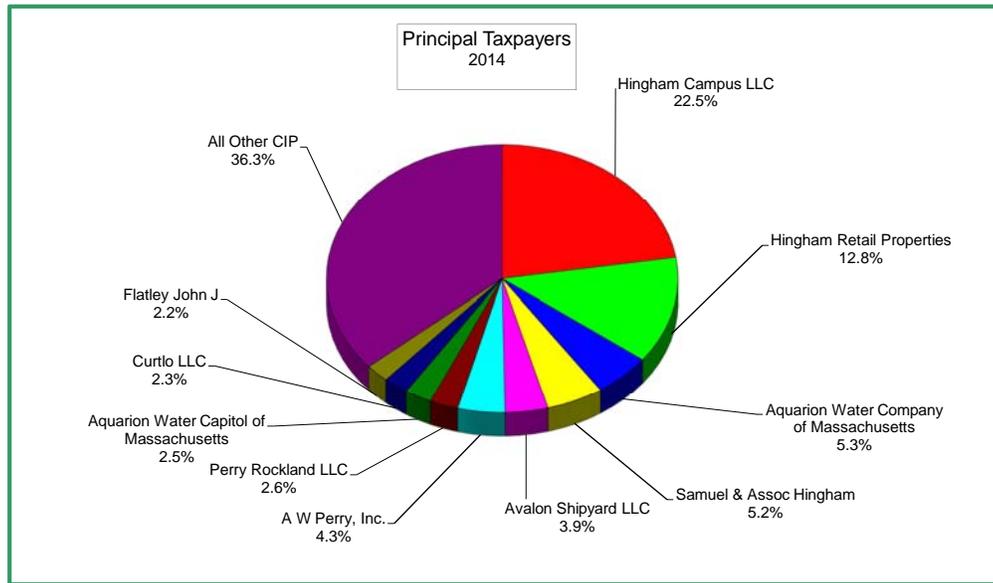


SOURCE: Assessor's Department, Town of Hingham

- (1) There are no property tax rates that apply to overlapping governments.
- (2) Towns in Massachusetts are permitted to charge a higher rate for commercial and industrial properties; however, the Town of Hingham has always maintained a single rate structure.

**PRINCIPAL TAXPAYERS(1)
CURRENT YEAR AND NINE YEARS AGO**

Name	Nature of Business	2014				2005	
		Assessed Valuation	Rank	Percentage of CIP(2)	Percentage of Total Tax Levy(3)	Assessed Valuation	Rank
Hingham Campus LLC	Housing	\$160,000,000	1	22.5%	2.9%		
Hingham Retail Properties	Mall	\$90,670,300	2	12.8%	1.6%	\$99,725,400	1
Aquarion Water Company of Massachusetts	Utilities	\$37,534,940	3	5.3%	0.7%	\$44,336,720	3
Samuel & Assoc Hingham	Retail	\$37,278,800	4	5.2%	0.7%		
Avalon Shipyard LLC	Apartments	\$28,009,300	5	3.9%	0.5%		
A W Perry, Inc.	Office Manufacturing	\$30,855,100	6	4.3%	0.6%		
Perry Rockland LLC	Land Comm. & Ind. Bldg.	\$18,696,400	7	2.6%	0.3%		
Aquarion Water Capitol of Massachusetts	Utilities	\$17,690,730	8	2.5%	0.3%		
Curtlo LLC	Mall	\$16,478,900	9	2.3%	0.3%	\$13,813,700	10
Flatley John J	Land Comm. & Ind. Bldg.	\$15,605,800	10	2.2%	0.3%		
CNL Retirement-LP	Real Estate	-	-	-	-	\$65,838,700	2
Hingham Resources	Industrial Park	-	-	-	-	\$32,666,200	4
Hewetts Cove	Real Estate	-	-	-	-	\$29,101,000	5
South Shore Ind. Park T.	Land	-	-	-	-	\$27,954,700	6
Talbots	Office Building	-	-	-	-	\$26,611,300	7
Hingham Builders LLC	Real Estate	-	-	-	-	\$24,125,500	8
Perry Rockland LLC	Office Building	-	-	-	-	\$22,390,100	9
		<u>\$ 452,820,270</u>		<u>63.7%</u>	<u>8.2%</u>	<u>\$386,563,320</u>	



(1) SOURCE: Assessor's Department, Town of Hingham
(2) Total Commercial, Industrial & Personal Property (CIP) valuation \$710,912,880.
(3) Total valuation of all property \$5,548,991,980

**RATIOS OF OUTSTANDING DEBT AND GENERAL BONDED DEBT
LAST TEN YEARS**

Year Ended June 30,	Governmental Activities							
	Population	Personal Income	Assessed Value	General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2005	20,872	\$ 870,425,016	\$ 4,436,551,270	\$ 44,388,652	-	\$ 2,127	5.10%	1.00%
2006	21,095	\$ 879,724,785	\$ 5,192,463,730	\$ 41,850,720	-	\$ 1,984	4.76%	0.81%
2007	21,275	\$ 887,231,325	\$ 5,572,597,140	\$ 38,788,259	-	\$ 1,823	4.37%	0.70%
2008	21,978	\$ 916,548,534	\$ 5,725,353,220	\$ 40,741,181	-	\$ 1,854	4.45%	0.71%
2009	21,589	\$ 900,326,067	\$ 5,653,800,660	\$ 75,318,162	-	\$ 3,489	8.37%	1.33%
2010	22,322	\$ 930,894,366	\$ 5,636,105,233	\$ 70,204,570	-	\$ 3,145	7.54%	1.25%
2011	22,157	\$ 924,013,371	\$ 5,599,519,350	\$ 64,670,742	-	\$ 2,919	7.00%	1.15%
2012	21,065	\$ 1,213,638,910	\$ 5,438,188,940	\$ 60,960,972	-	\$ 2,894	5.02%	1.12%
2013	21,065	\$ 1,213,638,910	\$ 5,439,457,670	\$ 55,512,838	-	\$ 2,635	4.57%	1.02%
2014	21,065	\$ 1,213,638,910	\$ 5,439,457,670	\$ 50,222,555	-	\$ 2,384	4.14%	0.92%

