

# Town of Hingham Massachusetts



**Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2007**

Hingham Harbor viewed from a town float in the inner harbor, looking toward Hull. Boats moored at the Hingham Yacht Club can be seen in the background. Four small islands are scattered throughout the harbor, two of which are seen here; Sarah on the left and Ragged on the right. Up until 1930 only Ragged Island was owned by the Town of Hingham, ownership of the other islands, Sarah, Langlee and Button, came through bequests in later decades. Great masses of roxbury puddingstone (a soft sedimentary rock that is filled with round smooth stones) can be seen on the islands. Roxbury Puddingstone is the official rock of Massachusetts.



**Town of Hingham, Massachusetts**

**Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2007**

Prepared By:

Accounting Department  
Finance Director/Town Accountant  
Ted C. Alexiades

TOWN OF HINGHAM, MASSACHUSETTS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For The Fiscal Year Ended June 30, 2007

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# 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, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Charles S. Cox*

President

*Jeffrey R. Emer*

Executive Director

# **INTRODUCTORY SECTION**

# TOWN OF HINGHAM

## ACCOUNTING DEPARTMENT

Ted C. Alexiades  
Finance Director / Town Accountant



December 21, 2007

**To the Citizens of the Town of Hingham, Massachusetts:**

The Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007 for the Town of Hingham, Massachusetts is hereby submitted for your consideration in the new format prescribed under Government Accounting Standards Board (GASB) Statements 34, 37 and 38.

The report is the primary means of reporting the Town's financial activities. The objective of this new model is to provide a clearer picture of our government as a single, unified entity, while retaining certain traditional financial information previously provided.

This document presents the Town's financial information on three bases of accounting, each serving a different purpose. The last section of the book includes as "required supplementary information" budgetary basis schedules, which are prepared in accordance with the Town's budgetary process.

The fund perspective statements present the governmental operation on the same basis (modified accrual basis of accounting) as previous CAFR's with one exception. The account groups for long-term debt and fixed assets have been deleted. In addition, there is a perspective difference in that certain funds that are shown as fiduciary under this perspective are not portrayed under GASB 34, or are reclassified. This basis is designed to measure inter-period equity, the extent to which current resources (available within the next year) fully fund all current services provided by the government. Long-term liabilities are excluded with the implicit assumption that future tax revenues will fund them.

In addition to this "fund perspective," the new CAFR presents an "entity wide" perspective. This perspective combines all governmental and business activities in a statement of net assets and a statement of activities, presenting all functions on a full accrual basis of accounting. All fixed assets, with the exception of road and bridge infrastructure, are added to the statements, as are long-term liabilities such as outstanding debt. The Town is presently undertaking the task of capitalizing road and bridge infrastructure. The balance sheet has been reorganized into a "net assets format." This format classifies assets and liabilities as short and long-term and then subtracts those liabilities from net assets to arrive at net assets similar to a private company.

The Town's statement of revenues, expenditures and changes in fund balances

-v-



has been completely reorganized to a new statement of activities. The expenses of the town, organized by activity, are netted against fees, fines, grant revenues and assessments generated to fund each activity in an attempt derive the net cost to the taxpayer of each activity. The reader of the financial statements can now discern the net cost of a particular function of government funded by taxation and other general revenues by a review of this statement.

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 fiscal year ended June 30, 2006. This was the eleventh consecutive year that the government has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles 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.

The report is designed to be used by the elected and appointed officials of the Town and others who are concerned with its management and progress such as bond analysts, banking institutions and credit raters as well as residents and taxpayers of Hingham.

This CAFR is presented in three sections: **Introductory, Financial and Statistical**. This **Introductory Section** contains this transmittal letter with economic conditions and outlook, major initiatives, financial information and other relevant information. The **Financial Section** contains a Management's Discussion and Analysis (MD&A) section. Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of an MD&A. This letter of transmittal is designed to compliment the MD&A where the financial analysis is now presented. The Town's MD&A can be found immediately following the independent auditor's report from O'Connor & Drew, PC. The Town of Hingham is responsible for the accuracy of the financial statements as well as their completeness and fairness. We believe the statements are accurate in all material aspects and that they fairly set forth the financial position of the Town. The **Statistical Section** contains, in most cases, a ten-year history of trends of both financial and demographic data.

#### 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 criteria for inclusion. The Hingham Public Library, the Hingham Municipal Lighting Plant and the Hingham Contributory Retirement System are included in this report as component units, with the first two being discrete units, and the latter being a blended unit, included within the statement of fiduciary net assets.

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 25% 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.

#### **ECONOMIC CONDITION AND OUTLOOK**

Unemployment rates in Massachusetts, which rose slightly over the past few years, have begun to decline again. However, the Town traditionally has a more stable employment profile than the state or the nation, and has maintained this consistency over the past few years.

The Town's population has modestly increased in the nineties, after having declined through most of the late eighties, and over the past few years 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.

State budget problems eased during the fiscal year 2007, and consequently the state increased aid to cities and towns during the fiscal year 2007.

#### **MAJOR INITIATIVES**

Since the mid 1990's the Town has consistently made capital expenditures a high priority, and to that end the Capital Outlay Committee recommended a total of \$2,513,124 for capital improvements for Fiscal 2008.

## 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 (Undesignated Fund Balance) be maintained at about 5% of annual appropriations. Each year that Available Reserves increase, any excess of the 5% level should be available for spending or tax reductions.

**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 fiscal 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 fiscal 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 Fiscal Year 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 Finance Director/Town Accountant is responsible for providing accurate and timely estimates of the Town's current and future financial position to the Town Administrator.

The Town Accountant, whom also serves as the Director of Finance, 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.** 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. We will be submitting the fiscal 2006 report to GFOA for review in anticipation of receiving the certificate.

**Independent Audit.** The financial statements for the fiscal year ended June 30, 2007 were audited by the public accounting firm of O'Connor & Drew, P.C. The financial statements have received an "unqualified opinion" from the auditors. An "unqualified 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 Kevin Carnes, of O'Connor & Drew, P.C., whose attention to the fiscal year 2007 financial statements was invaluable.

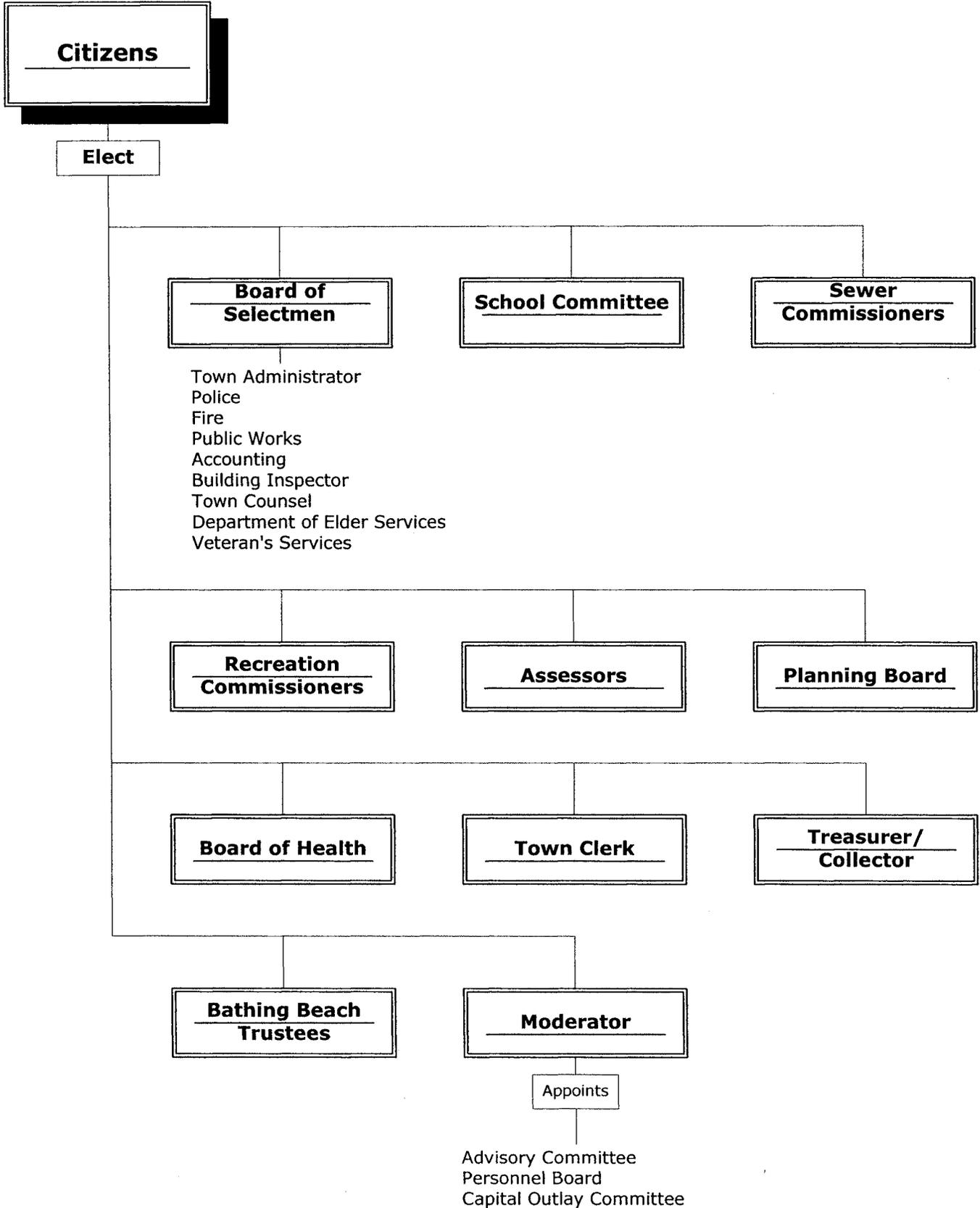
I also want to express my appreciation to the accounting personnel, Sue Nickerson, Steve Becker, Nancy Skillings, Kate Richardson, and Jan Jacobson for their assistance with the preparation of this CAFR, and to Betty Tower of the Selectmen's Office for her work on the cover design. I wish to acknowledge 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  
Finance Director/Town Accountant

# The Town of Hingham Organizational Chart



TOWN OF HINGHAM  
ELECTED OFFICIALS

		<u>Term Expires</u>
MODERATOR	Thomas L. P. O'Donnell	2008
BOARD OF SELECTMEN	Melissa A. Tully, Chairman	2008
	John A. Riley	2009
	Laura Burns	2010
TOWN CLERK	Eileen A. McCracken	2009
TREASURER/COLLECTOR	Jean Montgomery	2010
BOARD OF ASSESSORS	Stuart "Greg" Hall, Chairman	2008
	Robert H. Kurtz	2009
	Mark F. Tyburski	2010
BOARD OF HEALTH	Stephan J. White, Chairman	2008
	Peter B. Bickford	2009
	Kirk J. Shilts	2010
SCHOOL COMMITTEE	Chrisanne D. Gregoire, Chairman	2010
	Linda Krause Hill	2009
	Christine Smith	2008
	Esther Healey	2008
	Barbara Cook	2009
	Caryl Falvey	2010
	Stephen Nagle	2010
PLANNING BOARD	Paul K. Healey, Chairman	2009
	Judith Sneath	2012
	Gary S. Tondorf-Dick	2011
	Susan C. Murphy	2010
	Sarah H. Corey	2008
SEWER COMMISSIONERS	John M. Brandt, Chairman	2008
	Michael A. Salerno	2009
	Edmund Demko	2010

TOWN OF HINGHAM  
ADMINISTRATIVE STAFF

<u>Position</u>	<u>Official</u>	<u>Salary</u>
Light Plant General Manager	John Tzimirangas	\$146,680
Superintendent of Schools	Dr. Dorothy H. Galo	141,324
Light Plant General Foreman	Edward McDonald	138,615
Town Administrator	Charles J. Cristello	131,422
Light Plant Engineer	Panos Tokadjian	129,379
Chief of Police	Taylor Mills	127,791
Asst. Superintendent of Schools	Ellen Keane	119,037
Fire Chief	Mark Duff	111,727
School Business Manager	David Killory	110,228
Light Plant Business Manager	Joan Griffin	106,272
Finance Director/Town Accountant	Ted C. Alexiades	101,911
DPW Superintendent	Joseph Stigliani	101,225
Light Plant Asst. General Mgr.	Paul Heanue	100,402
Library Director	Dennis Corcoran	83,254
Executive Health Officer	Bruce Capman	78,842
Building Commissioner	Richard E. Morgan Jr.	78,792
Director of Assessing	Richard Partridge	78,592
Town Clerk	Eileen McCracken	78,473
Treasurer/Collector	Jean Montgomery	72,104
Town Planner	Katharine Lacy	67,999
Conservation Officer	Cliff Prentiss	67,340
Director of Elder Affairs	Barbara Farnsworth	67,340



# **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Board of Selectmen  
Town of Hingham

We have audited the accompanying basic financial statements, governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Hingham, Massachusetts which collectively comprise the Town's basic financial statements as listed in the table of contents as of June 30, 2007 and for the year then ended. These basic financial statements are the responsibility of the management of the Town of Hingham, Massachusetts. Our responsibility is to express an opinion on these basic financial statements based on our audit. The financial statements for the Hingham Municipal Lighting Plant as of December 31, 2006 were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the entity not audited by us included as a discretely presented component unit of the Town of Hingham, is based solely upon the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

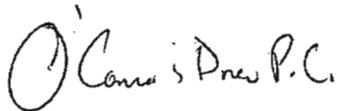
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activity, the discretely presented component units, each major fund and the aggregate remaining fund information of the Town of Hingham, Massachusetts at June 30, 2007, and the changes in financial position and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles in the United States of America.

The Management's Discussion and Analysis, as well as the Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual, are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Town's financial statements. The combining and individual non-major fund financial statements and the individual budgetary comparison schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of the Town's management. The combining and individual non-major fund financial statements and the individual budgetary comparison schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The letter of transmittal and the information in the statistical section of this report are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such additional information has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we express no opinion on them.

In accordance with Government Auditing Standards, we have also issued a report dated September 21, 2007 on our consideration of the Town of Hingham's internal control structure and on its compliance with laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in cursive script that reads "O'Connor & Drew P.C.".

**Certified Public Accountants**

September 21, 2007

# TOWN OF HINGHAM

## Management's Discussion and Analysis (Unaudited)

This analysis, prepared by the Town Accountant/Finance Director, offers readers of the Town's financial statements a narrative overview of the activities of the Town for the fiscal year ended June 30, 2007. Readers are encouraged to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and the Town's financial statements, which follow. Unlike the letter of transmittal, this analysis is required by the Government Accounting Standards Board (GASB), which provides preparers with guidelines on what must be included and excluded from this analysis.

The following discussion and analysis will include highlights of fiscal year 2007 with comparisons from fiscal 2006. These comparisons should be more meaningful for the reader in explaining the Town's financial position and results of operations.

### FINANCIAL HIGHLIGHTS

- The financial statements of the Town for fiscal year 2007 include a prior period adjustment to reflect the inclusion of infrastructure required with the final implementation of GASB 34. The following highlights reflect this inclusion for fiscal year 2007.
- The assets of the Town exceeded its liabilities as of the fiscal year ended June 30, 2007 and 2006 by \$90,191,925 and \$89,384,290, respectively (net assets). Included in net assets for fiscal year 2007 is unrestricted amounts of \$15,264,364 (unrestricted net assets) that may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net assets including component units increased in 2007 from 2006 by \$510,689, or 1.6 percent, during the fiscal year. The majority of the increase is attributable to the operations of the Hingham Municipal Lighting Plant.
- As of June 30, 2007 and 2006, the town's governmental funds reported combined ending fund balances of \$12,616,446 and \$16,924,073, respectively. Approximately 88% of this amount for 2007 and 2006 is unreserved fund balance available for spending at the Town's discretion within the purposes specified for the Town's funds.
- At the close of the fiscal year 2007 and 2006, unreserved fund balance for the general fund was \$8,332,050 and \$9,583,130, respectively or 12.2% and 13.0% of total general fund expenditures of \$72,043,499 for fiscal year 2007 and \$68,614,807 for fiscal year 2006.

# TOWN OF HINGHAM

## Management's Discussion and Analysis (Unaudited) - Continued

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements 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. These various elements of the CAFR are related as shown in the graphic on the following page:

### Organization of the Town of Hingham's Comprehensive Annual Financial Report

<b>CAFR</b>	Introductory Section	<i><b>INTRODUCTORY SECTION</b></i>			
	Financial Section	<b>Management's Discussion and Analysis</b>			
		<b>Government-wide Financial Statements</b>	<b>Fund Financial Statements</b>		
		Statement of net assets	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
			Balance Sheet	Statement of net assets	Statement of fiduciary net assets
			Statement of revenues, expenditures, and changes in fund balances	Statement of revenues, expenses, and changes in fund net assets	
		Statement of activities	Statement of cash flows		Statement of changes in fiduciary net assets
		<b>Notes to the Financial Statements</b>			
		<b>Required Supplementary Information Other Than MD&amp;A</b>			
	Information on individual non-major funds and other supplementary information that is not required				
Statistical Section					

# TOWN OF HINGHAM

## Management's Discussion and Analysis (Unaudited) - Continued

The following table summarizes the major features of the financial statements, and describes the structure and contents of each of the statements in more detail:

	Government-wide Statement	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
<b>Scope</b>	Entire entity (except fiduciary funds)	The day-to-day operating activities of the Town for basic governmental services	The day-to-day operating activities of the Town for business-type enterprises	Instances in which the Town administers resources on behalf of others, such as employee benefits
<b>Accounting basis and measurement focus</b>	Accrual Accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus; except agency funds do not have measurement focus
<b>Type of asset and liability information</b>	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or sooner.	All assets and liabilities, both financial and capital, short-term and long-term	All assets held in a trustee or agency capacity for others and all liabilities
<b>Type of inflow and outflow information</b>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The **statement of net assets** presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether or not the financial position of the Town is improving or deteriorating.

The **statement of activities** presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus,

# TOWN OF HINGHAM

## Management's Discussion and Analysis (Unaudited) - Continued

### Government-Wide Financial Statements - Continued

revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the town 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 of the Town include general government administration and finance, public safety protection, education, public works, human services, and culture and recreation. The business-type activities of the Town are comprised of a municipal golf course (The South Shore Country Club).

### Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts, which are 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 the following three categories: **governmental** funds, **proprietary** funds, and **fiduciary** funds.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements—i.e. most of the Town's basic services are reported in governmental funds. These statements, however focus on (1) how cash and other financial assets can be readily converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the Town's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental 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.

# TOWN OF HINGHAM

## Management's Discussion and Analysis (Unaudited) - Continued

### Fund Financial Statements - Continued

The Town maintains several individual governmental funds organized according to their type (general, special revenue, capital projects and permanent funds). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

**Proprietary funds** are generally used to account for services for which the Town charges customers, and provide the same type of information as shown in the government-wide financial statements, only in more detail. The Town maintains the one proprietary fund type, an **Enterprise fund**, which is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the enterprise fund to account for the operations of the South Shore Country Club (Municipal Golf Course).

**Fiduciary funds** are used to account resources held for the benefit of parties other than the governmental unit. Since the resources of these funds are not available to support the Town's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

### Notes to the Financial Statements

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

### Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees.

### Combining Statements

The combining statements referred to earlier in connection with non-major governmental funds, and fiduciary funds are presented immediately following the required supplementary information on pensions.

# TOWN OF HINGHAM

## Management's Discussion and Analysis (Unaudited) - Continued

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Certain amounts from fiscal year 2006 have been reclassified to conform with 2007 presentation.

<b>Net Assets</b>			
<b>June 30, 2007 and 2006</b>			
	2007	2006	
	Governmental	Governmental	
	<u>Activities</u>	<u>Activities</u>	<u>Variance</u>
<b>Assets:</b>			
Current and other assets	\$ 33,188,071	\$ 30,032,730	\$ 3,155,341
Non current-Intergovernmental	20,629,585	21,704,620	(1,075,035)
Non current-Capital assets (net)	<u>85,115,756</u>	<u>81,814,957</u>	<u>3,300,799</u>
Total assets	<u>138,933,412</u>	<u>133,552,307</u>	<u>5,381,105</u>
<b>Liabilities:</b>			
Current	18,476,285	11,136,199	7,340,086
Non-current	<u>37,852,528</u>	<u>40,937,718</u>	<u>(3,085,190)</u>
Total Liabilities	<u>56,328,813</u>	<u>52,073,917</u>	<u>4,254,896</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	65,883,656	62,476,876	3,406,780
Restricted	1,339,197	1,104,659	234,538
Unrestricted	<u>15,103,803</u>	<u>17,896,855</u>	<u>(2,793,052)</u>
Total net assets	\$ <u>82,604,599</u>	\$ <u>81,478,390</u>	\$ <u>848,266</u>

#### **Analysis of Net Assets Governmental Activities**

As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the Town, assets exceeded liabilities for Governmental Activities by \$82,604,599 and \$81,478,390 at June 30, 2007 and 2006 respectively. Of this balance, assets increased by \$5.5 million of which Non-current Capital assets increased \$3.3 million due to current year acquisitions and depreciation. Total Liabilities increased by \$4.2 million of which the majority is the result of short term borrowing for approximately \$7.3 million dollars and the payment on bonds for approximately \$3.1 million dollars.

# TOWN OF HINGHAM

## Management's Discussion and Analysis (Unaudited) - Continued

Net Assets			
June 30, 2007 and 2006			
	2007	2006	
	Business-type	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Variance</u>
<b>Assets:</b>			
Current and other assets	\$ 194,515	\$ 373,162	\$ (373,162)
Non current-other assets	-	-	-
Non current-Capital assets (net)	<u>8,672,078</u>	<u>8,020,461</u>	<u>472,970</u>
Total assets	<u>8,866,593</u>	<u>8,393,623</u>	<u>99,808</u>
<b>Liabilities:</b>			
Current	653,688	287,723	365,965
Non-current	<u>625,579</u>	<u>200,000</u>	<u>425,579</u>
Total Liabilities	<u>1,279,267</u>	<u>487,723</u>	<u>791,544</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	7,704,708	7,620,461	84,247
Restricted	-	-	-
Unrestricted	<u>(117,382)</u>	<u>285,439</u>	<u>(168,057)</u>
Total net assets	\$ <u>7,587,326</u>	\$ <u>7,905,900</u>	\$ <u>(83,810)</u>

### Analysis of Net Assets Business-Type Activities

The net assets of the Business-type Activities decreased by \$318,574 in fiscal year 2007. One component of this decrease is current and other assets. This amount decreased \$178,647 all in cash representing the increased in operating costs in fiscal year 2007. There was also an increase in non current assets due the acquisition of capital assets. During fiscal year 2007 \$200,000 of a pay down of debt and a capital lease was acquired increasing the liabilities of the Business-type Activities.

# TOWN OF HINGHAM

## Management's Discussion and Analysis (Unaudited) - Continued

### Net Assets June 30, 2007 and 2006

	2007	2006	
	<u>Component Units</u>	<u>Component Units</u>	<u>Variance</u>
<b>Assets:</b>			
Current and other assets	\$ 7,758,168	\$ 9,520,567	\$ (1,762,399)
Non current-other assets	8,173,124	11,541,201	(3,368,077)
Non current-Capital assets (net)	<u>23,623,320</u>	<u>17,117,476</u>	<u>6,505,844</u>
Total assets	<u>39,554,612</u>	<u>38,179,244</u>	<u>1,375,368</u>
<b>Liabilities:</b>			
Current	5,719,714	5,008,836	710,878
Non-current	<u>3,234,355</u>	<u>3,080,554</u>	<u>153,801</u>
Total Liabilities	<u>8,954,069</u>	<u>8,089,390</u>	<u>864,679</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	23,323,320	16,472,476	6,850,844
Restricted	5,020,204	4,647,959	372,245
Unrestricted	<u>2,257,019</u>	<u>8,969,419</u>	<u>(6,712,400)</u>
Total net assets	\$ <u>30,600,543</u>	\$ <u>30,089,854</u>	\$ <u>510,689</u>

### Analysis of Net Assets Component Units

The net assets of the Component Unit represent both the Hingham Public Library as well as the Hingham Municipal Lighting Plant. The net assets of the component units increased by \$510,689 of which the Non-current Capital assets increased \$6.5 million dollars of which most of this is purchases of assets. The current liabilities also increased \$0.7 Million of which the majority of this is in warrants payable and accrued expenses.

### Analysis of Net Assets Town

The largest portion of the Town's net assets (excluding component units) (81.5%) reflect its investment of \$73.5 million in capital assets (e.g. land, buildings and equipment), less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens, and therefore these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of 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 liquidated for these liabilities.

# TOWN OF HINGHAM

## Management's Discussion and Analysis (Unaudited) - Continued

### Analysis of Changes in Net Assets

<b>Changes in Net Assets</b>						
<b>June 30, 2007 and 2006</b>						
		2007	2006			
		Governmental	% of	Governmental	% of	
		<u>Activities</u>	<u>Total</u>	<u>Activities</u>	<u>Total</u>	<u>Variance</u>
<b>Revenues:</b>						
<b>Program Revenue</b>						
Charges for Services		\$ 7,109,664	9.0%	\$ 7,298,357	9.5%	\$ (188,693)
Operating Grants & contribution		2,308,220	2.9%	2,335,920	3.0%	(27,700)
<b>General Revenues</b>						
Property taxes		52,501,871	66.6%	52,296,707	67.9%	205,164
Grants & Contributions		13,456,536	17.1%	12,111,270	15.7%	1,345,266
Miscellaneous		1,774,657	2.3%	1,656,083	2.1%	118,574
Penalties & Interest		385,993	0.5%	347,513	0.4%	38,480
Investment income		<u>1,297,867</u>	<u>1.6%</u>	<u>982,239</u>	<u>1.4%</u>	<u>315,628</u>
Total Revenues		78,834,808	100.0%	77,028,089	100.0%	1,806,719
<b>Program Expenses including</b>						
<b>Indirect Expenses:</b>						
General Government		5,624,069	7.2%	3,760,874	4.9%	1,863,195
Public Safety		11,960,717	15.4%	12,304,222	16.1%	(343,505)
Education		43,304,982	55.6%	42,805,299	55.9%	499,683
Public Works		8,200,864	10.5%	8,412,191	10.9%	(211,327)
Group health insurance		3,317,028	4.3%	3,289,713	4.3%	27,315
Human Services		1,012,853	1.3%	1,000,201	1.3%	12,652
Culture & Recreation		2,475,760	3.2%	3,003,193	3.9%	(527,433)
Unallocated Interest on long term debt		<u>1,921,911</u>	<u>2.5%</u>	<u>2,058,722</u>	<u>2.7%</u>	<u>(136,811)</u>
Total Expenses		<u>77,818,184</u>	<u>100.0%</u>	<u>76,634,415</u>	<u>100.0%</u>	<u>1,183,769</u>
<b>Net Assets:</b>						
Resources expensed for						
Transfers		<u>109,585</u>		<u>290,970</u>		<u>(181,385)</u>
Change in net assets		\$ <u>1,126,209</u>		\$ <u>684,644</u>		\$ <u>441,565</u>

# TOWN OF HINGHAM

## Management's Discussion and Analysis (Unaudited) - Continued

**Governmental activities** are detailed in the table above, and illustrate the Town's governmental expenses and revenues by function, its revenues by source, and percent of total. As shown, education is the largest function in expense at 55.6 percent and 55.9% for fiscal 2007 and 2006, respectively, followed by public safety at 15.4% and 16.1%. Property taxes are the largest source of revenue for governmental activities, and comprise 66.6 and 67.9% percent of total revenues for fiscal year 2007 and 2006, respectively.

Total revenues from **Governmental activities** increased \$1,806,719 from 2006 of which the major increase was in Grants and Contributions as well as Investment income. The Town received more intergovernmental grants in Fiscal Year 2007. Total expenses increased \$1,183,769 from 2006 levels. The largest increase in expenses was in general government and education expenses.

<b>Changes in Net Assets</b>					
<b>June 30, 2007 and 2006</b>					
	2007		2006		
	Business-	% of	Business-type	% of	
	<u>Activities</u>	<u>Total</u>	<u>Activities</u>	<u>Total</u>	<u>Variance</u>
<b>Revenues:</b>					
<b>Program revenues</b>					
Charges for Services	\$ 1,516,724	100.7%	\$ 1,527,265	101.2%	\$ (10,541)
Operating Grants & Contribution	-	0%	-	0%	-
<b>General revenues</b>					
Property taxes	-	0%	-	0%	-
Grants & Contributions	-	0%	-	0%	-
Miscellaneous	-	0%	-	0%	-
Penalties & Interest	-	0%	-	0%	-
Investment income	<u>(10,900)</u>	<u>-0.7%</u>	<u>(18,050)</u>	<u>-1.2%</u>	<u>7,150</u>
Total Revenues	<u>1,505,824</u>	<u>100.0%</u>	<u>1,509,215</u>	<u>100.0%</u>	<u>(3,391)</u>
<b>Program Expenses including</b>					
<b>Indirect Expenses:</b>					
General Government	-	0%	-	0%	-
Public Safety	-	0%	-	0%	-
Education	-	0%	-	0%	-
Public Works	-	0%	-	0%	-
Group health insurance	-	0%	-	0%	-
Human Services	-	0%	-	0%	-
Culture & Recreation	-	0%	-	0%	-
Municipal light plant	1,714,813	100.0%	1,351,046	100.0%	(363,767)
Unallocated Interest on long term debt	<u>-</u>	<u>0%</u>	<u>-</u>	<u>0%</u>	<u>-</u>
Total Expenses	1,714,813	100.0%	1,351,046	100.0%	(363,767)
<b>Net Assets:</b>					
Resources expended for Transfers	<u>(109,585)</u>		<u>(290,970)</u>		<u>181,385</u>
Change in net assets \$	<u>(318,574)</u>		<u>(132,801)</u>		<u>(185,773)</u>

# TOWN OF HINGHAM

## Management's Discussion and Analysis (Unaudited) - Continued

The change in assets for **Business-type activities** for 2007 was (\$318,574). The revenues were consistent with prior year, the expenses were higher due to the cost of operations.

### Changes in Net Assets June 30, 2007 and 2006

	2007	% of	2006	% of	Variance
	<u>Component Units</u>	<u>Total</u>	<u>Component Units</u>	<u>Total</u>	
<b>Revenues:</b>					
<b>Program Revenue</b>					
Charges for Services	\$ 23,760,611	97.5%	\$ 21,526,221	95.3%	\$ 2,234,390
Grants & Contributions	53,808	0.2%	63,545	0.3%	(9,737)
<b>General Revenues</b>					
Property Taxes	-	0%	-	0.0%	-
Grants & Contributions	-	0%	-	0.0%	-
Miscellaneous	274,131	1.1%	174,698	0.8%	99,433
Penalties & Interest	-	0%	-	0%	-
Investment income	<u>293,688</u>	<u>1.2%</u>	<u>834,532</u>	<u>3.6%</u>	<u>(540,844)</u>
Total Revenues	<u>24,382,238</u>	<u>100.0%</u>	<u>22,598,996</u>	<u>100.0%</u>	<u>1,783,242</u>
<b>Program Expenses including</b>					
<b>Indirect Expenses:</b>					
General Government	-	0%	-	0%	-
Public Safety	-	0%	-	0%	-
Education	-	0%	-	0%	-
Public Works	-	0%	-	0%	-
Group health insurance	-	0%	-	0%	-
Human Services	-	0%	-	0%	-
Culture & Recreation	1,705,940	6.8%	1,585,952	7.3%	119,988
Municipal light plant	23,538,104	93.2%	20,272,806	92.7%	3,265,298
Unallocated Interest on long term debt	-	0%	-	0%	-
State and county charges	<u>-</u>	<u>0%</u>	<u>-</u>	<u>0%</u>	<u>-</u>
Total Expenses	<u>25,244,044</u>	<u>100.0%</u>	<u>21,858,758</u>	<u>100.0%</u>	<u>3,385,286</u>
<b>Net Assets:</b>					
Resources expended for					
Payment from the Town of Hingham	1,372,494		1,253,977		118,517
Transfers	<u>-</u>		<u>-</u>		<u>-</u>
Change in net assets	\$ <u>510,688</u>		\$ <u>1,994,215</u>		\$ <u>(1,483,527)</u>

# TOWN OF HINGHAM

## Management's Discussion and Analysis (Unaudited) - Continued

The change in assets in the **Component-Units** for the year ended June 30, 2007 was \$(1,483,527), the majority of this decrease coming from an increase in operating the Municipal Light Plant of \$3,265,298.

The Town's net assets overall increased by \$1,318,323 for fiscal year 2007. The majority of this increase from 2006 is due to the operations of governmental activities.

### FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

#### Governmental Funds

The focus of the town's governmental funds is to provide information on the near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the Town's financing requirements in particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of Governmental funds reported by the Town include the General Fund, Special Revenue Funds, Capital Project Funds, and the Permanent Fund.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending balances of \$12,616,446, a decrease of \$4,307,627 in comparison with the prior year. The major of the decrease is due from the increase expenditures in capital project in 2007 over the 2006 amounts.

Unreserved fund balance, which is available for spending at the Town's discretion within the purposes specified for the town's funds, was \$11,855,070 of the combined ending fund balance in the governmental funds, or 94.1 percent. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

Revenues for overall governmental functions totaled \$82,354,637 and \$78,436,077 in the fiscal year ended June 30, 2007 and 2006, respectively. Expenditures for governmental functions overall were \$86,771,849 and \$77,169,358 in the fiscal year ended June 30, 2007 and 2006, respectively. In fiscal year 2007 expenditures exceed revenue for the overall government by \$4,417,212. This is a decrease from 2006 by \$5,683,931. The majority of this decrease is due to the increase in capital project expenditures during fiscal year 2007.

# TOWN OF HINGHAM

## Management's Discussion and Analysis (Unaudited) - Continued

The general fund is the chief operating fund of the Town. At the end of the current fiscal year the unreserved fund balance of the general fund was \$7,570,674 while total fund balance was \$8,332,050. Total fund balance decreased by \$1,251,080 during the fiscal year mainly due to an excess of transfers to other funds. Overall, the general fund's performance resulted in revenues over expenditures in fiscal year ended June 30, 2007 of \$1,406,257, before transfers and other items are considered.

### Proprietary Funds

The Town's proprietary fund statement provides the same type of information found in the government-wide financial statements, but in more detail. At the end of the fiscal year, the unrestricted net assets for the South Shore Country Club, was \$(117,382).

The decrease in net assets of the proprietary funds was \$318,574 during fiscal year 2007, and the factors concerning the finances of the proprietary funds have been addressed previously in the discussion of the town's business-type activities.

### Fiduciary Funds

The Town maintains fiduciary funds for the assets of the Hingham Contributory Retirement System, for various trust funds to which the Town is the Trustee, and various agency funds. At the end of the fiscal year, the net assets for the Hingham Contributory Retirement System were \$71,975,740, which represents an increase of \$9,264,541 (12.9 percent) from the previous fiscal year. The net assets of the private purpose funds totaled \$3,548,831, which is an increase of \$353,752 (10.0 percent) from the previous fiscal year.

### General Fund Budgetary Highlights

Fiscal 2007 produced strong revenue growth in property taxes as a result of continued expansion of commercial property developments and a strong local residential real estate market. Property tax revenue increases each year in accordance with the limitations of the Massachusetts law which limits such increases to 2 ½ over the preceding year's tax levy plus an allowance for new growth, and amounts specifically excluded by voters in special override elections. The continued strength in the local real estate sector resulted in increased building permits and a robust increase in licenses and permits. The state increased assistance during fiscal 2007, after several years of declining or flat aide. However, the Town continued to receive from the state annual installments for school building assistance for the recently completed High School and Elementary School projects. Earnings on investments remained strong as short-term interest rates remained stable throughout the fiscal year,

The town entered into negotiations with all bargaining units during the fiscal year as all current labor contracts ended on June 30, 2007..

# TOWN OF HINGHAM

## Management's Discussion and Analysis (Unaudited) - Continued

### Capital Assets and Debt Administration

The town's capital assets for its governmental and business-type activities as of June 30, 2007 totaled \$93,787,834 (net of accumulated depreciation). Capital assets include land, land improvements, buildings and improvements, machinery and equipment, and infrastructure (sewer only). The total increase in the Town's capital assets for the fiscal year was \$3,952,416 (4.2 percent), which was the result of capital asset additions exceeding depreciation for the fiscal year.

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital assets purchases as expenditures. For governmental activities, no major net infrastructure assets are reported because the Town has not implemented infrastructure reporting as part of GASB 34. Additional information about the Town's capital assets can be found in Note 5 to the Basic Financial Statements.