Year Ended June 30,	Business-type Activities (1)		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2005	\$ 600,000	\$ -	\$ 44,988,652	\$ 2,155	5.17%	1.01%
2006	\$ 400,000	\$ -	\$ 42,250,720	\$ 2,003	4.80%	0.81%
2007	\$ 200,000	\$ 767,370	\$ 39,755,629	\$ 1,869	4.48%	0.71%
2008	\$ 1,585,000	\$ 861,570	\$ 43,187,751	\$ 1,965	4.71%	0.75%
2009	\$ 1,465,000	\$ 541,814	\$ 77,324,976	\$ 3,582	8.59%	1.37%
2010	\$ 1,340,000	\$ 357,375	\$ 71,901,945	\$ 3,221	7.72%	1.28%
2011	\$ 1,215,000	\$ 373,806	\$ 66,259,548	\$ 2,990	7.17%	1.18%
2012	\$ 1,085,000	\$ 164,232	\$ 62,210,204	\$ 2,953	5.13%	1.14%
2013	\$ 950,000	\$ 125,016	\$ 56,587,854	\$ 2,686	4.66%	1.04%
2014	\$ 805,000	\$ 84,567	\$ 51,112,122	\$ 2,426	4.21%	0.94%

(1) South Shore Country Club
Source: Audited Financial Statements, U.S. Census

**COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN YEARS**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Equalized value established January 1 by Comm. of Massachusetts.....	\$ <u>4,273,600</u>	\$ <u>5,479,433</u>	\$ <u>5,479,433</u>	\$ <u>6,190,427</u>	\$ <u>6,190,427</u>	\$ <u>6,257,344</u>	\$ <u>6,257,344</u>	\$ <u>5,984,621</u>	\$ <u>5,984,621</u>	\$ <u>5,981,636</u>
Debt limit.....	\$ 213,680	\$ 273,972	\$ 273,972	\$ 309,521	\$ 309,521	\$ 312,867	\$ 312,867	\$ 299,231	\$ 299,231	\$ 299,082
Less:										
Total net debt applicable to limit.....	\$ <u>46,883</u>	\$ <u>44,430</u>	\$ <u>41,629</u>	\$ <u>43,976</u>	\$ <u>43,976</u>	\$ <u>71,545</u>	\$ <u>66,185</u>	\$ <u>60,267</u>	\$ <u>54,906</u>	\$ <u>49,680</u>
Legal debt margin.....	\$ <u>166,797</u>	\$ <u>229,542</u>	\$ <u>232,343</u>	\$ <u>265,545</u>	\$ <u>265,545</u>	\$ <u>241,322</u>	\$ <u>246,682</u>	\$ <u>238,964</u>	\$ <u>244,325</u>	\$ <u>249,402</u>
Total net debt applicable to the limit as a percentage of debt limit.....	21.94%	16.22%	15.19%	14.21%	14.21%	22.87%	21.15%	20.14%	18.35%	16.61%

(Dollar amounts in thousands)

(1) Massachusetts General Laws, Chapter 44, Section 10 states that a town shall not authorize indebtedness to an amount exceeding five percent (5%) of the town's equalized valuation as determined by the Commissioner of Revenue. As of June 30, 2014 the most recent valuation was as of Jan 1, 2014. A town may; however, borrow up to ten percent (10%) of such equalized valuation with the approval of the Emergency Finance Board established under Chapter 49 of the Acts of 1993.

(2) The Town of Hingham does not have a debt service fund.

**COMPUTATION OF OVERLAPPING DEBT
As of June 30, 2014**

	<u>Outstanding Long Term Debt</u>	<u>Hingham's Estimated Share (1)</u>	<u>2014 Dollar Assessment (2)</u>
Plymouth County (3)..... \$	-	N/A	\$ 114,193
MWRA (4).....	4,033,856,000	0.0352%	1,419,917
Town direct debt.....	50,222,555		
Town direct and overlapping debt..... \$	<u>4,084,078,555</u>		<u>\$ 1,534,110</u>

(1) Estimated share based upon operating expenses.

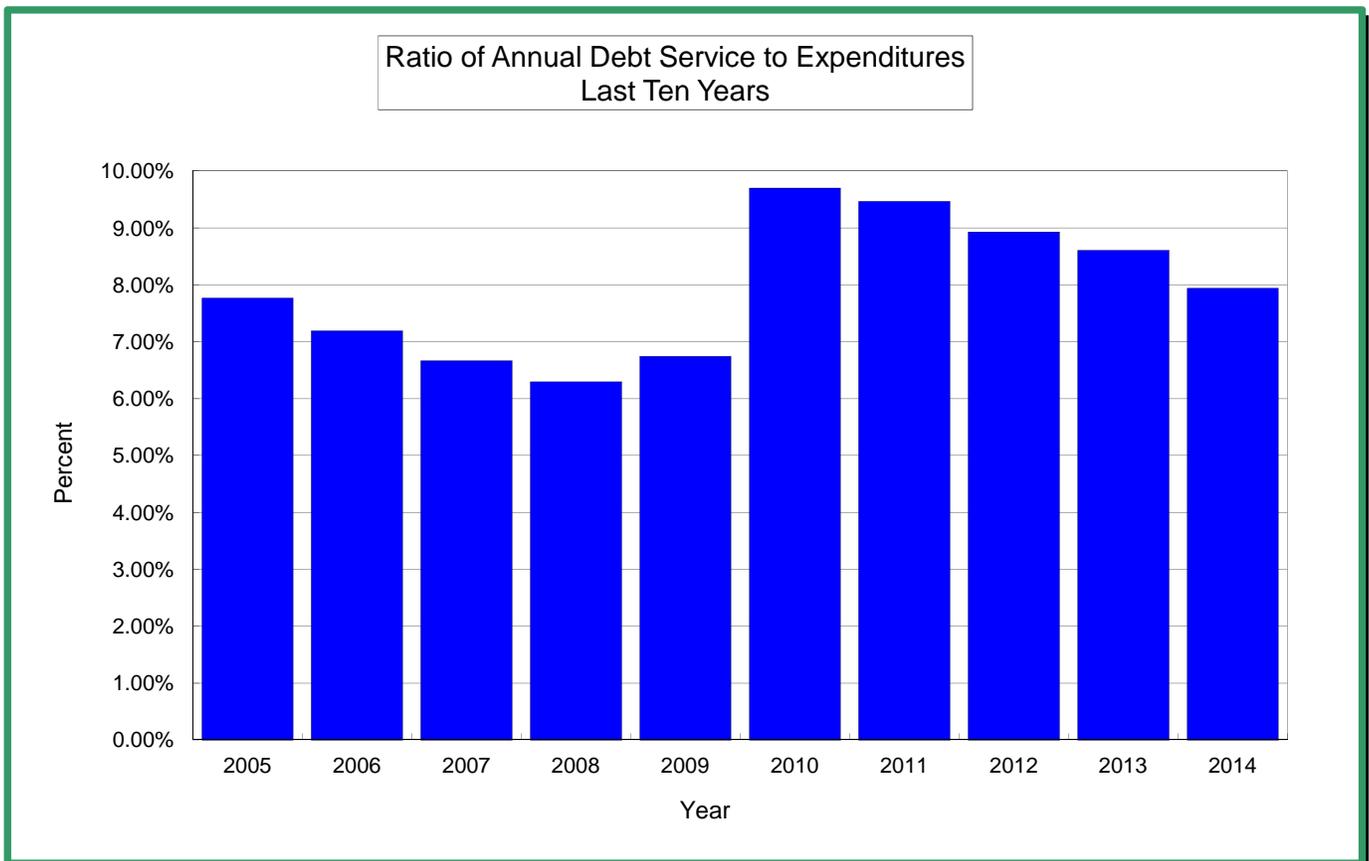
(2) Estimated dollar assessment based upon total net operating expenses, inclusive, where applicable, of debt service.

(3) Source: County Treasurer. County expenses, including debt service, are assessed upon the towns within the county in proportion to their taxable valuation.

(4) Source: Massachusetts Water Resources Authority (MWRA). Sewer debt only as of June 30, 2014. The MWRA provides water and sewer services to its member towns. Hingham is not a member of the MWRA water division as Hingham receives water from a private company.

**RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT
TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN YEARS**

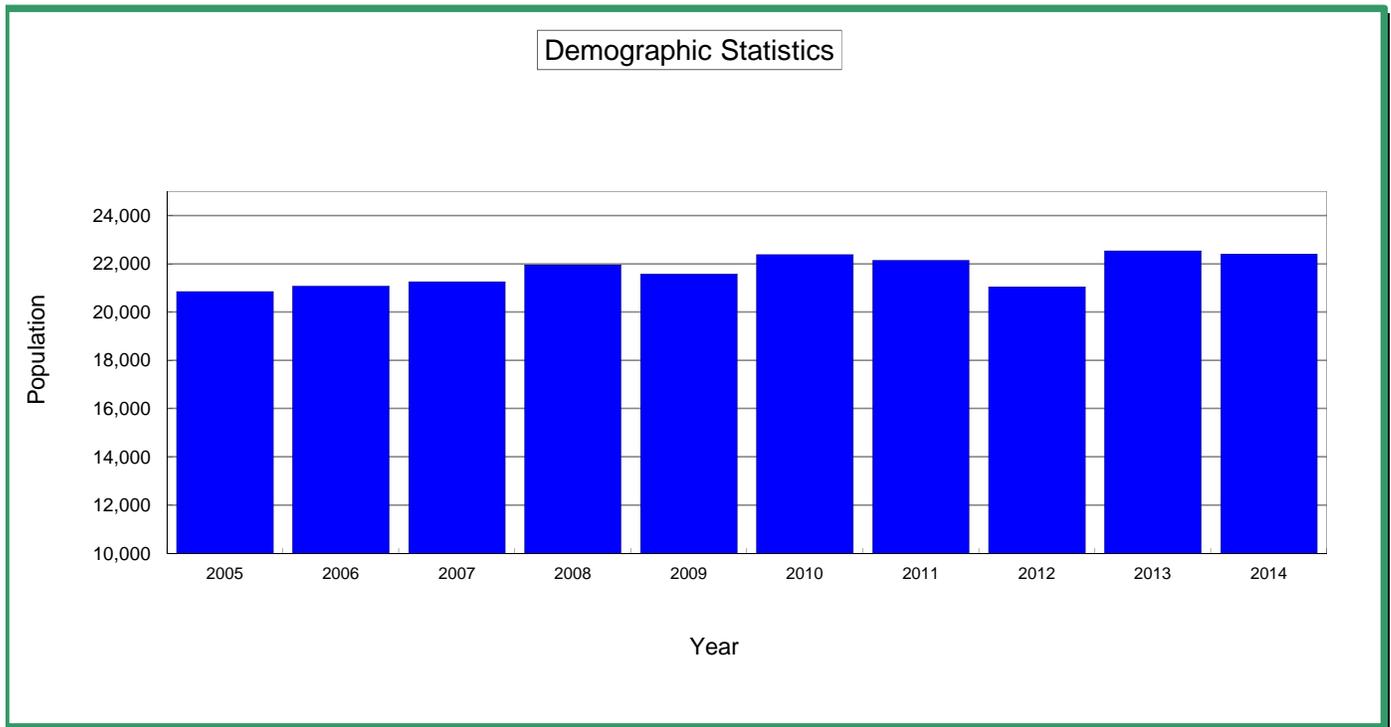
Year Ended Ended June 30,	Annual Debt Service	Total General Fund Expenditures	Ratio of Annual Debt Service to Expenditures
2005	\$ 5,033,606	\$ 64,818,332	7.8%
2006	\$ 4,933,631	\$ 68,614,807	7.2%
2007	\$ 4,804,214	\$ 72,043,499	6.7%
2008	\$ 4,809,000	\$ 76,382,718	6.3%
2009	\$ 5,365,003	\$ 79,559,960	6.7%
2010	\$ 7,894,798	\$ 81,342,054	9.7%
2011	\$ 8,042,555	\$ 84,929,680	9.5%
2012	\$ 7,827,460	\$ 87,621,170	8.9%
2013	\$ 7,861,574	\$ 91,311,575	8.6%
2014	\$ 7,496,310	\$ 94,378,040	7.9%



Source: Audited financial statements, Town Accountant's records.

DEMOGRAPHIC STATISTICS LAST TEN YEARS

Year	Town of Hingham Population (1)	Plymouth County Population (2)	Commonwealth of Massachusetts Population (2)
2005	20,872	490,655	6,416,505
2006	21,095	492,409	6,398,743
2007	21,275	493,623	6,437,193
2008	21,978	490,258	6,449,755
2009	21,589	492,066	6,497,967
2010	22,394	498,344	6,593,587
2011	22,157	495,780	6,557,254
2012	21,065	497,579	6,587,536
2013	22,552	499,759	6,646,144
2014	22,428	501,915	6,692,824