#### Changes in Capital Assets, (net of Accumulated Depreciation)

	2007	2006	
	Governmental	Governmental	
	<u>Activities</u>	<u>Activities</u>	<u>Variance</u>
Land	\$ 2,154,100	\$ 1,186,900	\$ 967,200
Construction in progress	9,841,334	4,611,413	5,229,921
Land improvements	312,602	280,006	32,596
Buildings and improvements	43,914,976	45,965,608	(2,050,632)
Machinery and equipment	2,837,725	2,928,009	(90,284)
Infrastructure - sewer	<u>26,055,019</u>	<u>26,843,021</u>	<u>(788,002)</u>
Total	\$ <u>85,115,756</u>	\$ <u>81,814,957</u>	\$ <u>3,300,799</u>

#### Changes in Capital Assets (net of Accumulated Depreciation)

	2007	2006	
	Business-type	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Land	\$ 7,008,200	\$ 7,008,200	\$ -
Land improvements	-	-	-
Buildings and improvements	918,239	1,012,261	(94,022)
Machinery and equipment	745,639	-	745,639
Infrastructure - sewer	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>8,672,078</u>	\$ <u>8,020,461</u>	\$ <u>651,617</u>

# **TOWN OF HINGHAM**

## **Management's Discussion and Analysis (Unaudited) - Continued**

### **Debt Administration**

The Town of Hingham maintained its bond rating of "Aaa" from Moody's Investor Services, "Aaa" from Fitch Ratings, and "Aaa" from Standard & Poors. It should be noted that of the 351 municipalities in Massachusetts only 12 have obtained the highest rating of Aaa. The outstanding bonded debt decreased during fiscal year 2007 to \$38,988,259 as a result of the ordinary principal payment for all outstanding long-term bonds. Funding for the majority of this debt service is from real estate taxes that have been exempt from the tax levy limitation of Proposition 2 ½. The details relating to the long term debt outstanding are disclosed within the notes to the financial statements.

### **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. If you have questions about this report or need additional financial information please contact Ted C. Alexiades, Finance Director/Town Accountant, 210 Central Street, Hingham, MA 02403.

**TOWN OF HINGHAM**

**Basic Financial Statements**

**June 30, 2007**

# TOWN OF HINGHAM

## Statement of Net Assets

June 30, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets:</b>				
<b>Current:</b>				
Cash and short-term investments	\$ 8,839,937	\$ 194,515	\$ 9,034,452	\$ 220,281
Restricted cash and investments	63,925	-	63,925	-
Investments	16,667,608	-	16,667,608	1,269,764
Receivables, net of allowance for uncollectibles:				
Real estate and personal property taxes	1,447,398	-	1,447,398	-
Tax Liens and foreclosures	490,565	-	490,565	-
Excise taxes	146,752	-	146,752	-
Intergovernmental	1,080,674	-	1,080,674	-
Departmental and other	1,363,977	-	1,363,977	-
User Charges and liens	3,087,235	-	3,087,235	2,949,356
Prepaid expenses and other assets	-	-	-	3,318,766
<b>Total current assets</b>	<b>33,188,071</b>	<b>194,515</b>	<b>33,382,586</b>	<b>7,758,167</b>
<b>Noncurrent:</b>				
Cash and equivalents	-	-	-	8,115,278
Investments	-	-	-	52,477
Other assets	-	-	-	5,369
Intergovernmental	20,629,585	-	20,629,585	-
Land	2,154,100	7,008,200	9,162,300	17,856
Property, Plant and Equipment, net	82,961,656	1,663,878	84,625,534	23,605,464
<b>Total noncurrent assets</b>	<b>105,745,341</b>	<b>8,672,078</b>	<b>114,417,419</b>	<b>31,796,444</b>
<b>Total Assets</b>	<b>\$ 138,933,412</b>	<b>\$ 8,866,593</b>	<b>\$ 147,800,005</b>	<b>\$ 39,554,611</b>
<b>Liabilities:</b>				
<b>Current:</b>				
Warrants payable	\$ 2,532,680	\$ 311,897	\$ 2,844,577	\$ 3,477,161
Accrued payroll	1,658,134	-	1,658,134	-
Accrued interest	484,532	-	484,532	-
Accrued sick and vacation	495,687	-	495,687	-
Accrued expenses and other	-	-	-	1,942,553
BAN payable	9,231,293	-	9,231,293	-
Capital lease	-	141,791	141,791	-
Bonds payable	3,051,095	200,000	3,251,095	300,000
Workers' compensation	200,000	-	200,000	-
Landfill closure and postclosure costs	229,249	-	229,249	-
Tax refunds payable	593,615	-	593,615	-
<b>Total current liabilities</b>	<b>18,476,285</b>	<b>653,688</b>	<b>19,129,973</b>	<b>5,719,714</b>
<b>Noncurrent:</b>				
Accrued sick and vacation	543,621	-	543,621	-
Customer deposits	-	-	-	862,545
Rate stabilization reserve	-	-	-	2,371,810
Capital lease	-	625,579	625,579	-
Bonds payable	35,737,164	-	35,737,164	-
Workers' compensation	396,743	-	396,743	-
Landfill closure and postclosure costs	1,175,000	-	1,175,000	-
<b>Total noncurrent liabilities</b>	<b>37,852,528</b>	<b>625,579</b>	<b>38,478,107</b>	<b>3,234,355</b>
<b>Total Liabilities:</b>	<b>56,328,813</b>	<b>1,279,267</b>	<b>57,608,080</b>	<b>8,954,069</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	65,883,656	7,704,708	73,588,364	23,323,320
Restricted for:				
Debt service	-	-	-	4,138,000
Streets	81,882	-	81,882	-
Permanent funds:				
Expendable	1,257,315	-	1,257,315	-
Other purposes	-	-	-	882,204
Unrestricted	15,103,803	(117,382)	14,986,421	2,257,018
<b>Total Net Assets</b>	<b>\$ 82,604,599</b>	<b>\$ 7,587,326</b>	<b>\$ 90,191,925</b>	<b>\$ 30,600,542</b>

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

# TOWN OF HINGHAM

## Statement of Activities

Year Ended June 30, 2007

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government	\$ 5,624,069	\$ 1,945,541	\$ -	\$ (3,678,528)	
Public safety	11,960,717	1,454,445	-	(10,506,272)	
Education	43,304,982	1,790,130	1,930,767	(39,584,085)	
Public works	8,200,864	1,835,713	377,453	(5,987,698)	
Group health insurance	3,317,028	-	-	(3,317,028)	
Human services	1,012,853	83,835	-	(929,018)	
Culture and recreation	2,475,760	-	-	(2,475,760)	
Unallocated interest on long term debt	1,921,911	-	-	(1,921,911)	
<b>Total Governmental Activities</b>	<b><u>77,818,184</u></b>	<b><u>7,109,664</u></b>	<b><u>2,308,220</u></b>	<b><u>(68,400,300)</u></b>	
<i>Business-Type Activities:</i>					
Country Club	1,714,813	1,516,724	-	(198,089)	
<b>Total Primary Government</b>	<b><u>\$ 79,532,997</u></b>	<b><u>\$ 8,626,388</u></b>	<b><u>\$ 2,308,220</u></b>	<b><u>\$ (68,598,389)</u></b>	
<b>Component Units:</b>					
Library	\$ 1,705,940	\$ 61,478	\$ 53,808	\$ (1,590,654)	
Municipal Lighting Plant	23,538,104	23,699,133	-	161,029	
	<b><u>\$ 25,244,044</u></b>	<b><u>\$ 23,760,611</u></b>	<b><u>\$ 53,808</u></b>	<b><u>\$ (1,429,625)</u></b>	
<b>Primary Government</b>					
		<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>
<b>Changes in net assets:</b>					
Net (expenses) revenues		\$ (68,400,300)	\$ (198,089)	\$ (68,598,389)	\$ (1,429,625)
<i>General revenues:</i>					
Property taxes, levied for general purposes		52,501,871	-	52,501,871	-
Grants and contributions not restricted to specific programs		13,456,536	-	13,456,536	-
Penalties and interest on taxes		385,993	-	385,993	-
Unrestricted investment income		1,297,867	(10,900)	1,286,967	293,688
Payments from Town of Hingham		-	-	-	1,372,494
Miscellaneous		1,774,657	-	1,774,657	274,131
Transfers		109,585	(109,585)	-	-
<b>Total general revenues and transfers</b>		<b><u>69,526,509</u></b>	<b><u>(120,485)</u></b>	<b><u>69,406,024</u></b>	<b><u>1,940,313</u></b>
<b>Change in net assets</b>		<b>1,126,209</b>	<b>(318,574)</b>	<b>807,635</b>	<b>510,688</b>
<b>Net Assets:</b>					
Beginning of year, as previously stated		71,332,062	7,905,900	79,237,962	30,089,854
Prior period restatement (note 15)		10,146,328	-	10,146,328	-
Beginning of year, as restated		81,478,390	7,905,900	89,384,290	30,089,854
End of year		<b><u>\$ 82,604,599</u></b>	<b><u>\$ 7,587,326</u></b>	<b><u>\$ 90,191,925</u></b>	<b><u>\$ 30,600,542</u></b>

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

# TOWN OF HINGHAM

## Governmental Funds Balance Sheet

June 30, 2007

	<u>General</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Cash and short-term investments	\$ 1,186,931	\$ 7,653,006	\$ 8,839,937
Restricted cash and investments	-	63,925	63,925
Investments	10,275,935	6,391,673	16,667,608
Receivables, net of uncollectibles:			
Real estate and personal property taxes	1,447,398	-	1,447,398
Tax liens and foreclosures	490,565	-	490,565
Excise taxes	146,752	-	146,752
Departmental and other	375,703	988,274	1,363,977
Intergovernmental	21,710,259	-	21,710,259
User charges and liens	<u>2,562,870</u>	<u>524,365</u>	<u>3,087,235</u>
<b>Total Assets</b>	<u>\$ 38,196,413</u>	<u>\$ 15,621,243</u>	<u>\$ 53,817,656</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Warrants payable	\$ 1,115,554	\$ 1,417,126	\$ 2,532,680
Accrued payroll	1,658,134	-	1,658,134
BAN payable	16,543	9,214,750	9,231,293
Deferred revenues	26,480,517	704,971	27,185,488
Tax refunds payable	<u>593,615</u>	<u>-</u>	<u>593,615</u>
<b>Total Liabilities</b>	<u>29,864,363</u>	<u>11,336,847</u>	<u>41,201,210</u>
<b>Fund Balances:</b>			
Reserved for:			
Encumbrances and continuing appropriations	761,376	-	761,376
Unreserved:			
Designated for subsequent years' expenditures	1,154,055	-	1,154,055
Undesignated, reported in:			
General fund	6,416,619	-	6,416,619
Special revenue funds	-	5,804,547	5,804,547
Capital projects funds	-	(2,777,466)	(2,777,466)
Permanent funds	<u>-</u>	<u>1,257,315</u>	<u>1,257,315</u>
<b>Total Fund Balances</b>	<u>8,332,050</u>	<u>4,284,396</u>	<u>12,616,446</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 38,196,413</u>	<u>\$ 15,621,243</u>	<u>\$ 53,817,656</u>

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

# TOWN OF HINGHAM

## Reconciliation of the Government Fund Balance Sheet Total Fund Balances to the Statement of Net Assets

Year Ended June 30, 2007

<b>Total Governmental Fund Balances</b>		\$ 12,616,446
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds		85,115,756
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds		27,185,488
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due		(484,532)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds and notes payable	(38,226,391)	
Unamortized bond premium	(561,868)	
Workers' compensation	(596,743)	
Landfill closure and postclosure costs	(1,404,249)	
Compensated absences	<u>(1,039,308)</u>	
Net effect of reporting long-term liabilities		<u>(41,828,559)</u>
<b>Net Assets of Governmental Activities</b>		<u><u>\$ 82,604,599</u></u>

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

# TOWN OF HINGHAM

## Governmental Funds

### Statement of Revenues, Expenditures And Changes in Fund Balances

Year Ended June 30, 2007

	<u>General</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Real estate and personal property taxes, motor vehicle and other excise taxes net of tax refunds	\$ 53,645,306	\$ -	\$ 53,645,306
Licenses and fees	1,629,756	-	1,629,756
Intergovernmental	14,730,339	3,268,782	17,999,121
Departmental and other	2,219,128	1,403,621	3,622,749
Investment income	1,225,227	72,640	1,297,867
Non-enterprise charges for services	<u>-</u>	<u>4,159,838</u>	<u>4,159,838</u>
<b>Total Revenues</b>	<u>73,449,756</u>	<u>8,904,881</u>	<u>82,354,637</u>
<b>Expenditures:</b>			
Current:			
General government	3,521,135	1,371,225	4,892,360
Public safety	9,662,428	820,272	10,482,700
Education	37,899,202	3,753,778	41,652,980
Public works	3,999,885	2,784,013	6,783,898
Human services	722,736	203,391	926,127
Culture and recreation	1,561,513	430,357	1,991,870
Pension benefits	2,667,706	-	2,667,706
Group health insurance	3,317,028	-	3,317,028
Miscellaneous	1,275,834	5,234,008	6,509,842
Intergovernmental	2,611,818	-	2,611,818
Debt service:			
Principal	2,914,348	60,000	2,974,348
Interest	<u>1,889,866</u>	<u>71,306</u>	<u>1,961,172</u>
<b>Total Expenditures</b>	<u>72,043,499</u>	<u>14,728,350</u>	<u>86,771,849</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>1,406,257</u>	<u>(5,823,469)</u>	<u>(4,417,212)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	798,578	3,182,802	3,981,380
Transfers out	<u>(3,455,915)</u>	<u>(415,880)</u>	<u>(3,871,795)</u>
<b>Total Other Financing Sources (Uses):</b>	<u>(2,657,337)</u>	<u>2,766,922</u>	<u>109,585</u>
<b>Net Change in Fund Balances</b>	(1,251,080)	(3,056,547)	(4,307,627)
Fund Balances, at Beginning of Year	<u>9,583,130</u>	<u>7,340,943</u>	<u>16,924,073</u>
<b>Fund Balances, at End of Year</b>	<u>\$ 8,332,050</u>	<u>\$ 4,284,396</u>	<u>\$ 12,616,446</u>

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

# TOWN OF HINGHAM

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2007

**Net Change in Fund Balances - Total Governmental Funds** \$ (4,307,627)

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.

Capital outlay	\$ 7,185,063
Depreciation expense	<u>(3,884,264)</u>

Net effect of reporting capital assets 3,300,799

Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue (908,011)

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Amortization of bond premium	51,501
Debt service principal payments	<u>3,010,960</u>

Net effect of reporting long-term debt 3,062,461

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.

Accrued interest on long-term debt	39,261
Workers' compensation	111,717
Compensated absences	<u>(172,391)</u>

Net effect of recording long-term liabilities and amortizing deferred assets (21,413)

**Change in Net Assets of Governmental Activities** \$ 1,126,209

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

# TOWN OF HINGHAM

## Proprietary Fund Statement of Net Assets

June 30, 2007

	<b><u>South Shore Country Club</u></b>
<b>Assets:</b>	
<b>Current:</b>	
Cash and equivalents	\$ 194,515
<b>Total Current Assets</b>	<u>194,515</u>
<b>Non-Current:</b>	
Land	7,008,200
Property, plant and equipment, net	<u>1,663,878</u>
<b>Total Non-current Assets</b>	<u>8,672,078</u>
<b>Total Assets</b>	<u>\$ 8,866,593</u>
<b>Liabilities:</b>	
<b>Current:</b>	
Warrants payable	\$ 311,897
Capital lease	141,791
Bonds payable	<u>200,000</u>
<b>Total Current Liabilities</b>	<u>653,688</u>
<b>Non-current:</b>	
Capital lease	<u>625,579</u>
<b>Total Non-current Liabilities</b>	<u>625,579</u>
<b>Total Liabilities</b>	<u>1,279,267</u>
<b>Net Assets</b>	
Investment in capital assets, net of related debt	7,704,708
Unrestricted	<u>(117,382)</u>
<b>Total Net Assets</b>	<u>\$ 7,587,326</u>

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

# TOWN OF HINGHAM

## Proprietary Fund Statement of Revenues, Expenses and Changes in Net Assets

For the Year Ended June 30, 2007

	<b>South Shore Country Club</b>
<b>Operating Revenues:</b>	
Charges for services	\$ <u>1,516,724</u>
<b>Operating Expenses:</b>	
Depreciation	123,856
Salaries and wages	74,502
Administrative expenses	18,805
Facility expenses	214,948
Program expenses	157,746
Grounds and custodial expenses	<u>1,124,956</u>
<b>Total Operating Expenses</b>	<u>1,714,813</u>
<b>Operating Income</b>	<u>(198,089)</u>
<b>Non-Operating (Expense):</b>	
Interest expense	<u>(10,900)</u>
<b>Net Non-Operating (Expense)</b>	<u>(10,900)</u>
<b>Income Before Operating Transfers</b>	<u>(208,989)</u>
<b>Transfers:</b>	
Transfers in	405,415
Transfers out	<u>(515,000)</u>
Net Transfers	<u>(109,585)</u>
<b>Income/Excess of Revenue Over Expenses</b>	(318,574)
Net Assets:	
Beginning of Year	<u>7,905,900</u>
<b>Net Assets, End of Year</b>	<u>\$ <u>7,587,326</u></u>

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

# TOWN OF HINGHAM

## Statement of Cash Flows Proprietary Funds

For the Year Ended June 30, 2007

	<b><u>South Shore Country Club</u></b>
<b>Cash Flows from Operating Activities:</b>	
Cash received from customers	\$ 1,516,724
Cash payments to suppliers	(1,300,384)
Cash paid to employees for services	<u>(74,502)</u>
<b>    Net Cash Provided by Operating Activities</b>	<u>141,838</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Transfers from other funds	405,415
Transfers to other funds	<u>(515,000)</u>
<b>    Net Cash Applied to Non-Capital Financing Activities</b>	<u>(109,585)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Principal paid on bonds	(200,000)
Interest paid on bonds	<u>(10,900)</u>
<b>    Net Cash Applied to Capital and Related Financing Activities</b>	<u>(210,900)</u>

# TOWN OF HINGHAM

## Statement of Cash Flows Proprietary Funds - Continued

For the Year Ended June 30, 2007

	<u>South Shore Country Club</u>
<b>Net Decrease in Cash and Equivalents</b>	\$ (178,647)
Cash and Equivalents at Beginning of Year	<u>373,162</u>
<b>Cash and Equivalents at End of Year</b>	<u>\$ 194,515</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating income	\$ (198,089)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	123,856
Increase (decrease) in liabilities	
Warrants payable	<u>216,071</u>
Total adjustments	<u>339,927</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 141,838</u>

### Noncash capital and financing activities:

The South Shore Country Club entered into a capital lease amounting to \$767,370 for golf course maintenance equipment.