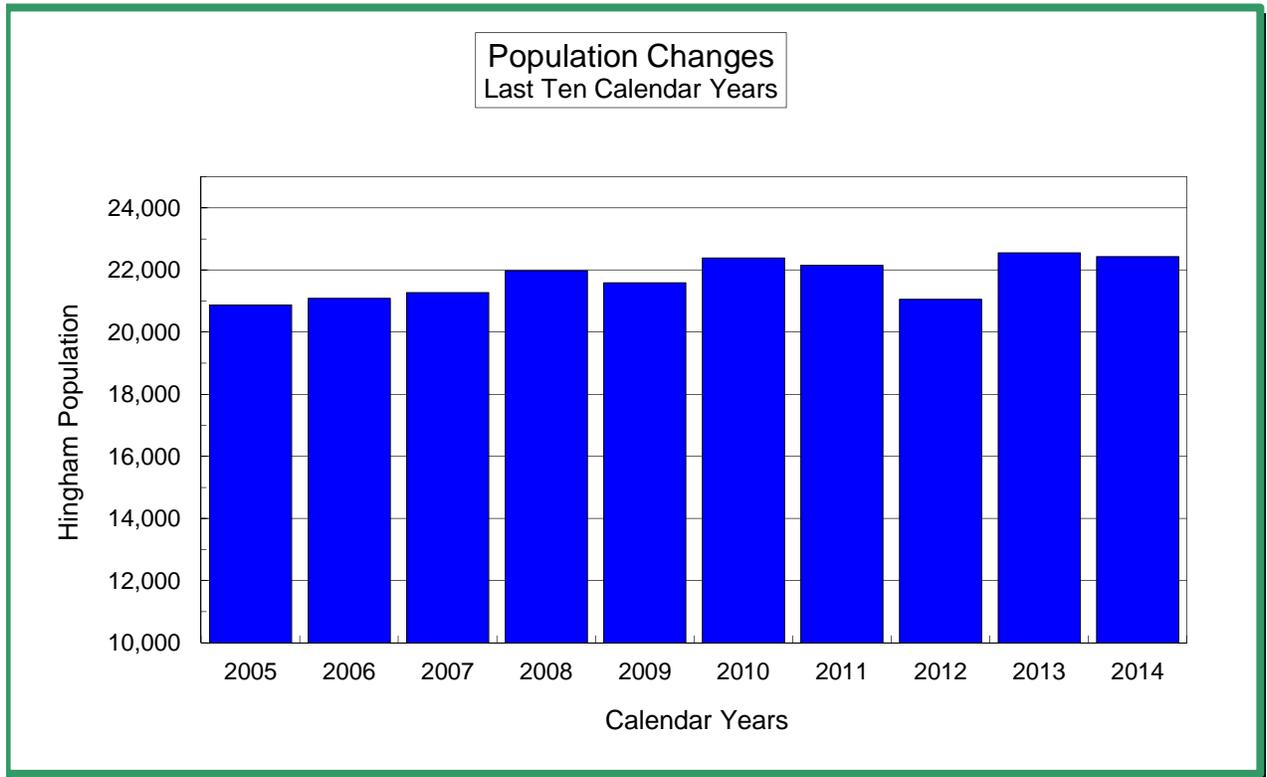


(1) Source: Hingham Town Clerk's Office.

(2) Source: US Department of Commerce, Bureau of the Census

POPULATION CHANGES LAST TEN CALENDAR YEARS

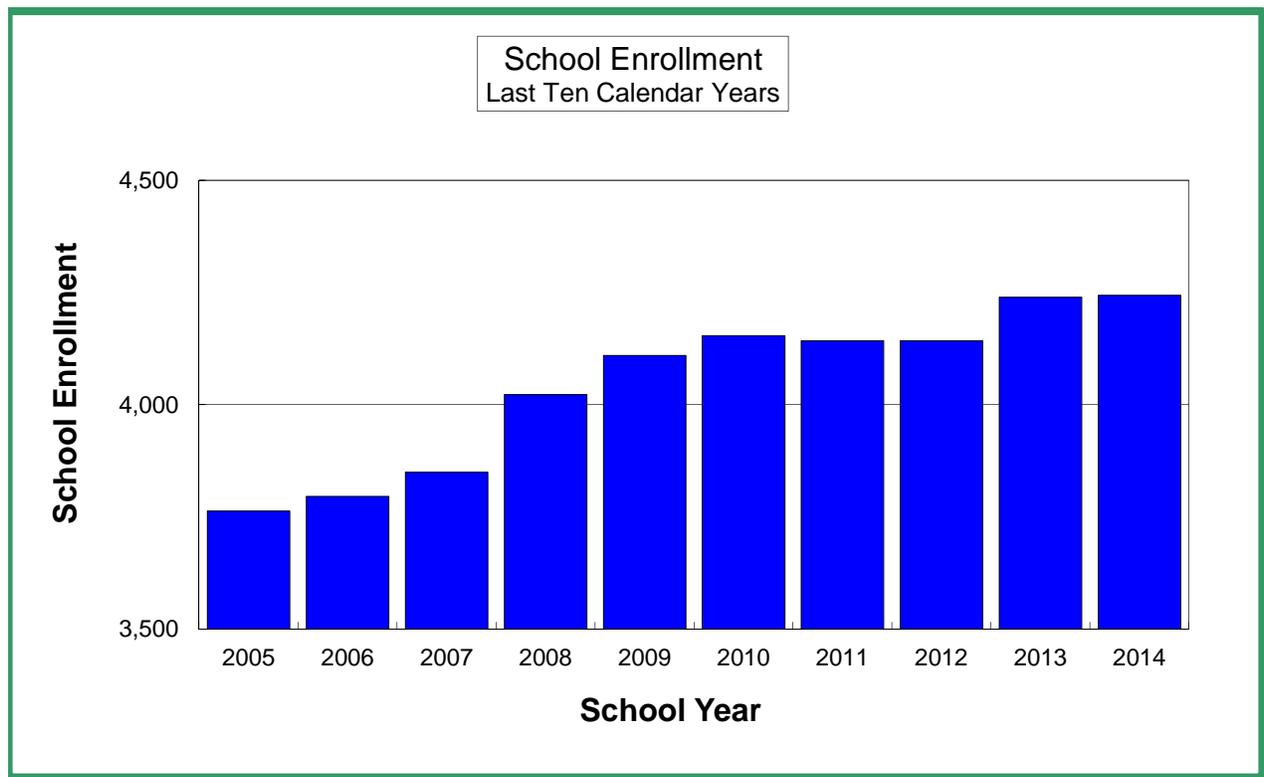
Year	Population	Increase (Decrease)
2005	20,872	218
2006	21,095	223
2007	21,275	180
2008	21,978	703
2009	21,589	(389)
2010	22,394	805
2011	22,157	(237)
2012	21,065	(1,092)
2013	22,552	1,487
2014	22,428	(124)