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

# TOWN OF HINGHAM

## Statement of Fiduciary Net Assets Fiduciary Funds

June 30, 2007

	<b>Pension Trust Fund (as of December 31, 2006)</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>Assets:</b>			
Cash and short-term investments	\$ 518,479	\$ 224,877	\$ 539,131
Investments:			
Equity funds	39,301,999	3,323,954	-
Fixed income funds	18,493,821	-	-
Other	12,336,226	-	-
Receivables, net of allowance for uncollectibles:			
Employer	<u>1,327,759</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<b>71,978,284</b>	<b>3,548,831</b>	<b>539,131</b>
<b>Liabilities:</b>			
Warrants payable	-	-	11,852
Accrued liabilities	-	-	20,812
Other liabilities	<u>2,544</u>	<u>-</u>	<u>506,467</u>
<b>Total Liabilities</b>	<b><u>2,544</u></b>	<b><u>-</u></b>	<b><u>539,131</u></b>
<b>Net Assets</b>			
Held in trust for pension benefits and other purposes	<u>\$ 71,975,740</u>	<u>\$ 3,548,831</u>	<u>\$ -</u>

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

# TOWN OF HINGHAM

## Statement of Changes in Fiduciary Net Assets Fiduciary Funds

Year Ended June 30, 2007

	<b>Pension Trust Fund (as of December 31, 2006)</b>	<b>Private Purpose Trust Funds</b>
<b>Additions:</b>		
<b>Contributions:</b>		
Employer	\$ 2,957,149	\$ -
Plan members	1,668,577	-
Other contributions	<u>373,868</u>	<u>8,607</u>
<b>Total Contributions</b>	<u>4,999,594</u>	<u>8,607</u>
<b>Investment Income:</b>		
Net appreciation in fair value of investments	8,033,976	-
Interest and dividend income	<u>1,811,871</u>	<u>-</u>
<b>Net Investment Income</b>	<u>9,845,847</u>	<u>508,776</u>
<b>Total Additions</b>	<u>14,845,441</u>	<u>517,383</u>
<b>Deductions:</b>		
Benefit payments	4,842,838	-
Refunds of contributions	202,442	-
Administrative expense	87,435	-
Reimbursements to other systems	301,206	-
COLA's paid	146,979	-
Miscellaneous	<u>-</u>	<u>163,630</u>
<b>Total Deductions</b>	<u>5,580,900</u>	<u>163,630</u>
<b>Net Increase</b>	<u>9,264,541</u>	<u>353,753</u>
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	<u>62,711,199</u>	<u>3,195,079</u>
<b>Net Assets, at End of Year</b>	<u>\$ 71,975,740</u>	<u>\$ 3,548,832</u>

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

# TOWN OF HINGHAM

## Statement of Changes in Assets and Liabilities Agency Funds

For the Year Ended June 30, 2007

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
<b>Assets:</b>				
Cash and equivalents	\$ <u>488,560</u>	\$ <u>1,132,237</u>	\$ <u>(1,081,666)</u>	\$ <u>539,131</u>
<b>Liabilities:</b>				
Warrants payable	\$ 3,910	\$ 11,852	\$ (3,910)	\$ 11,852
Accrued liabilities	21,034	20,812	(21,034)	20,812
Other liabilities	<u>463,616</u>	<u>1,099,573</u>	<u>(1,056,722)</u>	<u>506,467</u>
<b>Total Liabilities</b>	\$ <u>488,560</u>	\$ <u>1,132,237</u>	\$ <u>(1,081,666)</u>	\$ <u>539,131</u>

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

# TOWN OF HINGHAM

## Component Units Statement of Net Assets

June 30, 2007

	<u>Hingham Public Library</u>	<u>Hingham Municipal Lighting Plant (as of December 31, 2006)</u>	<u>Totals</u>
<b>Assets:</b>			
<b>Current:</b>			
Cash and equivalents	\$ 204,607	\$ 15,674	\$ 220,281
Investments	1,269,764	-	1,269,764
Receivable user charges and liens	-	2,949,356	2,949,356
Prepaid expenses and other assets	-	2,432,027	2,432,027
Deposits	-	886,739	886,739
<b>Total Current Assets</b>	<u>1,474,371</u>	<u>6,283,796</u>	<u>7,758,167</u>
<b>Non-Current:</b>			
Cash and equivalents	-	8,115,278	8,115,278
Investments	-	52,477	52,477
Other assets	-	5,369	5,369
Land	-	17,856	17,856
Property, plant and equipment, net	240,410	23,365,054	23,605,464
<b>Total Non-current Assets</b>	<u>240,410</u>	<u>31,556,034</u>	<u>31,796,444</u>
<b>Total Assets</b>	<u>\$ 1,714,781</u>	<u>\$ 37,839,830</u>	<u>\$ 39,554,611</u>
<b>Liabilities:</b>			
<b>Current:</b>			
Warrants payable	\$ -	\$ 3,477,161	\$ 3,477,161
Accrued expenses and other	-	1,942,553	1,942,553
Bonds payable	-	300,000	300,000
<b>Total Current Liabilities</b>	<u>-</u>	<u>5,719,714</u>	<u>5,719,714</u>
<b>Non-current:</b>			
Customer deposits	-	862,545	862,545
Rate stabilization reserve	-	2,371,810	2,371,810
<b>Total Non-current Liabilities</b>	<u>-</u>	<u>3,234,355</u>	<u>3,234,355</u>
<b>Total Liabilities</b>	<u>-</u>	<u>8,954,069</u>	<u>8,954,069</u>
<b>Net Assets</b>			
Restricted for debt service	-	4,138,000	4,138,000
Restricted for other purpose	882,204	-	882,204
Investment in capital assets, net of related debt	240,410	23,082,910	23,323,320
Unrestricted	592,167	1,664,851	2,257,018
<b>Total Net Assets</b>	<u>\$ 1,714,781</u>	<u>\$ 28,885,761</u>	<u>\$ 30,600,542</u>

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

# TOWN OF HINGHAM

## Component Units Statement of Revenues, Expenses and Changes in Net Assets

For the Year Ended June 30, 2007

	<u>Hingham Public Library</u>	<u>Hingham Municipal Lighting Plant (as of December 31, 2006)</u>	<u>Totals</u>
<b>Operating Revenues:</b>			
Charges for services	\$ 61,478	\$ 23,699,133	\$ 23,760,611
Grants and contributions	<u>53,808</u>	<u>-</u>	<u>53,808</u>
<b>Total Operating Revenues</b>	<u>115,286</u>	<u>23,699,133</u>	<u>23,814,419</u>
<b>Operating Expenses:</b>			
Depreciation	50,502	902,659	953,161
Salaries and wages	1,036,064	249,833	1,285,897
Administrative expenses	124,322	900,315	1,024,637
Facility expenses	205,154	192,150	397,304
Program expenses	233,250	20,981,001	21,214,251
Grounds and custodial expenses	<u>56,648</u>	<u>312,146</u>	<u>368,794</u>
<b>Total Operating Expenses</b>	<u>1,705,940</u>	<u>23,538,104</u>	<u>25,244,044</u>
<b>Operating Income</b>	<u>(1,590,654)</u>	<u>161,029</u>	<u>(1,429,625)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Investment income	29,668	328,321	357,989
Miscellaneous	274,131	-	274,131
Interest expense	<u>-</u>	<u>(64,301)</u>	<u>(64,301)</u>
<b>Net Non-Operating Revenues (Expenses)</b>	<u>303,799</u>	<u>264,020</u>	<u>567,819</u>
<b>Income (Loss) Before Payments and Miscellaneous</b>	<u>(1,286,855)</u>	<u>425,049</u>	<u>(861,806)</u>
<b>Payments from Town of Hingham</b>	<u>1,372,494</u>	<u>-</u>	<u>1,372,494</u>
<b>Income/Excess of Revenue Over Expenses</b>	85,639	425,049	510,688
Net Assets:			
Beginning of Year	<u>1,629,142</u>	<u>28,460,712</u>	<u>30,089,854</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,714,781</u>	<u>\$ 28,885,761</u>	<u>\$ 30,600,542</u>

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

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements

June 30, 2007

Note 1 - Summary of Significant Accounting Policies

A summary of the Town's significant accounting policies applied in the preparation of the accompanying basic financial statements follows.

The Town of Hingham complies with Generally Accepted Accounting Principles (GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Boards (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Boards (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

A. Reporting Entity

The accompanying financial statements present the Town's primary government and component units over which the Town exercises significant influence. Significant influence or accountability is based primarily on the operational or financial relationships with the Town.

The Hingham Contributory Retirement System issues a publicly audited 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 does not issue separate financial statements. Further information about the Public Library can be obtained from the Library's administrative offices, at 66 Leavitt Street, Hingham, Ma 02043.

The Hingham Municipal Lighting Plant issues a publicly audited financial report that includes financial statements and supplemental information. Copies of these financial statements may be obtained by writing to the Hingham Municipal Lighting Plant, 222 Central Street, Hingham, MA 02043.

Financial statements for all entities included in the basic financial statements are for the year ended June 30, 2007 except for the Hingham Contributory Retirement System and the Hingham Municipal Lighting Plant, which are for the year ended December 31, 2006.

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

Note 1 - **Summary of Significant Accounting Policies - Continued**

*A. Reporting Entity – Continued*

Component units are reported in the Town's basic financial statements as shown in the following table:

<u>Blended Component Unit Reported Within the Primary Government</u>	<u>Brief Description of Activities and Relationship to the Town</u>	<u>Reporting Fund</u>
Hingham Contributory Retirement System	Provides retirement benefits to the employees of the Town of Hingham. 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.	Fiduciary Fund
<u>Discretely Presented Component Units</u>	<u>Brief Description of Activities and Relationship to the Town</u>	
Hingham Municipal Lighting Plant	Purchases power from various sources and sells the power to residents of the Town of Hingham. Board members of the Hingham Municipal Lighting Plant consists of three elected members who appoint a manager to operate and manage the Plant under the direction and control of the Municipal Lighting Board. The Hingham Municipal Lighting Plant needs the Town's approval to issue debt.	

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

### Note 1 - Summary of Significant Accounting Policies - Continued

#### A. Reporting Entity – Continued

<u>Discretely Presented Component Unit</u>	<u>Brief Description of Activities and Relationship to the Town</u>
Hingham Public Library	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 eleven 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.

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

##### Government - Wide Financial Statements:

The government-wide financial statements (i.e., statements of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. *Government 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 for support.

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:

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

### Note 1 - Summary of Significant Accounting Policies - Continued

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

- 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 identified 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 unless services were provided and used.

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

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

Note 1 - Summary of Significant Accounting Policies - Continued

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 accrual basis of accounting, as are the proprietary fund and fiduciary fund (excluding agency funds) financial statements. 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 revenue in the fiscal year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met. Agency funds have no measurement focus.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources as needed.

Fund Financial Statements:

Governmental: Governmental fund 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 periods 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 obligations are expected to be liquidated with current expendable available resources.

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

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

### Note 1 - Summary of Significant Accounting Policies - Continued

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

##### Fund Financial Statements - Continued:

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 *Non-major Governmental Funds* consist of special revenue, capital projects and permanent funds that are aggregated and presented in the Non-major governmental funds column on the governmental funds financial statements. The following describes the general use of these fund types:

The *Special Revenue Fund* is used to account for the proceeds of specific revenue sources (other than permanent fund or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise and Trust Funds).

The *Permanent Fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Proprietary: 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.

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

### Note 1 - Summary of Significant Accounting Policies - Continued

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

Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating revenues and expenses.

The following represents the proprietary fund and its respective purpose:

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

#### Fiduciary Fund Types

Fiduciary funds account for assets held by the Town in a trustee or agency capacity. Pension trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature and do not involve measurement of results of operations.

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 *Private – Purpose Trust Fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other government.

The *Agency Fund* is used to account for assets held in a purely custodial capacity.

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

### Note 1 - Summary of Significant Accounting Policies - Continued

#### D. Cash and Investments

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

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.

#### E. Accounts Receivable

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

The recognition of revenues related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

##### Property Taxes

Real and personal property taxes are based on values assessed as of each January 1 and due quarterly on the subsequent months of August, November, February, and May. In fiscal 2007 real estate and personal property taxes were levied in November 2006. By law, all taxable property in the Commonwealth must be assessed at 100% of fair cash value. Taxes due and unpaid after the respective due dates are subject to interest and penalties. The Town has an ultimate right to foreclose on property for which taxes have not been paid. A tax lien is issued on the property when more than one year's tax is overdue. Property taxes levied are recorded as receivables, net of estimated uncollectibles, in the fiscal year of the levy. Property tax revenues are recorded in accordance with the modified accrual basis of accounting described in Note 1.

A statewide limitation statute known as "Proposition 2 1/2" 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 2½ 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.

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

Note 1 - **Summary of Significant Accounting Policies - Continued**

E. Accounts Receivable - Continued

Property Taxes - Continued

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

The Hingham Municipal Lighting Plant is exempt from federal income taxes. Although also exempt from property taxes, the Hingham Municipal Lighting Plant pays amounts in lieu of taxes to the Town of Hingham.

Departmental and Other

Departmental and other receivables consist primarily of police and fire details and are recorded as receivables in the fiscal year in which the service is performed. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized when the qualifying expenditures are incurred and all other grant requirements are met. These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

User Charges and Liens

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. Accounts receivable for the Hingham Municipal Lighting Plant are stated net of an allowance for doubtful accounts of \$48,466 as of the reporting period.

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

### Note 1 - Summary of Significant Accounting Policies - Continued

#### F. Inventories

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

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

#### G. Capital Assets

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

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in 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. Construction period interest is capitalized on constructed capital assets.

All purchases and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than three years.

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in Years)</u>
Land Improvements	10-30
Buildings	35
Machinery, equipment and other	3-20
Infrastructure	50

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

Note 1 - **Summary of Significant Accounting Policies - Continued**

G. *Capital Assets - Continued*

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 occurred. 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's 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 used a rate of 3.5% for 2007. The Hingham Municipal Lighting Plant charges maintenance to expense when incurred. Replacements and betterments are charged to the utility plant.

Government-Fund Financial Statements:

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

H. *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 and internal service funds are eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as transfers, net. Interfund services provided and used are not eliminated in the process of the consolidation within the government wide statement of activities.

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

### Note 1 - Summary of Significant Accounting Policies - Continued

#### I. Deferred Revenues

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

#### J. Net Assets and Fund Equity

##### Government-Wide Financial Statements (Net Assets):

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

Net assets have been “restricted for” the following:

“Capital projects” represents amounts restricted for capital purposes.

“Streets” represents amounts committed by the Commonwealth for the repair and/or construction of streets.

“Permanent funds-expendable” represents amounts held in trust for which the expenditures are restricted by various trust agreements.

“Other purposes” represents restrictions placed on assets from outside parties.

##### Fund Financial Statements (Fund Balances):

Fund balances are reserved for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designations of fund balances represent tentative management plans that are subject to change.

Fund balances have been “reserved for” the following:

“Encumbrances and continuing appropriations” represents the amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

### Note 1 - Summary of Significant Accounting Policies - Continued

#### K. Long-Term Debt

##### Government-Wide and Proprietary Fund Statements:

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

##### 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.

#### L. Investment Income

Excluding the permanent funds, investment income derived from major and Non-major 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.

#### M. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies. The General Fund has been used in prior years to liquidate the liability for compensated absences.

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

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

##### Government Fund Financial Statements:

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities.

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

Note 1 - Summary of Significant Accounting Policies - Continued

N. Post Retirement Benefits

Accrued Vacation and Sick Pay

Employees, including teachers, are granted sick and vacation pay in varying amounts based on tenure and in accordance with individual union contracts. Except in certain limited instances, employees are not compensated for unused sick pay upon termination, retirement or death. Effective July 1, 2001, unused sick leave will be paid to all town office employees, at normal retirement according to the following schedule:

<u>Accumulated Sick Days</u>	<u>Sick Pay Benefit</u>
Less than 100	\$ -
100-149	500
150-199	800
200-249	1,800
250+ over	2,000

Effective July 1, 2003, unused sick leave will be paid to all firefighters at normal retirement according to the following schedule:

<u>Accumulated Sick Days</u>	<u>Sick Pay Benefit</u>
1-74	\$ 12.00 per duty day
75-99	\$900 plus \$20.00 per day for duty days exceeding 75 accumulated duty days
100-149	\$1,800 plus \$30.00 per day for duty days exceeding 100 accumulated duty days
150 +	\$3,300 plus \$40 for each duty day over 150

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

### Note 1 - Summary of Significant Accounting Policies - Continued

#### N. Post Retirement Benefits - Continued

##### Accrued Vacation and Sick Pay - Continued

Effective July 1, 2001, unused sick leave will be paid to all police officers, DPW workers and library employees, at normal retirement according to the following schedule:

<u>Accumulated Sick Days</u>	<u>Sick Pay Benefit</u>
1-149	\$5.00 per day
150-199	\$800 plus \$7.50 per day for days exceeding 150 accumulated days
200 and over	\$1,800 plus \$9.00 per day for days exceeding 200 accumulated days

##### Risk Management

The Town of Hingham is a member of the Plymouth County HealthCare System. A cooperative having members in excess of 10,000 subscribers. The Town receives annual premium costs per subscriber. Annual premiums are reviewed and changed annually. The town is also self-insured for worker's compensation and unemployment benefits. For insured programs, there have been no significant reductions in insurance coverage. (Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.)

The Town is self-insured for property coverage over a group of vacant buildings given to them by the Federal Government. The Town maintains liability coverage on these respective buildings.

##### Deferred Compensation Plan

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency.

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

### Note 1 - Summary of Significant Accounting Policies - Continued

#### N. Post Retirement Benefits - Continued

##### Deferred Compensation Plan - Continued

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Town (without being restricted to the provisions of benefits under the plan) subject only to the claims of the Town's general creditors. Participants' rights under the plan are equal to those of the general creditors of the Town in an amount equal to the fair value of the deferred account for each participant.

##### Other Post-Employment Benefits

The Town provides health insurance and life insurance to eligible retired employees. These costs are recorded on the pay-as-you-go method.

#### O. 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 effect the reported amounts of assets and liabilities and disclosures 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 fiscal year. Actual results could vary from estimates that were used.

#### P. 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 analysis. Data in this column is not the equivalent of consolidated financial information.