Source: Annual census data provided by the Town Clerk, Town of Hingham

SCHOOL ENROLLMENT STATISTICS LAST TEN YEARS

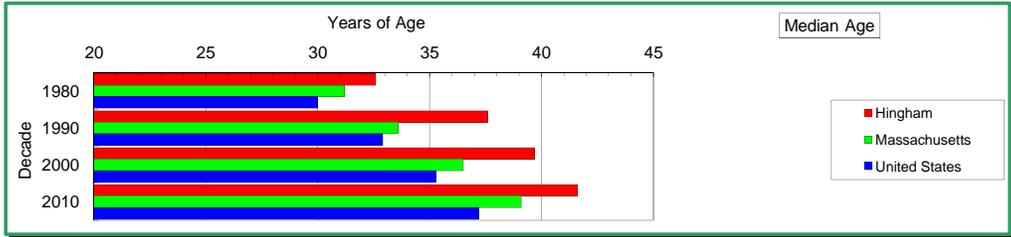
School Year	School Enrollment	Increase (Decrease)
2005	3,763	209
2006	3,796	33
2007	3,850	54
2008	4,023	173
2009	4,110	87
2010	4,154	44
2011	4,143	-11
2012	4,143	0
2013	4,240	97
2014	4,244	4



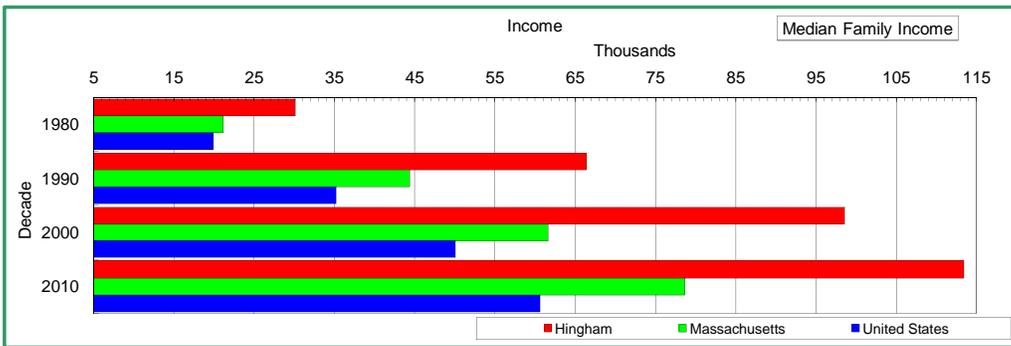
Source: Hingham's School Business Administration Office (K-12)

**MEDIAN AGE, MEDIAN FAMILY INCOME
AND PER CAPITA INCOME**

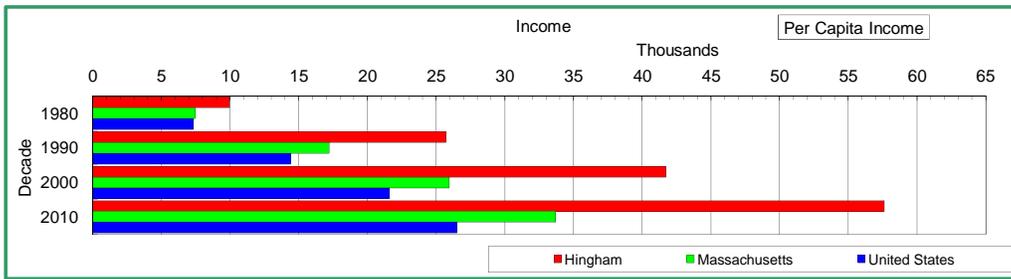
Median Age	Hingham	Massachusetts	United States
1980	32.6	31.2	30.0
1990	37.6	33.6	32.9
2000	39.7	36.5	35.3
2010	41.6	39.1	37.2



Median Family Income	Hingham	Massachusetts	United States
1980	\$ 30,157	\$ 21,116	\$ 19,908
1990	\$ 66,386	\$ 44,367	\$ 35,225
2000	\$ 98,598	\$ 61,664	\$ 50,046
2010	\$ 113,412	\$ 78,653	\$ 60,609



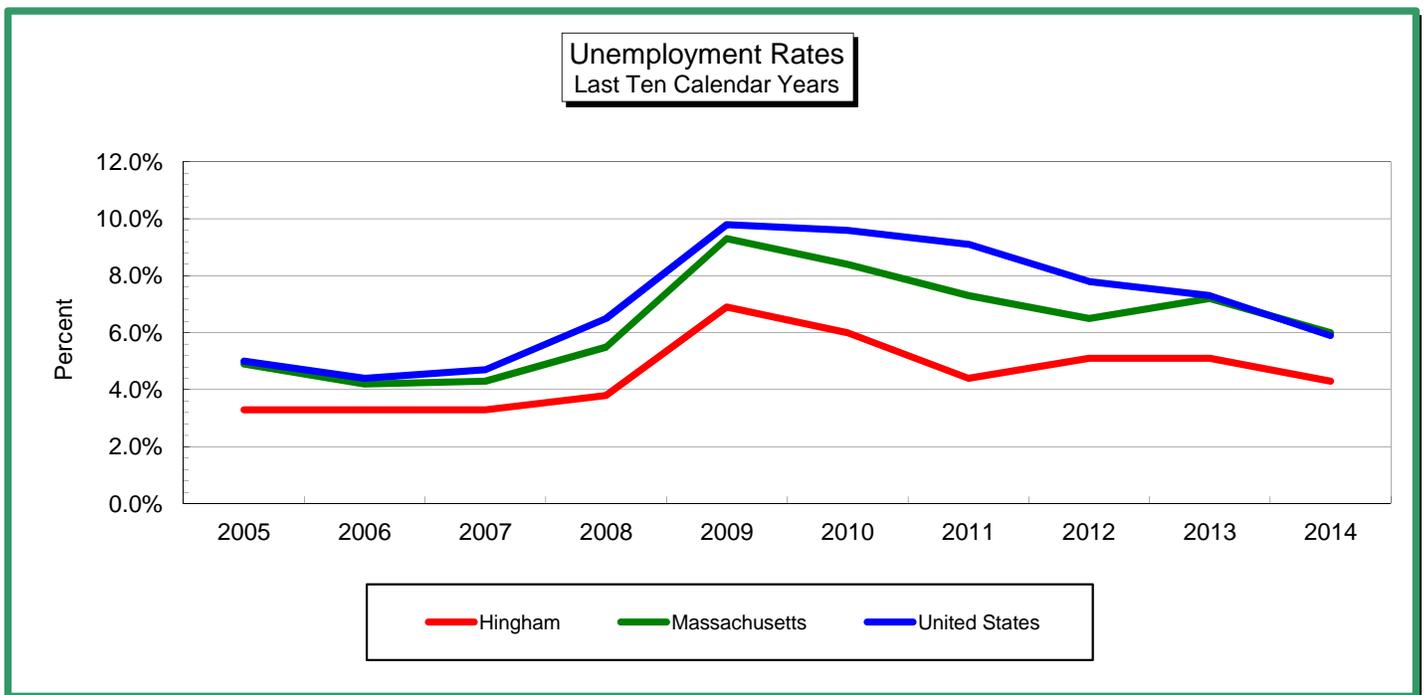
Per Capita Income	Hingham	Massachusetts	United States
1980	\$ 9,949	\$ 7,459	\$ 7,313
1990	\$ 25,726	\$ 17,224	\$ 14,420
2000	\$ 41,703	\$ 25,952	\$ 21,587
2010	\$ 57,614	\$ 33,704	\$ 26,505