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

### Note 1 - Summary of Significant Accounting Policies - Continued

#### New Governmental Accounting Pronouncement

In 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, which will be effective for the year ending June 30, 2008.

In September 2006, GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* and in May 2007, GASB issued Statement No. 50, *Pension Disclosures*, which will be effective for the year ending June 30, 2008.

In November 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which will be effective for the year ending June 30, 2009. In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which will be effective for the year ending June 30, 2010.

### Note 2 - Cash and Equivalents

The Town maintains a cash pool and an investment pool that are available for use by all funds. Each fund type's portion of these pools is included in the combined balance sheet as "Cash and cash equivalents" and "Investments". Also included are investments separately held by several of the Town's funds.

It is the policy of Town of Hingham to invest public funds in accordance with the principles of sound treasury management and in compliance with state and local laws, regulations, and other policies governing the investment of public funds, specifically, according to the terms and conditions of the Massachusetts General Laws, Chapter 44, section 55B, and the Town's own written investment policy.

Massachusetts General Laws, Chapter 44, section 55 sets forth the types of investments that are legal for use by municipalities, as follows:

- Certificates of deposits of a maturity of no more than one year;
- Savings accounts;
- United States Treasury securities with a maturity of one year or less;
- Investment in a pooled fund operated under the authority of the State Treasurer (the Massachusetts Municipal Depository Trust, ("MMDT"))

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

### Note 2 - Cash and Equivalents - Continued

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 Treasurer. Investment in a single institution (other than MMDT) may not exceed 25% of the Treasurer's cash balance at any time. The 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 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 an institution's capital and surplus has been lost in a 12-month period, any accounts shall be closed forthwith.

#### *Deposits - Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk. As of June 30, 2007, \$12,600,517 of the Town's bank balances of \$32,626,883 was uninsured and uncollateralized.

### Note 3 - Investments

The Town Treasurer may take physical delivery of securities or may use a qualified depository bank for safekeeping securities. An account with a money center bank may be maintained for the purpose of settling investment transactions, safekeeping and collecting those investments. A safekeeping receipt issued by a qualified depository supports repurchase agreements with qualified depositories; otherwise, the securities are held in the custody of the Town Treasurer or the Town's safekeeping bank or trust company. Deposit receipts issued by the State Treasurer's Office support investments in the State Treasurer's Pool. All funds pledged or otherwise dedicated to the payment of interest and principal of bonds issued by the Town are invested in accordance with the terms and borrowing instruments applicable to such bonds. Town policy also provides that the remaining term to maturity of an investment may not exceed the period of availability of the funds invested. The investment of Town funds cannot be of a speculative nature.

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

Note 3 - Investments - Continued

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Asset-Backed Securities	\$ 125,964	\$ 125,964	\$ -	\$ -	\$ -
Certificate of Deposit	3,179,932	3,179,932	-	-	-
Commercial Paper	3,632,816	3,632,816	-	-	-
Federal Agencies	770,862	703,539	48,188	19,135	-
Master Notes	529,562	529,562	-	-	-
Medium Term Notes	4,873,359	4,873,359	-	-	-
Repurchase Agreements	<u>3,546,332</u>	<u>3,546,332</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$16,658,827</u>	<u>\$16,591,504</u>	<u>\$ 48,188</u>	<u>\$ 19,135</u>	<u>\$ -</u>

Other Investments

Equity mutual funds	\$ 42,634,734
Fixed income funds	18,493,821
Other	<u>12,336,226</u>
Total	<u>\$ 90,123,608</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Massachusetts General Laws. Chapter 44 of the Massachusetts General Laws requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Except for funds acquired by gifts, grants, or the corpus of funds functioning as endowments, the Law further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years. Additionally the Law does not allow the dollar-weighted average maturity of fixed-income securities to exceed ten years.

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

Note 3 - **Investments - Continued**

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's policy for reducing its exposure to credit risk is to comply with the Massachusetts General Laws as previously discussed. The town's investments in the MMDT are considered Unrated.

At June 30, 2007, the Town had the following investments and quality ratings:

<u>Investment Type</u>	<u>Fair Value</u>	<u>AAA</u>	<u>Unrated</u>
Asset-Backed Securities	\$ 125,964	\$ -	\$ 125,964
Certificate of Deposit	3,179,932	-	3,179,932
Commercial Paper	3,632,816	-	3,632,816
Federal Agencies	770,862	770,862	-
Master Notes	529,562	-	529,562
Medium Term Notes	4,873,359	-	4,873,359
Repurchase Agreements	<u>3,546,332</u>	<u>-</u>	<u>3,546,332</u>
Total	<u>\$16,658,827</u>	\$ <u>770,862</u>	<u>\$ 15,887,965</u>

Note 4 - **Receivables**

At June 30, 2007, receivables for the individual major governmental funds and non-major, internal service, and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

	<u>Gross Amount</u>	<u>Allowance For Uncollectibles</u>	<u>Net Amount</u>
Real estate and personal property taxes	\$ 1,460,444	\$ (13,046)	\$ 1,447,398
Tax liens and foreclosures	490,565	-	490,565
Motor vehicle and other excise taxes	408,034	(261,282)	146,752
Departmental and other	2,914,936	(223,200)	2,691,736
Intergovernmental	21,710,259	-	21,710,259
User charges and liens	<u>3,087,235</u>	<u>-</u>	<u>3,087,235</u>
Totals	<u>\$ 30,071,473</u>	<u>\$ (497,528)</u>	<u>\$ 29,573,945</u>

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

Note 5 - **Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2007, was 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	\$ 1,186,900	\$ 967,200	\$ -	\$ 2,154,100
Construction in progress	<u>4,611,413</u>	<u>5,229,921</u>	<u>-</u>	<u>9,841,334</u>
Total capital assets not being depreciated	<u>\$ 5,798,313</u>	<u>\$ 6,197,121</u>	<u>\$ -</u>	<u>\$11,995,434</u>
<u>Capital assets being depreciated:</u>				
Land improvements	342,736	45,538	-	388,274
Buildings	96,350,064	149,459	-	96,499,523
Machinery, equipment and other	9,399,409	662,260	( 143,979)	9,917,690
Infrastructure	<u>47,873,260</u>	<u>196,018</u>	<u>-</u>	<u>48,069,278</u>
Total capital being depreciated:	<u>\$153,965,469</u>	<u>\$ 1,053,275</u>	<u>\$ ( 143,979)</u>	<u>\$154,874,765</u>
 <u>Less accumulated depreciation for:</u>				
Land improvements	\$ (62,730)	\$ (12,942)	\$ -	\$ (75,672)
Buildings	(50,384,456)	(2,200,091)	-	(52,584,547)
Machinery, equipment and other	(6,471,400)	(687,211)	78,646	(7,079,965)
Infrastructure	<u>(21,030,239)</u>	<u>(984,020)</u>	<u>-</u>	<u>(22,014,259)</u>
Total accumulated depreciation:	<u>(77,948,825)</u>	<u>(3,884,264)</u>	<u>78,646</u>	<u>(81,754,443)</u>
Total capital assets being depreciated, net:	<u>76,016,644</u>	<u>(2,830,989)</u>	<u>(65,333)</u>	<u>73,120,322</u>
Total governmental activities capital assets, net:	<u>\$ 81,814,957</u>	<u>\$ 3,366,132</u>	<u>\$ (65,333)</u>	<u>\$ 85,115,756</u>

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

Note 5 - **Capital Assets - Continued**

Business-Type Activities:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ <u>7,008,200</u>	\$ _____ -	\$ _____ -	\$ <u>7,008,200</u>
<u>Capital assets being depreciated:</u>				
Machinery, equipment and other	-	775,473	-	775,473
Building Improvements	<u>2,350,554</u>	_____ -	_____ -	<u>2,350,554</u>
Total Capital assets being Depreciated	<u>2,350,554</u>	<u>775,473</u>	_____ -	<u>3,126,027</u>
<u>Less accumulated depreciation for:</u>				
Machinery, equipment and other	-	(29,834)	-	(29,834)
Building Improvements	<u>(1,338,293)</u>	<u>(94,022)</u>	_____ -	<u>(1,432,315)</u>
Total accumulated depreciation	<u>(1,338,293)</u>	<u>(123,856)</u>	_____ -	<u>(1,462,149)</u>
Total capital assets being depreciated, net:	<u>1,012,261</u>	<u>651,617</u>	_____ -	<u>1,663,878</u>
Total business-type activities capital assets, net:	\$ <u>8,020,461</u>	\$ <u>651,617</u>	\$ _____ -	\$ <u>8,672,078</u>

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

Governmental Activities:

General government	\$ 380,168
Public safety	320,505
Education	1,479,611
Public works	1,399,550
Human services	216
Library	295,164
Culture and recreations	<u>9,050</u>
Total depreciation expense - governmental activities	\$ <u>3,884,264</u>

Business-Type Activities:

Country Club	\$ <u>123,856</u>
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# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

Note 6 - **Interfund Receivables, Payables and Transfers**

The interfund balances between the general fund, non-major funds and country club represents administrative, and debt service reimbursements, as well as returns from business-type activities.

	General Fund	Non-Major Funds	Country Club
<u>Transfers In:</u>			
General Fund	\$ -	\$ 3,067,802	\$ 405,415
Non-Major Funds	398,578	-	-
Country Club	400,000	115,000	-
	\$ <u>798,578</u>	\$ <u>3,182,802</u>	\$ <u>405,415</u>
	General Fund	Non-Major Funds	Country Club
<u>Transfers out:</u>			
General Fund	\$ -	\$ (323,880)	\$ (400,000)
Non-Major Funds	(3,050,500)	( 92,000)	(115,000)
Country Club	(405,515)	-	-
	\$ <u>(3,455,915)</u>	\$ <u>(415,880)</u>	\$ <u>(515,000)</u>

Note 7 - **Retirement Plan**

Plan Description

The Town is a member of the Hingham Contributory Retirement System, which is a single employer defined benefit pension plan. The System includes eligible employees of the Town (except for teachers and certain other personnel of the school department), the Hingham Municipal Lighting Plant and the Hingham Housing Authority.

The system administers the defined benefit pension plan for the Town of Hingham. It is governed by the Hingham Retirement Board under Massachusetts General Law, Chapter 32. In general, this law provides for uniform guidelines with respect to employer and employee contributions, benefits to be paid to members, and accounting and funds structure. It also assigns the authority to establish and amend the benefit provisions of the Plan to the state legislature.

The Hingham Contributory Retirement System issues a publicly available financial report that includes financial statements and required supplementary information.

Basis of Accounting

The financial statements of the retirement system are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The Town's contributions are recognized when due and a formal commitment to provide the contribution has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

### Note 7 - Retirement Plan - Continued

#### Method Used to Value Investments

Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are valued at estimated values.

Actuarial valuations are performed biennially. The last valuation was performed at January 1, 2006. The following is a summary of funding policies, contribution methods and benefit provisions:

Year established and governing authority	1938, Hingham Retirement Board Under Massachusetts General Law, Chapter 32
Determination of contribution requirements:	
Employer	Actuarially determined
Plan members	5, 7, 8 or 9% of payroll
Funding of administrative costs	Investment earnings
Period required to vest	10 years
Post retirement benefit increases	Provided at the discretion of Town meeting.
Eligibility of distributions	Age 65 for general employees and 55 for fire and police employees, or 20 years of service regardless of age on a reduced basis if under 65 for general employees and 55 for fire and police employees.
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Amortization period	Open
Remaining amortization period	24
Asset valuation method	Fair Market Value
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases	5%
Cost of living adjustments	3%

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

### Note 7 - Retirement Plan - Continued

#### Method Used to Value Investments – Continued

Provisions for:	
Disability benefits	Yes
Death benefits	Yes

Membership of the Plan is as follows:

Retirees and beneficiaries currently receiving benefits	247
Terminated employees entitled to benefits but not yet receiving them	78
Fully vested, partially vested and non-vested active employees covered by the Plan	<u>516</u>
Total Members	<u>841</u>

#### Annual Required Contributions

Actuarial assumptions and other information used to determine the annual required contributions are located in the supplemental information section of this report.

#### Current Year Annual Pension Cost and Net Pension Obligation

Current year annual pension costs are shown in the following trend information. Annual required contributions were made by the Plan. There were no pension obligations for the Plan.

#### Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation (NPO)</u>
2003	\$ 2,473,387	100%	\$ -
2004	2,570,666	100%	-
2005	2,848,387	100%	-

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

Note 7 - **Retirement Plan - Continued**

Reserves

There are no assets legally reserved for purposes other than the payment of Plan member benefits. The Plan held no individual investments (other than U.S. Government and U.S. Government guaranteed obligations) whose market value exceeds five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

Note 8 - **Other Post-Employment Benefits**

In addition to the retirement benefits described in Note 7, the Town provides health insurance and life insurance benefits to all employees who retire from the Town. Employees are eligible to retire at any age after 20 years of credible service. At June 30, 2007, current retirees, which totaled 446, meet these eligibility requirements, including eligible retired employees, their survivors and dependents.

As of June 30, 2007, life insurance of \$5,000 for 181 retirees is provided at a total cost of \$6,542 for the fiscal year.

The Town provides health insurance coverage on a pay-as-you-go basis to retired employees, their survivors and dependents under various state statutes. For teachers, the Town pays 90% of the cost and for other retired Town employees; the Town's share of the cost is 50%.

The following schedule reflects retirees' participation in the Town's group health insurance plans as of June 30, 2007 and approximate cost for the year then ended:

<u>Participant Type</u>	<u>Number of Participants</u>	<u>Approximate Cost</u>
Active	510	\$ 2,737,290
Retired:		
Town	265	823,356
School	242	1,878,198

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

Note 9 - **Trust Funds**

The accompanying financial statements of the trust funds include only those trust funds in the custody of the Town. There are other trust funds not in the custody of the Town from which the Town or its residents receive funds.

Note 10 - **Risk Management**

The Town records an estimated liability for worker's compensation claims and any other claims against the Town. Claims liabilities are based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported based on historical experience. The following represents the changes in approximate aggregate liabilities for the Town from June 30, 2003 to June 2007:

Self-Insurance Liability	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2003-workmen's compensation	\$ -	\$ 97,691	\$ -	\$ -
2004-workmen's compensation	1,121,955	(106,204)	(166,128)	849,623
2005-workmen's compensation	849,623	63,015	(139,572)	773,066
2006-workmen's compensation	773,066	81,577	(146,183)	708,460
2007-workmen's compensation	708,460	171,359	(310,076)	596,743

Reported judgments are principally funded through property taxes.

Note 11- **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 notes (BANS) or grant anticipation of notes (GANS).

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

Note 11- **Short-Term Financing- Continued**

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 water and sewer enterprise funds, respectively.

Details related to the short-term debt activity for the fiscal year ended June 30, 2007, is as follows:

<u>Type</u>	<u>Purpose</u>	<u>Rate (%)</u>	<u>Due Date</u>	<u>Balance at June 30, 2006</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance at June 30, 2007</u>
BAN	Highway	4.25	6/20/07	\$ 62,000	\$ -	\$ 62,000	\$ -
BAN	Sewer	4.25	6/20/07	1,575,000	-	1,575,000	-
BAN	Country Club	4.25	6/20/07	1,700,000	-	1,700,000	-
BAN	Fire Station	4.00	12/19/07	-	3,434,750	-	3,434,750
BAN	Sewer	4.00	12/19/07	-	1,495,000	-	1,495,000
BAN	Country Club	4.00	12/19/07	-	1,585,000	-	1,585,000
BAN	School	4.00	6/19/08	-	1,700,000	-	1,700,000
BAN	Public Works	4.00	6/19/08	-	1,000,000	-	1,000,000
	Subtotal			3,337,000	9,214,750	3,337,000	9,214,750
BAN	Premium	4.25	6/20/07	20,438	-	20,438	-
BAN	Premium	4.00	12/19/07	-	8,632	-	8,632
BAN	Premium	4.00	6/19/08	-	7,911	-	7,911
Totals				\$ 3,357,438	\$ 9,231,293	\$ 3,357,438	\$ 9,231,293

Note 12 - **General Long-Term Debt**

Long-term debt is not limited to liabilities arising from debt issuance per se, but may also include non-current liabilities such as capital and operating leases, compensated absences, claims and judgements, pensions, special termination benefits, landfill closure and post-closure care, and similar commitments that are not current liabilities properly recorded in governmental funds.

Current maturities of general long-term debt, including interest, are appropriated and paid for out of the General Fund.

***Bonds Payable***

Chapter 44 of the Annotated Laws of the Commonwealth of Massachusetts permits the issuance of bonds up to 5% of the equalized valuation plus an additional 5% with the approval of the Emergency Finance Board. At June 30, 2007, the total statutory debt limit of the Town, including the approval of the Emergency Finance Board of 5%, was \$273,971,650 of which approximately \$39,000,000 of loans were outstanding applicable such limit. Included in the loans outstanding is approximately \$645,000 faith and credit by the Town of Hingham.

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

Note 12 - General Long-Term Debt - Continued

	<u>Balance</u> June 30, 2006	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> June 30, 2007	<u>Amounts</u> Due within <u>One Year</u>
<u>Governmental Activities (capital):</u>					
Sewer:					
\$177,092 issued July 14, 1993, non-interest bearing, maturing August 1, 2013	\$ 91,913	\$ -	\$ (10,194)	\$ 81,719	\$ 10,757
\$3,378,700 issued November 1, 1998, with interest at 4.5% maturing February 1, 2018	2,349,800	-	(159,100)	2,190,700	163,700
\$79,200 issued August 18, 2005, non-interest bearing, maturing August 15, 2010	79,200	-	(15,840)	63,360	15,840
\$97,838 issued October 25, 2001, non-interest bearing, maturing August 1, 2018	70,658	-	(5,436)	65,222	5,436
Multipurpose bond:					
\$5,095,000 issued February 15, 1998, with interest at 4.5% maturing June 30, 2018	2,615,000	-	(285,000)	2,330,000	250,000
\$42,155,000 issued April 1, 2002, with interest at 3.5%, maturing April 1, 2022	32,950,000	-	(2,295,000)	30,655,000	2,295,000
Bond premium	613,369	-	(51,501)	561,868	56,074
\$4,000,000 issued October 15, 1998, with interest at 4.12%, maturing October 15, 2018	2,600,000	-	(200,000)	2,400,000	200,000

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

Note 12 - General Long-Term Debt - Continued

	Balance June 30, <u>2006</u>	Issued	Retired	Balance June 30, <u>2007</u>	Amounts Due within <u>One Year</u>
\$400,000 issued February 23, 2006, with interest at 2%, maturing July 20, 2026	\$ 400,000	\$ -	\$ -	\$ 400,000	\$ 13,898
\$201,950 issued May 22, 2004, non-interest bearing, maturing May 15, 2008	<u>80,780</u>	-	<u>(40,390)</u>	<u>40,390</u>	<u>40,390</u>
General Long-Term (capital)	41,850,720	-	<u>(3,062,461)</u>	38,788,259	3,051,095
Other Debt Obligations:					
Accrued vacation pay	866,917	400,000	(227,609)	1,039,308	495,687
Workers' Compensation	708,460	198,359	(310,076)	596,743	200,000
Landfill closure and postclosure care costs	<u>1,404,249</u>	-	-	<u>1,404,249</u>	<u>229,249</u>
Total Other General Long-Term Debt	<u>2,979,626</u>	<u>598,359</u>	<u>(537,685)</u>	<u>3,040,300</u>	<u>924,936</u>
Total General Long-Term Debt	<u>\$44,830,346</u>	<u>\$ 598,359</u>	<u>\$ (3,600,146)</u>	<u>\$41,828,559</u>	<u>\$ 3,976,031</u>

The General Fund has been used in prior years to liquidate the liability for claims and judgments and compensated absences.