Source: Federal Bureau of the Census.

UNEMPLOYMENT RATES LAST TEN CALENDAR YEARS

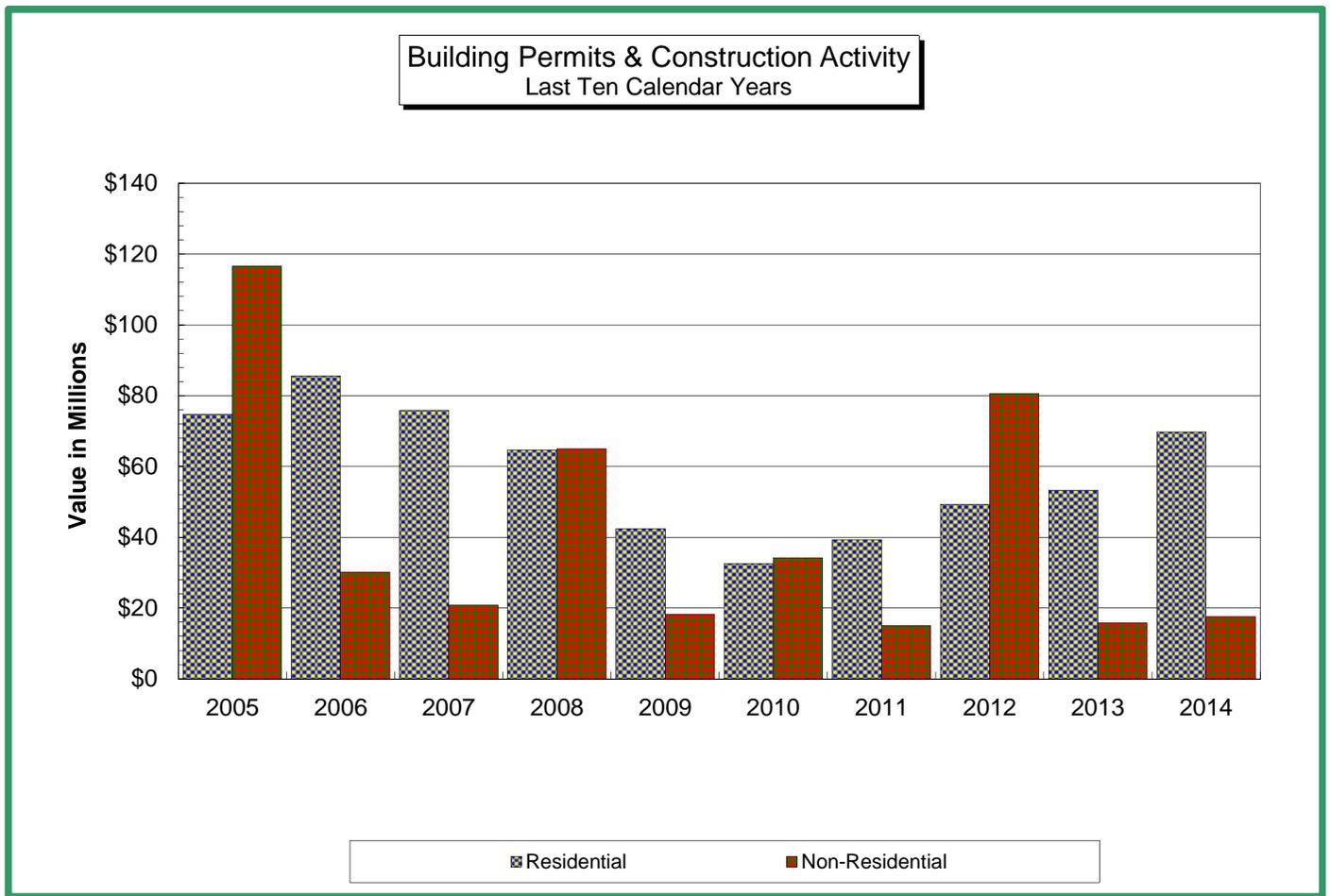
Year	Hingham (1)	Massachusetts (1)	United States (1)
2005	3.3%	4.9%	5.0%
2006	3.3%	4.2%	4.4%
2007	3.3%	4.3%	4.7%
2008	3.8%	5.5%	6.5%
2009	6.9%	9.3%	9.8%
2010	6.0%	8.4%	9.6%
2011	4.4%	7.3%	9.1%
2012	5.1%	6.5%	7.8%
2013	5.1%	7.2%	7.3%
2014	4.3%	6.0%	5.9%



(1) Source: Massachusetts Division of Employment and Training
(As of September in each year)

BUILDING PERMITS AND CONSTRUCTION ACTIVITY LAST TEN CALENDAR YEARS (1)(2)

Year	Residential		Non-Residential		Total
	Number	Value	Number	Value	
2005	760	\$ 74,780,951	302	\$ 116,596,153	\$ 191,377,104
2006	687	\$ 85,518,014	292	\$ 30,130,645	\$ 115,648,659
2007	682	\$ 75,809,759	263	\$ 20,778,531	\$ 96,588,290
2008	752	\$ 64,635,923	307	\$ 65,018,772	\$ 129,654,695
2009	579	\$ 42,418,537	290	\$ 18,199,861	\$ 60,618,398
2010	656	\$ 32,593,032	344	\$ 34,203,134	\$ 66,796,166
2011	694	\$ 39,302,563	282	\$ 14,987,870	\$ 54,290,433
2012	716	\$ 49,275,795	331	\$ 80,578,827	\$ 129,854,622
2013	656	\$ 53,258,863	304	\$ 15,744,282	\$ 69,003,145
2014	847	\$ 69,769,445	263	\$ 17,518,199	\$ 87,287,644



(1) Source: Building Inspector, Town of Hingham. Includes additions and alterations.

(2) 2005 includes Non-Residential Building Permits for BC/BS of over \$80 Million.

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

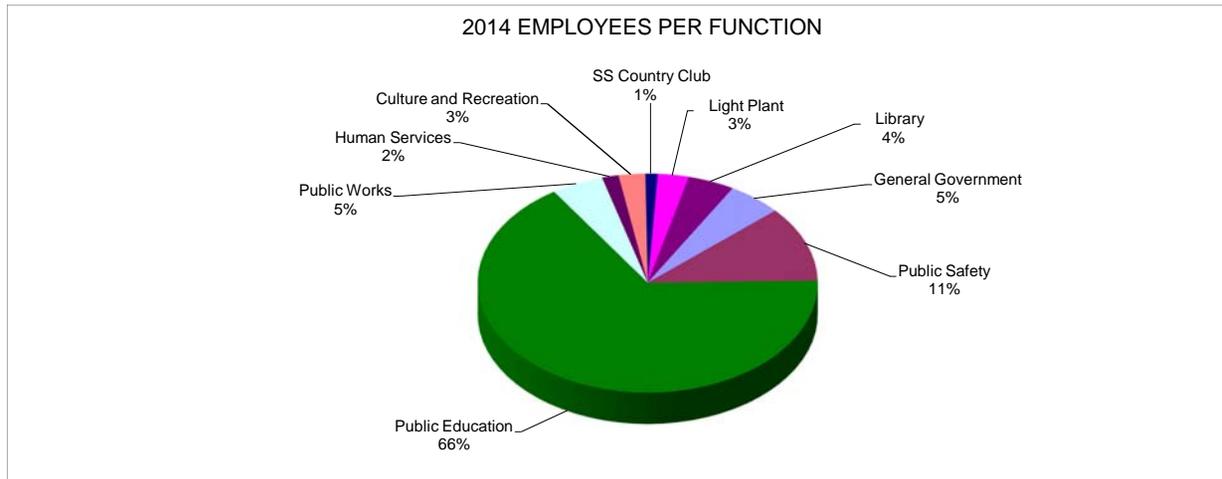
2014				
Employer	Business	Employees	Rank	% of Total Employment
Blue Cross/Blue Shield	Health Care	1,270	1	11.53%
Town of Hingham	Government	947	2	8.60%
Linden Ponds	Health Care	800	3	7.26%
Talbots	Retail Clothing	460	4	4.17%
Serono Laboratories	Bio-Technology	442	5	4.01%
Russ Electric	Manufacturing	233	7	2.11%
Whole Foods	Retail	231	6	2.10%
Harbor House	Health Care	192	9	1.74%
Stop & Shop	Retail	192	8	1.74%
Eat Well	Restaurant	175	10	1.59%
		4,942		44.85%

2005				
Employer	Business	Employees	Rank	% of Total Employment
Talbots	Retail Clothing	1,200	1	9.99%
Town of Hingham	Government	930	2	7.74%
Serono Laboratories	Bio-Technology	461	3	3.84%
Russ Electric	Manufacturing	275	4	2.29%
Linden Ponds	Health Care	245	5	2.04%
Stop & Shop	Retail	235	6	1.96%
Kohl's	Retail	200	7	1.67%
Harbor House	Health Care	200	8	1.67%
Eat Well	Restaurant	170	9	1.42%
Whole Foods	Retail	163	10	1.36%
		4,079		33.97%

Source: Mass Department of Labor and Workforce Development
Town of Hingham Accounting Office

**NUMBER OF EMPLOYEES
PER FUNCTION OF GOVERNMENT**

Function	2014		2013		2012		2011		2010		2009		2008	
	# of Employees	% of Total Employees	# of Employees	% of Total Employees	# of Employees	% of Total Employees	# of Employees	% of Total Employees	# of Employees	% of Total Employees	# of Employees	% of Total Employees	# of Employees	% of Total Employees
Governmental Activities														
General Government	49	5.17%	49	5.22%	48	5.07%	49	5.09%	47	4.75%	48	4.71%	50	4.90%
Public Safety	106	11.19%	108	11.51%	109	11.51%	122	12.68%	132	13.35%	135	13.25%	133	13.04%
Public Education	625	66.00%	621	66.20%	638	67.37%	634	65.90%	660	66.73%	676	66.34%	670	65.69%
Public Works	47	4.96%	45	4.80%	44	4.65%	46	4.78%	46	4.65%	47	4.61%	49	4.80%
Human Services	15	1.58%	16	1.71%	14	1.48%	15	1.56%	13	1.31%	12	1.18%	14	1.37%
Culture and Recreation	24	2.53%	21	2.24%	23	2.43%	25	2.60%	23	2.33%	26	2.55%	24	2.35%
Business-Type Activities														
SS Country Club	11	1.16%	9	0.96%	9	0.95%	6	0.62%	6	0.61%	6	0.59%	8	0.78%
Light Plant	28	2.96%	28	2.99%	27	2.85%	27	2.81%	27	2.73%	29	2.85%	30	2.94%
Component Unit														
Library	42	4.44%	41	4.37%	35	3.70%	38	3.95%	35	3.54%	40	3.93%	42	4.12%
TOTAL EMPLOYEES	947	100.00%	938	100.00%	947	100.00%	962	100.00%	989	100.00%	1,019	100.00%	1,020	100.00%



Source: Various Town Departments.

Note: Prior years data not available. Terminated employees are purged from our system.