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

Note 12 - General Long-Term Debt - Continued

The following is a schedule of annual future maturities and payments required on the Governmental Bonds Payable:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 3,051,095	\$ 1,863,000	\$ 4,914,095
2009	2,975,755	1,719,403	4,695,158
2010	2,978,243	1,579,383	4,557,626
2011	2,984,587	1,437,269	4,421,856
2012	2,969,664	1,309,845	4,279,509
2013-2017	13,888,672	6,117,846	20,006,518
2018-2022	9,824,020	1,362,033	11,186,053
2023-2027	<u>116,223</u>	<u>5,904</u>	<u>122,127</u>
Total	\$ <u>38,788,259</u>	\$ <u>15,394,683</u>	\$ <u>54,182,942</u>

The Massachusetts Water Resource Authority (MWRA) operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the project, financial assistance received from the MWRA consists of a grant and a non-interest bearing loan. At June 30, 2007, the outstanding principle amount of the loan totaled \$103,750.

Balance June 30, <u>2006</u>	<u>Issued</u>	<u>Retired</u>	Balance June 30, <u>2007</u>	Amounts Due within <u>One Year</u>
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Business Type Activity

Enterprise Fund

General Obligation Bond:

\$1,845,000 issued October 15,

1998 with interest at 3.56%,

maturing October 15, 2007 \$ 400,000 \$ \_\_\_\_\_ - \$ (200,000) \$ 200,000 \$ 200,000

Total Proprietary Fund \$ 400,000 \$ \_\_\_\_\_ - \$ (200,000) \$ 200,000 \$ 200,000

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

Note 12 - **General Long-Term Debt - Continued**

The following is a schedule of annual future maturities and payments required on the above indebtedness:

Year Ending <u>June 30,</u>	<u>Proprietary Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2008	\$ <u>200,000</u>	\$ <u>3,650</u>	\$ <u>203,650</u>
Total	\$ <u>200,000</u>	\$ <u>3,650</u>	\$ <u>203,650</u>

**Capital Leases**

The Town leases equipment under the terms of a five-year capital lease that requires annual payments of \$172,178 until 2012. The following is a summary of property held under capital lease as of June 30, 2007:

Equipment	\$ 767,370
Less: accumulated amortization	<u>(26,521)</u>
	\$ <u>740,849</u>

Future minimum lease payments subsequent to June 30, 2007 are as follows:

Year Ending <u>June 30,</u>	
2008	\$ 172,178
2009	172,178
2010	172,178
2011	172,179
2010	<u>172,179</u>
Total minimum lease payments	860,892
Less: amount representing interest	<u>93,522</u>
	Present value of net minimum lease payments \$ <u>767,370</u>

**Landfill Closure and Postclosure Care Costs**

State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. Although closure and postclosure care

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

### Note 12 - General Long-Term Debt - Continued

#### Landfill Closure and Postclosure Care Costs - Continued

costs will be paid only near or after the date that the landfill stops accepting waste, the Town reports a portion of these closure and postclosure care costs in each period based on landfill capacity used as of each balance sheet date. The \$1,404,249 reported as landfill closure and postclosure care liability at June 30, 2007 represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the landfill net of amounts already expended. These amounts are based on what it would cost to perform all closure and postclosure care in 2007. The Town expects to close the landfill in fiscal year 2008. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The Town is required by Federal and state laws and regulations to make annual contributions to finance closure and postclosure care. The Town is in compliance with these requirements and at June 30, 2007, investments of \$3,620,000 have been appropriated of which \$2,070,751 has already been expended for these purposes. These are reported as a reserve of fund balance on the balance sheet in the Capital Projects Fund. The Town expects that future inflation costs will be paid from interest earnings on these annual contributions.

### Note 13 - Contingencies

At June 30, 2007, the Town was a defendant in a number of lawsuits.

Of these actions, there are several significant cases where it is uncertain to what extent these awards, if any, will be covered by insurance. The Town is involved in other smaller cases and it is the opinion of Town Counsels that the most likely exposure to the Town is not significant.

### Note 14 - Restricted Assets

Certain proprietary funds and similar component unit assets are restricted for construction and funded through short-term debt and individual contributions. Restricted net assets include the excess of assets over certain liabilities restricted for construction

# TOWN OF HINGHAM

## Notes to the Basic Financial Statements - Continued

June 30, 2007

### Note 15 - Prior Period Adjustment

During the fiscal year ended on June 30, 2007 the Town recognized infrastructure assets related to roadways and bridges as required by GASB pronouncement Statement #34 – Basic Financial Statements and Managements Discussion and Analysis-for State and Local Governments

As a result of implementing this pronouncement, the following restatements have been made to beginning net assets:

#### Government - Wide Financial Statements:

	<u>Governmental Activities</u>
Net Assets at June 30, 2006, as previously reported	\$ 71,332,062
To recognize assets related to Infrastructure, land and construction in progress:	
Land	972,200
Construction in progress	4,611,413
Infrastructure	8,622,337
Less accumulated depreciation	<u>(4,059,622)</u>
Net Assets at June 30, 2006, restated	\$ <u>81,478,390</u>

### Note 16 - Fund Deficits

The following funds had deficit fund balances on June 30, 2007:

Capital Projects:	
Fire Station Renovation	\$ (457)
South Shore Country Club Irrigation	(1,585,000)
School Building Study Construction	(50,389)
Weir River Phase II Construction	(1,494,990)
Central Fire Station Renovation	(699,083)
Foster School Capital Improvements	(29,788)
New Elementary School	(1,101,552)
Middle School Renovations	(249,380)
Plymouth River School Improvements	(29,626)
Route 3A Construction	<u>(1,394)</u>
Total	\$ <u>(5,241,659)</u>

The above deficits will be provided for by future Town tax levies, sewer fees, intergovernmental revenues and bond issuances.

**REQUIRED SUPPLEMENTARY INFORMATION**

# TOWN OF HINGHAM

## Required Supplementary Information -

### Hingham Contributory Retirement System

#### For the Year Ended December 31, 2006

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AA) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
01/01/95	\$ 19,331,485	\$ 38,149,134	\$ (18,817,649)	50.67%	\$ 9,685,311	194.3%
01/01/96	24,236,711	42,461,163	(18,224,452)	57.08%	10,109,832	180.2%
01/01/98	34,786,965	46,298,574	(11,511,609)	75.1%	10,898,418	105.6%
01/01/00	48,884,485	57,861,551	(8,977,066)	84.5%	12,214,509	73.5%
01/01/02	44,876,765	71,631,723	(26,754,958)	62.6%	14,811,862	180.6%
01/01/03	38,571,346	74,835,302	(36,263,956)	51.5%	15,626,514	232.1%
01/01/04	53,284,103	75,260,838	(21,976,735)	70.8%	16,669,815	131.8%
01/01/06	58,096,713	85,429,148	(27,332,435)	68.0%	18,005,014	151.8%

# TOWN OF HINGHAM

## Schedule of Revenues, Expenditures And Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2007

	General Fund			
	Budgeted Amounts		Actual	
	Original Budget	Final Budget	Actual Budgetary Amounts	Variance Over/(Under)
<b>Revenues:</b>				
Real estate and personal property taxes, Motor vehicle and other excise taxes net of tax refunds	\$ 53,317,496	\$ 53,317,496	\$ 54,001,055	\$ 683,559
Licenses and permits	2,332,955	2,332,955	1,629,756	(703,199)
Penalties and interest	215,000	215,000	286,737	71,737
Investment income	450,000	450,000	1,225,227	775,227
Other income	496,250	496,250	847,744	351,494
Charges for service	890,000	890,000	1,084,647	194,647
Intergovernmental	<u>8,625,415</u>	<u>8,625,415</u>	<u>8,719,293</u>	<u>93,878</u>
<b>Total Revenues</b>	<u>66,327,116</u>	<u>66,327,116</u>	<u>67,794,459</u>	<u>1,467,343</u>
<b>Expenditures:</b>				
<b>General government:</b>				
Selectman	627,113	627,113	614,598	12,515
Town accountant	547,352	549,352	512,842	36,510
Assessors	319,679	319,679	274,961	44,718
Treasurer/collector	298,594	298,594	291,896	6,698
Legal services	141,017	170,517	169,794	723
Town meeting	36,175	36,175	31,686	4,489
Town clerk	152,331	152,331	146,200	6,131
Elections and registrars	76,950	76,950	70,566	6,384
Conservation	172,086	187,086	152,142	34,944
Planning board	117,150	117,428	111,272	6,156
Board of appeals	76,154	76,154	72,095	4,059
Bare cove park	19,709	397,709	397,259	450
Hersey house	7,123	7,123	5,395	1,728
Town office building	705,992	705,992	661,679	44,313
G A R hall	13,146	13,146	8,750	4,396
<b>Public safety:</b>				
Police	4,327,477	4,364,769	4,322,050	42,719
Fire	4,193,379	4,193,379	4,066,967	126,412
Dispatch services	452,446	452,446	423,810	28,636
Building department	226,768	226,768	226,454	314
Weights and measures	10,738	10,860	10,375	485
Emergency management	8,713	8,769	8,758	11
Animal control	59,854	59,854	52,212	7,642
Harbormaster	138,867	138,867	138,795	72
Utilities	437,300	437,300	413,007	24,293
Education	32,146,456	32,156,381	31,888,156	268,225
<b>Public works:</b>				
Engineering	28,382	68,382	49,416	18,966
Public works	2,660,413	2,677,913	2,559,888	118,025
Landfill/recycling	1,722,250	1,722,250	1,390,581	331,669
<b>Human services:</b>				
Health	274,950	274,950	270,866	4,084
Elder services	242,209	242,209	219,066	23,143
Veteran's services	186,053	228,117	226,804	1,313
Plymouth county rape center	2,500	2,500	2,500	-
South shore women's center	3,500	3,500	3,500	-
<b>Culture and recreation:</b>				
Library	1,403,404	1,414,414	1,375,145	39,269
Recreation	157,105	157,105	116,467	40,638
Trustees of bathing beach	22,168	30,668	27,602	3,066
Historical commission	36,123	36,984	34,209	2,775
Celebrations	9,500	9,500	8,090	1,410
<b>Nondepartmental:</b>				
Pension benefits	2,684,052	2,684,052	2,667,706	16,346
Group health insurance	3,618,469	3,618,469	3,317,028	301,441
Miscellaneous	1,225,733	1,235,733	1,275,834	(40,101)
Debt service	5,112,729	5,112,729	4,804,214	308,515
<b>Intergovernmental:</b>				
State and county assessments	<u>2,377,119</u>	<u>2,377,119</u>	<u>2,611,818</u>	<u>(234,699)</u>
<b>Total Expenditures</b>	<u>67,079,228</u>	<u>67,681,336</u>	<u>66,032,453</u>	<u>1,648,883</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(752,112)</u>	<u>(1,354,220)</u>	<u>1,762,006</u>	<u>3,116,226</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	798,578	798,578
Transfers out	-	-	<u>(3,455,915)</u>	<u>(3,455,915)</u>
<b>Total Other Financing Sources (Uses):</b>	-	-	<u>(2,657,337)</u>	<u>(2,657,337)</u>
<b>Net Change in Fund Balances</b>	(752,112)	(1,354,220)	(895,331)	458,889
Fund Balances, at Beginning of Year	<u>(3,115,449)</u>	<u>(9,530,491)</u>	<u>3,460,692</u>	<u>9,697,064</u>
<b>Fund Balances, at End of Year</b>	<u>\$ (3,867,561)</u>	<u>\$ (10,884,711)</u>	<u>\$ 2,565,361</u>	<u>\$ 10,155,953</u>

See note to required supplementary information - Budgetary Reporting

# TOWN OF HINGHAM

## Notes to Required Supplementary Information

June 30, 2007

### Note 1 - Stewardship, Compliance and Accountability

#### A. Budgetary Information

The Town's original budget is adopted at the annual Town meeting prior to the beginning of the fiscal year. The general fund and sewer fund within the special revenue funds are the only funds for which a budget is legally adopted. A reserve fund, established to fund unforeseen expenditures, is voted as part of the original budget and any excess is closed out to undesignated fund balance at year end. The Town also has a reserve fund established for negotiable pay rules and labor contract settlements. All amendments to the original budget must be adopted at special Town meetings with the exception of reserve fund transfers which require approval from the Town's Advisory Committee. In addition, management may amend components within a budgeted line item without seeking approval from special Town meeting.

The Town's general fund and special revenue fund (sewer fund) budgets are prepared on a basis other than generally accepted accounting principles (GAAP). The "actual" results column in the Schedule of Revenues and Expenditures - Budgetary Basis is prepared on a "budget basis" to provide a meaningful comparison with the budget. The major differences between the budgets and GAAP bases are encumbrances and appropriations, which are recorded as expenditures for budgetary purposes when the commitment to purchase is incurred and are recorded for GAAP purposes when the expenditure is actually paid.

Encumbrances outstanding and continuing appropriations at year end are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance. For the purpose of comparing actual results to budgeted activities, actual expenditures must be adjusted to add the encumbrances outstanding and continuing appropriations at year-end. Additional adjustments are required to remove the activity of restricted funds which are not budgeted by the Town.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2007 approved budget authorized approximately \$67,079,228 also approved supplemental appropriations totaling approximately \$602,108.

The Town Accountant has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting and reporting system.

# TOWN OF HINGHAM

## Notes to Required Supplementary Information - Continued

June 30, 2007

Note 1 - **Stewardship, Compliance and Accountability - Continued**

B. *Budgetary - GAAP Reconciliation*

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary –basis to GAAP –basis results for the general fund for the fiscal year ended June 30, 2007, is presented below:

Net change in fund balance – budgetary basis	\$ (895,331)
<u>Basis of accounting timing differences:</u>	
Net change in recording 60-day receipts accrual	(163,780)
Net change in recording ATB case payable	<u>(191,969)</u>
Net change in fund balance - GAAP basis	\$ <u>(1,251,080)</u>

The following funds had deficit fund balances on June 30, 2007:

Capital Projects:

Fire Station Renovation	\$ (457)
South Shore Country Club Irrigation	(1,585,000)
School Building Study Construction	(50,389)
Weir River Phase II Construction	(1,494,990)
Central Fire Station Renovation	(699,083)
Foster School Capital Improvements	(29,788)
New Elementary School	(1,101,552)
Middle School Renovations	(249,380)
Plymouth River School Improvements	(29,626)
Route 3A Construction	<u>(1,394)</u>
Total	\$ <u>(5,241,659)</u>

The above deficits will be provided for by future Town tax levies, sewer fees, intergovernmental revenues and bond issuances.

# **TOWN OF HINGHAM**

## **Description of Non-Major Governmental Funds**

**For the Year Ended June 30, 2007**

### **Special Revenue Funds**

#### **Town Gifts**

This fund is used to account for gifts received by the Town. This account includes unrestricted and restricted gifts and the expenditures relating to these gifts.

#### **School Gifts**

This fund is used to account for gifts received by the Town to be specifically used by the school department. This account includes all expenditures relating to these gifts.

#### **Town State 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.

#### **Town Revolving**

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

#### **School Revolving**

This fund is used to account for activity where specific school revenues are earmarked for specific purposes.

#### **Town Other**

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

#### **Sewer Maintenance Fund**

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

# TOWN OF HINGHAM

## Description of Non-Major Governmental Funds - Continued

For the Year Ended June 30, 2007

### Capital Project Funds

#### **Capping 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.

#### **Whitney Wharf Renovation**

This fund is used to account for the renovation of Whitney Wharf located at Hingham Harbor.

#### **Harbor Dredging**

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

#### **School Building Study, Construction and Renovation**

This fund is used to account for the construction and renovation of the High School and the South Elementary School, including a study into the construction of the Town's schools.

#### **Fire Station Renovation**

This fund is used to account for the renovations of two of the Town's fire stations at the north and south ends of town.

#### **Central Fire Station Renovation**

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

#### **South Shore Country Club Irrigation System**

This fund is used to account for the construction of a new irrigation system at SSCC.

#### **Foundry Pond Dam**

This fund is used to account for the costs associated with the maintenance of the Foundry Pond Dam.

#### **Route 3A Force Main**

This fund is used to account for the construction on Route 3A.

#### **DPW Buildings**

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

# TOWN OF HINGHAM

## Description of Non-Major Governmental Funds - Continued

For the Year Ended June 30, 2007

### Capital Project Funds - Continued

#### Weir River Phase II

This fund is used to account for the construction of the sewer system in the Weir River area of Town.

#### Waste Water Management

This fund is used to account for the planning process whereby current and future wastewater management needs are evaluated, alternatives are developed to meet those needs and a final plan is selected through comparison and evaluation of alternatives

#### Foster School Capital Improvements

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

#### New Elementary School

This fund is used to account for the planning and construction of a new elementary school

#### Middle School Renovations

This fund is used to account for the planning and repair of the town's middle school

#### Plymouth River School Improvements

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

### Permanent Funds

#### Preservation Projects Fund

This fund is used to account for amounts relating to the preservation of various historical facilities and programs in the Town.