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN YEARS**

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Number of Buildings	3	3	3	3	3	4	4	4	4	4
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Fire Station										
Number of Stations	3	3	3	3	3	3	3	3	3	3
Public Education										
Number of elementary schools	3	3	3	3	4	4	4	4	4	4
Number of middle schools	1	1	1	1	1	1	1	1	1	1
Number of high schools	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets to maintain (approx. miles)	140	140	140	140	139	139	140	140	140	140
Sidewalks to maintain (approx. miles)	60	60	60	60	60	60	60	60	60	60
Tree & Park Division										
Tree Plantings	71	73	103	98	53	22	57	56	60	48
Tree Removals	137	139	138	211	170	96	190	211	217	185
Human Services										
Senior Center Facility	1	1	1	1	1	1	1	1	1	1
Cultural and Recreation										
Number of libraries	1	1	1	1	1	1	1	1	1	1
Parks (acreage)	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750
Playgrounds	8	8	8	8	8	8	8	8	8	8
Public beaches	1	1	1	1	1	1	1	1	1	1
Tennis courts (individual)	25	25	25	25	25	25	25	25	25	25
Basketball courts (inside & outside)	15	15	15	15	15	15	15	15	15	15
Athletic Fields	28	28	28	28	28	32	32	32	32	32
Country Club	1	1	1	1	1	1	1	1	1	1

Source: Annual Town Reports, Town of Hingham's website

**OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS**

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Town Clerk										
Population	20,720	20,872	21,095	21,275	21,978	21,589	22,394	21,157	22,973	22,249
Houses, including condominiums	7,325	6,959	6,959	7,012	7,012	7,110	7,110	7,173	7,223	7,346
Registered voters, Annual Town Election	14,337	14,020	14,925	15,056	16,009	15,322	15,731	15,939	16,995	16,595
Births	235	237	215	228	228	237	198	221	205	216
Marriages	89	66	80	86	89	82	80	74	73	80
Deaths	243	208	272	237	262	270	286	335	275	281
Community Planning										
Building Permits issued	937	1,062	979	945	1,059	869	1,000	976	964	1,051
Police										
Emergency responses	15,436	17,513	19,779	19,450	19,116	20,479	20,632	18,301	18,927	20,854
Motor vehicle accidents	647	692	561	1,109	870	873	838	803	819	879
Parking tickets issued	810	1,026	834	454	630	420	456	656	848	538
Fire										
Emergency responses	3,485	3,878	3,594	3,839	3,770	3,713	3,898	3,859	3,874	3,985
Public Works										
Recycling/tons	1,990	1,963	2,498	2,900	2,565	2,320	2,320	2,427	2,621	2,411
Return bottle program:										
Donated cans	-	-	185,044	216,631	332,748	269,380	305,080	263,590	263,300	247,340
Donated bottles	-	-	5,964	61,570	130,612	55,600	84,385	70,855	60,235	75,650
Snow & Ice										
Inches of snow	40	107	40	45	43	57	40	48	11	64
Snowplowing operations	5	14	16	6	7	8	9	12	2	6
Sanding operations	18	44	19	27	31	31	28	28	6	28
Council on Aging										
Van trips	6,122	7,218	6,094	5,258	4,424	5,801	5,981	5,158	5,556	4,797
Volunteers	140	200	200	238	176	174	168	170	167	153
Total Volunteer hours	10,485	11,746	11,312	14,473	12,064	11,930	10,410	10,369	11,034	9,628
Health										
Permits issued	2,089	2,048	1,209	1,392	1,226	1,135	1,296	1,298	1,069	1,856
Library										
Number of patrons	280,000	281,000	285,000	281,800	284,000	-	271,419	260,537	266,445	260,000
Check-out items	446,489	439,308	444,600	432,384	430,350	461,489	437,914	427,843	420,467	403,882
Card holders	15,116	16,342	15,000	15,101	14,331	-	12,638	14,123	14,276	13,000
Program attendance	7,200	7,175	7,175	7,175	7,175	6,940	9,250	6,216	6,354	6,968
Public Education										
Public school enrollment	3,678	3,763	3,796	3,850	4,023	4,110	4,154	4,143	4,274	4,303
Professional staff	302	309	360	348	321	-	359	389	380	358
Support staff	143	146	216	222	164	-	233	221	253	307
Recreation										
Total program revenue	\$ 324,634	\$ 325,389	\$ 362,345	\$ 472,171	\$ 548,704	\$ 566,880	\$ 652,834	\$ 645,495	\$ 632,135	\$ 662,784
Veteran Services										
Total Veteran's benefits	\$ 132,219	\$ 117,118	\$ 139,730	\$ 182,740	\$ 201,678	\$ 257,418	\$ 225,087	\$ 176,142	\$ 190,814	\$ 229,705
Retirement										
Total membership	809	830	847	886	910	917	923	944	987	1,036

Source: Annual Town Reports, Town Departments

Free Cash and Stabilization Fund Balances

Last Ten Years

<u>Year</u>	<u>Free Cash</u>	<u>Stabilization Fund</u>
FY2014.....	\$ N/A	\$ 1,884,504
FY2013.....	\$ 12,958,685	\$ 2,057,450
FY2012.....	\$ 10,956,404	\$ 1,486,375
FY2011.....	\$ 8,416,188	\$ 487,433
FY2010.....	\$ 8,707,991	\$ 597,372
FY2009.....	\$ 4,749,226	\$ 706,214
FY2008.....	\$ 4,072,214	\$ 803,409
FY2007.....	\$ 5,002,112	\$ 880,405
FY2006.....	\$ 5,918,645	\$ 307,707
FY2005.....	\$ 3,141,281	\$ 461,553

Source: Town Records

N/A: FY2014 Free Cash not yet available

GENERAL FUND BALANCE ANALYSIS
FINANCIAL STATEMENTS COMPARED TO TOWN FINANCIAL POLICY

Audited Fund - Based Financial Statements

Nonspendable.....	\$0.00	0.00%
Restricted:		4.86%
Sale of Hersey House.....	\$1,250,000	
Committed:		
Mooring Permits.....	\$1,010,729	3.93%
Special Articles.....	\$463,197	1.80%
Assigned		
Encumbrances.....	\$2,374,893	9.24%
Unassigned.....	\$20,610,844	80.17%
TOTAL FUND BALANCES	\$25,709,663	100.00%
Total Expenditures per Financial Statements (Pg. 34)	\$94,378,040	
% of Total General Fund Balance to Total Expenditures (Pg.111)	27.24%	

Town's Financial Policy

Nonspendable.....	\$0.00	0.00%
Restricted:		4.86%
Sale of Hersey House.....	\$1,250,000	
Committed:		
Stabilization Fund.....	\$1,138,385	4.43%
Stabilization Fund-Meals Tax.....	\$1,653,250	6.43%
Meals Tax Revenue.....	\$674,133	2.62%
Mooring Permits.....	\$1,010,729	3.93%
Special Articles.....	\$463,197	1.80%
Assigned:		
Encumbrances.....	\$2,374,893	9.24%
Unassigned.....	\$17,145,076	66.69%
TOTAL FUND BALANCES	\$25,709,663	100.00%
Total Budgetary Expenditures per Town's Financial Policy (Pg. 83)	\$84,263,862	
% of Unassigned Fund Balance to Total Budgetary Expenditures	20.35%	

Note: The Town's Financial Policy self-commits portions of fund balance in the General Fund.