#### Conservation

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

#### Town Funds

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

# TOWN OF HINGHAM

## Combining Balance Sheet - Non-major Governmental Funds

June 30, 2007

### Assets

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Permanent Funds</u>	<u>Total Non-major Governmental Funds</u>
<b>Assets:</b>				
Cash and equivalents	\$ 1,182,257	\$ 6,174,513	\$ 296,236	\$ 7,653,006
Restricted cash	63,925	-	-	63,925
Investment securities, at fair value	5,430,594	-	961,079	6,391,673
Other receivables	828,341	159,933	-	988,274
User charges and liens	<u>524,365</u>	<u>-</u>	<u>-</u>	<u>524,365</u>
<b>Total Assets</b>	<b><u>\$ 8,029,482</u></b>	<b><u>\$ 6,334,446</u></b>	<b><u>\$ 1,257,315</u></b>	<b><u>\$ 15,621,243</u></b>

### Liabilities and Fund Balances

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Expendable Trust Funds</u>	<u>Total Non-major Governmental Funds</u>
<b>Liabilities:</b>				
Warrants payable	\$ 519,964	\$ 897,162	\$ -	\$ 1,417,126
BAN Payable	1,000,000	8,214,750	-	9,214,750
Deferred revenue	<u>704,971</u>	<u>-</u>	<u>-</u>	<u>704,971</u>
<b>Total Liabilities</b>	<b><u>2,224,935</u></b>	<b><u>9,111,912</u></b>	<b><u>-</u></b>	<b><u>11,336,847</u></b>
<b>Fund Balances:</b>				
Unreserved:				
Undesignated	<u>5,804,547</u>	<u>(2,777,466)</u>	<u>1,257,315</u>	<u>4,284,396</u>
<b>Total Fund Balances</b>	<b><u>5,804,547</u></b>	<b><u>(2,777,466)</u></b>	<b><u>1,257,315</u></b>	<b><u>4,284,396</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 8,029,482</u></b>	<b><u>\$ 6,334,446</u></b>	<b><u>\$ 1,257,315</u></b>	<b><u>\$ 15,621,243</u></b>

# TOWN OF HINGHAM

## Combining Balance Sheet - Non-major Governmental Funds

### Special Revenue Funds June 30, 2007

#### Assets

	Town Gifts	School Gifts	Town State Grants	School State Grants	School Federal Grants	Town Revolving	School Revolving	Town Other	Sewer Inflow Infiltration Fund	Sewer Maintenance Fund	Total
<b>Assets:</b>											
Cash and equivalents	\$ 187,549	\$ 35,845	\$ 78,623	\$ 95,836	\$ 81,914	\$ 108,933	\$ 82,100	\$ 452,080	\$ 59,377	\$ -	\$ 1,182,257
Restricted cash and investments	-	-	-	-	-	-	-	-	63,925	-	63,925
Investment securities, at fair value	-	-	486,884	593,475	-	674,580	508,413	2,799,550	367,692	-	5,430,594
Other receivables	-	-	762,877	-	65,464	-	-	-	-	-	828,341
User charges and liens	-	-	-	-	-	-	-	-	-	524,365	524,365
<b>Total Assets</b>	<b>\$ 187,549</b>	<b>\$ 35,845</b>	<b>\$ 1,328,384</b>	<b>\$ 689,311</b>	<b>\$ 147,378</b>	<b>\$ 783,513</b>	<b>\$ 590,513</b>	<b>\$ 3,251,630</b>	<b>\$ 490,994</b>	<b>\$ 524,365</b>	<b>\$ 8,029,482</b>

#### Liabilities and Fund Balances

	Town Gifts	School Gifts	Town State Grants	School State Grants	School Federal Grants	Town Revolving	School Revolving	Town Other	Sewer Inflow Infiltration Fund	Sewer Maintenance Fund	Total
<b>Liabilities:</b>											
Warrants payable	\$ 7,546	\$ 700	\$ 160,687	\$ 24,910	\$ 6,488	\$ 50,667	\$ 4,874	\$ 106,555	\$ 1,510	\$ 156,027	\$ 519,964
Deferred revenue	-	-	-	-	-	180,606	-	-	-	524,365	704,971
BAN payable	-	-	1,000,000	-	-	-	-	-	-	-	1,000,000
<b>Total Liabilities</b>	<b>7,546</b>	<b>700</b>	<b>1,160,687</b>	<b>24,910</b>	<b>6,488</b>	<b>231,273</b>	<b>4,874</b>	<b>106,555</b>	<b>1,510</b>	<b>680,392</b>	<b>2,224,935</b>
<b>Fund Balances:</b>											
Unreserved:											
Undesignated	180,003	35,145	167,697	664,401	140,890	552,240	585,639	3,145,075	489,484	(156,027)	5,804,547
<b>Total Fund Balances</b>	<b>180,003</b>	<b>35,145</b>	<b>167,697</b>	<b>664,401</b>	<b>140,890</b>	<b>552,240</b>	<b>585,639</b>	<b>3,145,075</b>	<b>489,484</b>	<b>(156,027)</b>	<b>5,804,547</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 187,549</b>	<b>\$ 35,845</b>	<b>\$ 1,328,384</b>	<b>\$ 689,311</b>	<b>\$ 147,378</b>	<b>\$ 783,513</b>	<b>\$ 590,513</b>	<b>\$ 3,251,630</b>	<b>\$ 490,994</b>	<b>\$ 524,365</b>	<b>\$ 8,029,482</b>

## TOWN OF HINGHAM

### Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Non-major Special Revenue Funds

For the Year Ended June 30, 2007

		Town Gifts	School Gifts	Town State Grants	School State Grants	School Federal Grants	Town Revolving	School Revolving	Town Other	Sewer Inflow Infiltration Fund	Sewer Maintenance Fund	Total
<b>Revenues:</b>												
Intergovernmental	\$ -	\$ -	\$ -	\$ 1,338,015	\$ 832,543	\$ 1,098,224	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,268,782
Departmental and other income	102,216	30,802	-	-	-	-	-	-	672,379	389,759	19,727	1,214,883
Investment income	-	-	-	-	-	-	-	-	-	11,131	-	11,131
Non-enterprise charges for services	-	-	-	-	-	776,618	1,790,130	-	-	-	1,593,090	4,159,838
<b>Total Revenues</b>	<b>102,216</b>	<b>30,802</b>	<b>1,338,015</b>	<b>832,543</b>	<b>1,098,224</b>	<b>776,618</b>	<b>1,790,130</b>	<b>672,379</b>	<b>400,890</b>	<b>1,612,817</b>	<b>8,654,634</b>	
<b>Expenditures:</b>												
Current:												
General government	6,737	-	21,765	-	-	31,693	-	1,311,030	-	-	-	1,371,225
Public safety	35,300	-	460,544	-	-	308,341	-	16,087	-	-	-	820,272
Education	-	13,868	-	795,820	1,065,011	-	1,876,612	2,467	-	-	-	3,753,778
Public works	-	-	650,859	-	-	-	-	18,117	245,435	1,869,602	-	2,784,013
Human services	28,071	-	149,289	-	-	26,031	-	-	-	-	-	203,391
Culture and recreation	34,844	-	3,693	-	-	391,820	-	-	-	-	-	430,357
Debt Service - Principal	-	-	-	-	-	-	-	-	-	60,000	-	60,000
Debt Service - Interest	-	-	-	-	-	-	-	-	-	17,376	-	17,376
<b>Total Expenditures</b>	<b>104,952</b>	<b>13,868</b>	<b>1,286,150</b>	<b>795,820</b>	<b>1,065,011</b>	<b>757,885</b>	<b>1,876,612</b>	<b>1,347,701</b>	<b>245,435</b>	<b>1,946,978</b>	<b>9,440,412</b>	
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(2,736)</b>	<b>16,934</b>	<b>51,865</b>	<b>36,723</b>	<b>33,213</b>	<b>18,733</b>	<b>(86,482)</b>	<b>(675,322)</b>	<b>155,455</b>	<b>(334,161)</b>	<b>(785,778)</b>	
Other Financing Sources (Uses):												
Transfers in	-	-	-	-	-	-	-	658,425	-	-	-	658,425
Transfers out	-	-	(197,394)	-	-	-	-	(45,000)	(62,000)	-	-	(304,394)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(197,394)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>613,425</b>	<b>(62,000)</b>	<b>-</b>	<b>-</b>	<b>354,031</b>
<b>Net Change in Fund Balances</b>	<b>(2,736)</b>	<b>16,934</b>	<b>(145,529)</b>	<b>36,723</b>	<b>33,213</b>	<b>18,733</b>	<b>(86,482)</b>	<b>(61,897)</b>	<b>93,455</b>	<b>(334,161)</b>	<b>(431,747)</b>	
Fund Balance, June 30, 2006	182,739	18,211	313,226	627,678	107,677	533,507	672,121	3,206,972	396,029	178,134	6,236,294	
<b>Fund Balance, at End of Year</b>	<b>\$ 180,003</b>	<b>\$ 35,145</b>	<b>\$ 167,697</b>	<b>\$ 664,401</b>	<b>\$ 140,890</b>	<b>\$ 552,240</b>	<b>\$ 585,639</b>	<b>\$ 3,145,075</b>	<b>\$ 489,484</b>	<b>\$ (156,027)</b>	<b>\$ 5,804,547</b>	

## TOWN OF HINGHAM

### Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds

For the Year Ended June 30, 2007

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Non-major Governmental Funds
<b>Revenues:</b>				
Intergovernmental	\$ 3,268,782	-	-	\$ 3,268,782
Departmental and other income	1,214,883	130,216	58,522	1,403,621
Investment income	11,131	-	61,509	72,640
Non-enterprise charges for services	4,159,838	-	-	4,159,838
<b>Total Revenues</b>	<u>8,654,634</u>	<u>130,216</u>	<u>120,031</u>	<u>8,904,881</u>
<b>Expenditures:</b>				
Current:				
General government	1,371,225	-	-	1,371,225
Public safety	820,272	-	-	820,272
Education	3,753,778	-	-	3,753,778
Public works	2,784,013	-	-	2,784,013
Human services	203,391	-	-	203,391
Culture and recreation	430,357	-	-	430,357
Debt Service - Principal	60,000	-	-	60,000
Debt Service - Interest	17,376	-	53,930	71,306
Capital Outlay	-	5,234,008	-	5,234,008
<b>Total Expenditures</b>	<u>9,440,412</u>	<u>5,234,008</u>	<u>53,930</u>	<u>14,728,350</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(785,778)</u>	<u>(5,103,792)</u>	<u>66,101</u>	<u>(5,823,469)</u>
Other Financing Sources (Uses):				
Transfers in	658,425	2,127,233	397,144	3,182,802
Transfers out	(304,394)	-	(111,486)	(415,880)
<b>Total Other Financing Sources (Uses)</b>	<u>354,031</u>	<u>2,127,233</u>	<u>285,658</u>	<u>2,766,922</u>
<b>Net Changes in Fund Balances</b>	<u>(431,747)</u>	<u>(2,976,559)</u>	<u>351,759</u>	<u>(3,056,547)</u>
Fund Balances, June 30, 2006	6,236,294	199,093	905,556	7,340,943
<b>Fund Balances, at End of Year</b>	<u>\$ 5,804,547</u>	<u>\$ (2,777,466)</u>	<u>\$ 1,257,315</u>	<u>\$ 4,284,396</u>

TOWN OF HINGHAM

Combining Balance Sheet - Non-major Governmental Funds

Capital Projects Funds  
June 30, 2007

Assets

	Whitney Wharf Renovation	Harbor Dredging	School Building Study Construction and Renovation	Fire Station Renovation	Central Fire Station Renovation	South Shore Country Club Irrigation	Foundry Pond Dam	Route 3A Force Main	DPW Buildings Management	Waste Water Management	Weir River Phase II	Foster School Capital Improvements	New Elementary School	Middle School Renovations	Plymouth River School Improvements	Total
Assets:	\$ 582	\$ 499,166	\$ -	\$ -	\$ 3,254,916	\$ -	\$ 23,268	\$ -	\$ 279,735	\$ -	\$ 277,943	\$ 192	\$ 148,948	\$ 140,160	\$ 354	\$ 6,174,513
Cash and equivalents																
Other receivables																159,933
Total Assets	\$ 582	\$ 499,166	\$ -	\$ -	\$ 3,254,916	\$ -	\$ 23,268	\$ -	\$ 279,735	\$ 159,933	\$ 277,943	\$ 192	\$ 148,948	\$ 140,160	\$ 354	\$ 6,334,446

Liabilities and Fund Balances

	Whitney Wharf Renovation	Harbor Dredging	School Building Study Construction and Renovation	Fire Station Renovation	Central Fire Station Renovation	South Shore Country Club Irrigation	Foundry Pond Dam	Route 3A Force Main	DPW Buildings Management	Waste Water Management	Weir River Phase II	Foster School Capital Improvements	New Elementary School	Middle School Renovations	Plymouth River School Improvements	Total
Liabilities:	\$ -	\$ -	\$ 50,389	\$ 457	\$ 519,249	\$ 1,585,000	\$ -	\$ 1,394	\$ -	\$ 47,740	\$ 1,495,000	\$ 29,980	\$ 1,250,500	\$ 389,540	\$ -	\$ 897,162
Warrants payable																
BAN payable					3,434,750						1,495,000	29,980	1,250,500	389,540		8,214,750
Total Liabilities	\$ -	\$ -	\$ 50,389	\$ 457	\$ 3,953,999	\$ 1,585,000	\$ -	\$ 1,394	\$ -	\$ 47,740	\$ 1,772,933	\$ 29,980	\$ 1,250,500	\$ 389,540	\$ 29,980	\$ 9,111,912
Fund Balances:																
Undesignated	582	499,166	(50,389)	(457)	(699,083)	(1,585,000)	23,268	(1,394)	279,735	112,193	(1,494,990)	(29,788)	(1,101,552)	(249,380)	(29,626)	(2,777,466)
Total Fund Balances	582	499,166	(50,389)	(457)	(699,083)	(1,585,000)	23,268	(1,394)	279,735	112,193	(1,494,990)	(29,788)	(1,101,552)	(249,380)	(29,626)	(2,777,466)
Total Liabilities and Fund Balances	\$ 582	\$ 499,166	\$ -	\$ -	\$ 3,254,916	\$ -	\$ 23,268	\$ -	\$ 279,735	\$ 159,933	\$ 277,943	\$ 192	\$ 148,948	\$ 140,160	\$ 354	\$ 6,334,446

**TOWN OF HINGHAM**

**Combining Schedule of Revenues, Expenditures and Changes  
in Fund Balances - Non-major Capital Projects Funds**

For the Year Ended June 30, 2007

	Whitney Wharf Renovation	Harbor Dredging	School Building Study Construction and Renovation	Fire Station Renovation	Central Fire Station Renovation	South Shore Country Club Irrigation	Foundry Pond Dam	Route 3A Force Main	DPW Buildings Management	Waste Water Management	Weir River Phase II	Foster School Capital Improvements	New Elementary School	Middle School Renovations	Plymouth River School Improvements	Total	
Revenues:																	
Departmental and other income	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,216	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,216	
Total Revenues	-	60,000	-	-	-	-	-	-	-	70,216	-	-	-	-	-	130,216	
Expenditures:																	
Current:																	
Total Expenditures	-	-	-	-	3,212,023	3,856	-	230	355,834	245,922	5,797	29,788	1,101,552	249,380	29,626	5,234,008	
Excess of Revenues over (Under) Expenditures	-	60,000	-	-	(3,212,023)	(3,856)	-	(230)	(355,834)	(175,706)	(5,797)	(29,788)	(1,101,552)	(249,380)	(29,626)	(5,103,792)	
Transfers in	-	30,000	-	-	1,539,082	138,208	-	62,000	-	-	357,943	-	-	-	-	2,127,233	
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Other Financing Sources	-	30,000	-	-	1,539,082	138,208	-	62,000	-	-	357,943	-	-	-	-	2,127,233	
Net Change in Fund Balances	-	90,000	-	-	(1,672,941)	134,352	-	61,770	(355,834)	(175,706)	352,146	(29,788)	(1,101,552)	(249,380)	(29,626)	(2,976,559)	
Fund Balance, June 30, 2006	1,549,249	582	(50,389)	(457)	973,858	(1,719,352)	23,268	(63,164)	635,569	287,899	(1,847,136)	-	-	-	-	199,093	
Fund Balance, June 30, 2007	\$ 1,549,249	\$ 582	\$ (50,389)	\$ (457)	\$ (699,083)	\$ (1,585,000)	\$ 23,268	\$ (1,394)	\$ 279,735	\$ 112,193	\$ (1,494,990)	\$ (29,788)	\$ (1,101,552)	\$ (249,380)	\$ (29,626)	\$ (2,777,466)	

# TOWN OF HINGHAM

## Combining Balance Sheet - Non-major Governmental Funds

June 30, 2007

### Permanent Funds

	Assets			
	Preservation Projects	Conservation	Town Funds	Total
Cash and equivalents	\$ 59,239	\$ 140,345	\$ 96,652	\$ 296,236
Investment securities at fair value	-	6,462	954,617	961,079
<b>Total Assets</b>	<b>\$ 59,239</b>	<b>\$ 146,807</b>	<b>\$ 1,051,269</b>	<b>\$ 1,257,315</b>

### Liabilities and Fund Balances

	Expendable Trust Funds			Town Funds	Total
	Preservation Projects	Conservation	Conservation	Town Funds	Total
Warrants payable	\$ -	-	-	-	\$ -
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balances:					
Unreserved:					
Undesignated	59,239	146,807	-	1,051,269	1,257,315
<b>Total Fund Balances</b>	<b>59,239</b>	<b>146,807</b>	<b>-</b>	<b>1,051,269</b>	<b>1,257,315</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 59,239</b>	<b>\$ 146,807</b>	<b>\$ 146,807</b>	<b>\$ 1,051,269</b>	<b>\$ 1,257,315</b>

# TOWN OF HINGHAM

## Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Permanent Funds

For the Year Ended June 30, 2007

	Preservation Projects	Conservation	Town Funds	Total
<b>Revenues:</b>				
Departmental and other income	\$ 12,732	\$ -	\$ 45,790	\$ 58,522
Investment income	<u>2,037</u>	<u>5,196</u>	<u>54,276</u>	<u>61,509</u>
<b>Total Revenues</b>	<u>14,769</u>	<u>5,196</u>	<u>100,066</u>	<u>120,031</u>
<b>Expenditures:</b>				
Current:				
Miscellaneous	<u>2,896</u>	<u>6,477</u>	<u>44,557</u>	<u>53,930</u>
<b>Total Expenditures</b>	<u>2,896</u>	<u>6,477</u>	<u>44,557</u>	<u>53,930</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>11,873</u>	<u>(1,281)</u>	<u>55,509</u>	<u>66,101</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	397,144	397,144
Transfers out	-	-	<u>(111,486)</u>	<u>(111,486)</u>
<b>Total Net Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>285,658</u>	<u>285,658</u>
<b>Net Change in Fund Balance</b>	<u>11,873</u>	<u>(1,281)</u>	<u>341,167</u>	<u>351,759</u>
Fund Balances, June 30, 2006	<u>47,366</u>	<u>148,088</u>	<u>710,102</u>	<u>905,556</u>
<b>Fund Balances, June 30, 2007</b>	<u>\$ 59,239</u>	<u>\$ 146,807</u>	<u>\$ 1,051,269</u>	<u>\$ 1,257,315</u>

# TOWN OF HINGHAM

## Combining Schedule of Changes in Assets and Liabilities Agency Funds

For the Year Ended June 30, 2007

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
<b>Conservatory Park:</b>				
<b>Assets:</b>				
Cash and equivalents	\$ 110,173	\$ -	\$ -	\$ 110,173
<b>Liabilities:</b>				
Other liabilities	\$ 110,173	\$ -	\$ -	\$ 110,173
<b>Other Town Funds:</b>				
<b>Assets:</b>				
Cash and equivalents	\$ 378,387	\$ 1,132,237	\$ (1,081,666)	\$ 428,958
<b>Liabilities:</b>				
Warrants payable	\$ 3,910	\$ 11,852	\$ (3,910)	\$ 11,852
Accrued liabilities	21,034	20,812	(21,034)	20,812
Other liabilities	<u>353,443</u>	<u>1,099,573</u>	<u>(1,056,722)</u>	<u>396,294</u>
<b>Total Liabilities</b>	<u>\$ 378,387</u>	<u>\$ 1,132,237</u>	<u>\$ (1,081,666)</u>	<u>\$ 428,958</u>
<b>Total Agency Funds:</b>				
<b>Assets:</b>				
Cash and equivalents	<u>\$ 488,560</u>	<u>\$ 1,132,237</u>	<u>\$ (1,081,666)</u>	<u>\$ 539,131</u>
<b>Liabilities:</b>				
Warrants payable	\$ 3,910	\$ 11,852	\$ (3,910)	\$ 11,852
Accrued liabilities	21,034	20,812	(21,034)	20,812
Other liabilities	<u>353,443</u>	<u>1,099,573</u>	<u>(1,056,722)</u>	<u>506,467</u>
<b>Total Liabilities</b>	<u>\$ 378,387</u>	<u>\$ 1,132,237</u>	<u>\$ (1,081,666)</u>	<u>\$ 539,131</u>

# TOWN OF HINGHAM

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2007

	Sewer Maintenance Fund			
	Budgeted Amounts		Actual	
	Original Budget	Final Budget	Actual Budgetary Amounts	Variance Over/(Under)
<b>Revenues:</b>				
Real estate and personal property taxes,				
Motor vehicle and other excise taxes				
net of tax refunds	\$ -		\$ -	\$ -
Licenses and permits	-	-	-	-
Penalties and interest	-	-	-	-
Investment income	-	-	-	-
Other income	-	-	19,727	19,727
Charges for service	1,725,000	1,725,000	1,593,090	(131,910)
Intergovernmental	-	-	-	-
<b>Total Revenues</b>	<u>1,725,000</u>	<u>1,725,000</u>	<u>1,612,817</u>	<u>(112,183)</u>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Education	-	-	-	-
Public works	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Pension benefits	-	-	-	-
Group health insurance	-	-	-	-
Miscellaneous	-	-	-	-
Sewer	1,866,342	1,902,039	1,869,602	32,437
Debt service	115,422	115,422	77,376	38,046
Intergovernmental	-	-	-	-
State and county assessments	-	-	-	-
<b>Total Expenditures</b>	<u>1,981,764</u>	<u>2,017,461</u>	<u>1,946,978</u>	<u>70,483</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(256,764)</u>	<u>(292,461)</u>	<u>(334,161)</u>	<u>(41,700)</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses):</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>\$ (256,764)</u>	<u>\$ (292,461)</u>	<u>\$ (334,161)</u>	<u>\$ (41,700)</u>

# TOWN OF HINGHAM

## Notes to Supplementary Information

June 30, 2007

Note 1- **Stewardship, Compliance and Accountability**

A. Budgetary Information

The annual budget for the sewer fund for fiscal year 2007 was approved and authorized for \$1,981,764. During fiscal year 2007 the Town approved supplemental appropriations totaling \$35,697.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS***

Board of Selectmen  
Town of Hingham  
Hingham, Massachusetts

We have audited the financial statements of the Town of Hingham, Massachusetts, as of and for the year ended June 30, 2007, and have issued our report thereon dated September 21, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Hingham's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Town's financial statements. The combining and individual non-major fund financial statements and the individual budgetary comparison schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of the Town's management. The combining and individual non-major fund financial statements and the individual budgetary comparison schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The letter of transmittal and the information in the statistical section of this report are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such additional information has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we express no opinion on them.

In accordance with Government Auditing Standards, we have also issued a report dated September 21, 2007 on our consideration of the Town of Hingham's internal control structure and on its compliance with laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

O'Connor's Dred P.C.

**Certified Public Accountants**

September 21, 2007



# **STATISTICAL SECTION**

**TOWN OF HINGHAM  
NET ASSETS BY COMPONENT  
LAST FIVE FISCAL YEARS**

	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental Activities</b>					
Invested in capital assets, net of related debt	\$38,551,877	\$38,073,230	\$37,754,728	\$52,330,548	\$65,883,656
Restricted	10,805,608	9,182,662	616,664	1,104,659	1,339,197
Unrestricted	4,116,795	5,986,192	14,434,337	17,896,855	15,576,261
<b>Total governmental activities net assets</b>	<u>\$53,474,280</u>	<u>\$53,242,084</u>	<u>\$52,805,729</u>	<u>\$71,332,062</u>	<u>\$82,799,114</u>
<b>Business-type Activities</b>					
Invested in capital assets, net of related debt	\$7,264,723	\$20,526,999	\$7,514,483	\$7,620,461	\$7,704,708
Restricted	0	3,227,745	0	0	0
Unrestricted	727,371	6,583,349	524,218	285,439	(311,897)
<b>Total business-type activities net assets</b>	<u>\$7,992,094</u>	<u>\$30,338,093</u>	<u>\$8,038,701</u>	<u>\$7,905,900</u>	<u>\$7,392,811</u>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$45,816,600	\$58,600,229	\$45,269,211	\$59,951,009	\$73,588,364
Restricted	10,805,608	12,410,407	616,664	1,104,659	1,339,197
Unrestricted	4,844,166	12,569,541	14,958,555	18,182,294	15,264,364
<b>Total primary government activities net assets</b>	<u>\$61,466,374</u>	<u>\$83,580,177</u>	<u>\$60,844,430</u>	<u>\$79,237,962</u>	<u>\$90,191,925</u>

**TOWN OF HINGHAM  
CHANGES IN NET ASSETS  
LAST FIVE FISCAL YEARS**

	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Expenses</b>					
<b>Governmental activities:</b>					
General Government	\$ 3,171,254	\$ 3,863,297	\$ 3,778,376	\$ 3,760,874	\$ 5,624,069
Public safety	8,253,539	10,009,778	10,663,719	12,304,222	11,960,717
Education	33,974,567	35,386,466	38,635,348	42,805,299	43,304,982
Public Works	6,202,446	6,439,533	7,470,192	8,412,191	8,200,864
Group Health Insurance	2,085,192	2,502,730	2,752,529	3,289,713	3,317,028
Human Services	816,385	883,123	1,063,810	1,000,201	1,012,853
Culture and recreation	494,975	2,028,025	2,108,078	3,003,193	2,475,760
Pension benefits	2,125,349	-	-	-	-
Miscellaneous	1,800,341	2,404,699	3,045,493	-	-
Unallocated interest on long term debt	2,361,071	2,345,358	2,173,466	2,058,722	1,921,911
State and county charges	1,521,000	1,656,636	1,926,044	-	-
Total Governmental activities expenses	<u>62,806,119</u>	<u>67,519,645</u>	<u>73,617,055</u>	<u>76,634,415</u>	<u>\$ 77,818,184</u>
<b>Business-type activities:</b>					
Country Club	1,309,526	1,331,818	1,268,252	1,351,046	1,714,813
Total business-type activities expenses	<u>1,309,526</u>	<u>1,331,818</u>	<u>1,268,252</u>	<u>1,351,046</u>	<u>1,714,813</u>
Total primary government expenses	<u>\$ 64,115,645</u>	<u>\$ 68,851,463</u>	<u>\$ 74,885,307</u>	<u>\$ 77,985,461</u>	<u>\$ 79,532,997</u>
<b>Program Revenues</b>					
<b>Governmental activities:</b>					
<b>Charges for services:</b>					
General government	\$ 1,050,315	\$ 1,351,087	\$ 1,594,548	\$ 1,694,778	\$ 1,945,541
Public safety	-	1,682,616	2,277,532	2,129,662	1,454,445
Education	1,416,600	1,588,568	1,665,159	1,693,845	1,790,130
Public Works	1,672,788	1,697,531	1,474,903	1,696,892	1,835,713
Human Services	-	82,740	86,100	83,180	83,835
Operating grants and contributions	1,359,548	1,724,718	2,317,009	2,335,920	2,308,220
Capital grants and contributions	-	-	-	-	-
Total Governmental activities program revenues	<u>5,499,251</u>	<u>8,127,260</u>	<u>9,415,251</u>	<u>9,634,277</u>	<u>9,417,884</u>
<b>Business-type activities:</b>					
<b>Charges for services:</b>					
Country Club	1,559,811	1,555,091	1,520,687	1,527,265	1,516,724
Total business-type activities program revenues	<u>1,559,811</u>	<u>1,555,091</u>	<u>1,520,687</u>	<u>1,527,265</u>	<u>1,516,724</u>
Total primary government revenues	<u>\$ 7,059,062</u>	<u>\$ 9,682,351</u>	<u>\$ 10,935,938</u>	<u>\$ 11,161,542</u>	<u>\$ 10,934,608</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	(57,306,868)	(59,392,385)	(64,201,804)	(67,000,138)	(68,400,300)
Business-type activities	250,285	223,273	252,435	176,219	(198,089)
Total primary government net expense	<u>\$(57,056,583)</u>	<u>\$(59,169,112)</u>	<u>\$(63,949,369)</u>	<u>\$(66,823,919)</u>	<u>\$(68,598,389)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
<b>Governmental activities:</b>					
Taxes	\$ 42,813,268	\$ 44,463,797	\$ 47,500,326	\$ 52,296,707	\$ 52,501,871
Licenses and fees	783,112	-	-	-	-
Unrestricted grants and contributions	12,163,587	12,717,178	14,108,355	12,111,270	13,456,536
Penalties and interest on taxes	284,557	335,005	340,133	347,513	385,993
Investment earnings	382,018	249,899	570,971	982,239	1,297,867
Miscellaneous	891,707	1,047,100	1,060,264	1,656,083	1,774,657
Resources expenses for componet unit	(1,138,296)	-	-	-	-
Transfers	161,100	188,950	185,400	290,970	304,100
Total Governmental activities	<u>56,341,053</u>	<u>59,001,929</u>	<u>63,765,449</u>	<u>67,684,782</u>	<u>69,721,024</u>
<b>Business-type activities:</b>					
Country Club	-	-	-	-	-
Investment earnings	(17,097)	(60,441)	(24,272)	(18,050)	(10,900)
Transfers	(161,100)	(188,950)	(185,400)	(290,970)	(304,100)
Total business-type activities expenses	<u>(178,197)</u>	<u>(249,391)</u>	<u>(209,672)</u>	<u>(309,020)</u>	<u>(315,000)</u>
Total primary government	<u>\$ 56,162,856</u>	<u>\$ 58,752,538</u>	<u>\$ 63,555,777</u>	<u>\$ 67,375,762</u>	<u>\$ 69,406,024</u>
<b>Changes in Net Assets</b>					
Governmental activities	\$ (965,815)	\$ (390,456)	\$ (436,355)	\$ 684,644	\$ 1,320,724
Business-type activities	72,088	(26,118)	42,763	(132,801)	(513,089)
Total primary government	<u>\$(893,727)</u>	<u>\$(416,574)</u>	<u>\$(393,592)</u>	<u>\$ 551,843</u>	<u>\$ 807,635</u>

**TOWN OF HINGHAM  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST FIVE FISCAL YEARS**

	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General fund					
Reserved	\$ 5,330,736	\$ 3,251,371	\$ 4,346,561	\$ 1,682,516	\$1,915,431
Unreserved	<u>4,431,052</u>	<u>5,760,866</u>	<u>4,662,890</u>	<u>7,900,614</u>	<u>6,889,077</u>
Total general fund	<u>\$ 9,761,788</u>	<u>\$ 9,012,237</u>	<u>\$ 9,009,451</u>	<u>\$ 9,583,130</u>	<u>\$ 8,804,508</u>
All Other Governmental Funds					
Reserved					
Unreserved, Reported in					
Special revenue funds	2,744,433	3,766,046	5,261,069	6,236,294	5,804,547
Capital project funds	2,148,526	937,214	(398,742)	199,093	(3,055,409)
Permanent funds	<u>424,639</u>	<u>1,228,031</u>	<u>1,015,406</u>	<u>905,556</u>	<u>1,257,315</u>
Total all other governmental funds	<u>\$ 5,317,598</u>	<u>\$ 5,931,291</u>	<u>\$ 5,877,733</u>	<u>\$ 7,340,943</u>	<u>\$ 4,006,453</u>

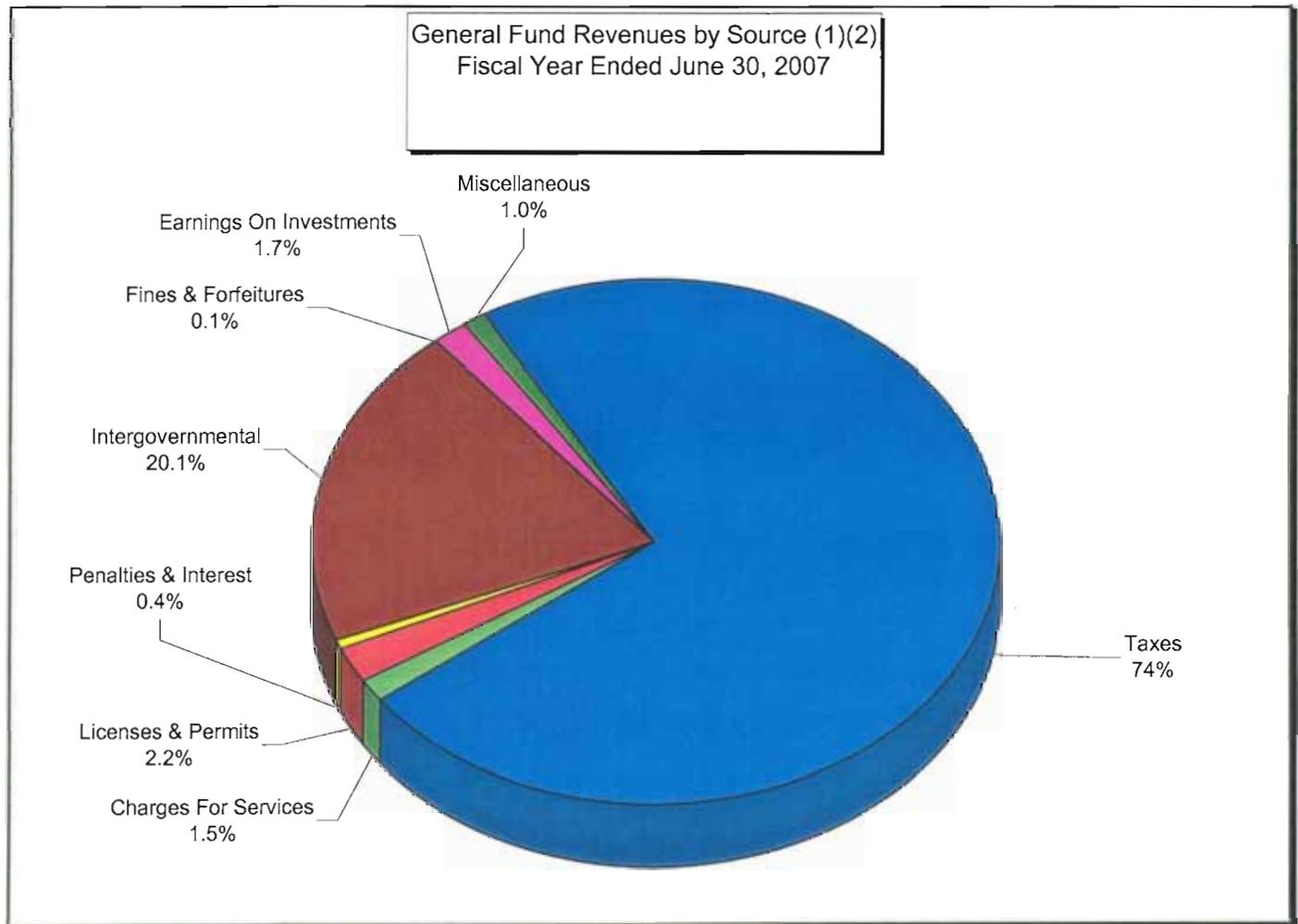
**TOWN OF HINGHAM  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST FIVE FISCAL YEARS**

	<b>FISCAL YEAR</b>				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>REVENUES</b>					
Taxes	\$ 42,913,930	\$ 45,732,781	\$ 48,094,223	\$ 51,523,864	\$ 53,645,306
Licenses and fees	783,112	1,841,699	2,443,941	2,306,958	1,629,756
Intergovernmental	13,922,750	14,258,972	16,143,996	16,178,632	17,999,121
Charges for services	3,558,155	3,825,415	4,092,192	4,018,802	3,622,749
Investment income	382,018	249,899	570,971	982,239	1,297,867
Other revenues	<u>2,112,186</u>	<u>2,273,472</u>	<u>2,395,302</u>	<u>3,425,582</u>	<u>4,159,838</u>
Total Revenues	<u>63,672,151</u>	<u>68,182,238</u>	<u>73,740,625</u>	<u>78,436,077</u>	<u>82,354,637</u>
<b>EXPENDITURES</b>					
General government	2,835,805	3,216,032	3,118,360	2,741,008	4,892,360
Public safety	8,241,068	8,493,836	9,223,025	10,095,403	10,482,700
Education	32,487,154	34,055,595	37,097,463	39,934,182	41,652,980
Public works	6,470,061	5,862,837	6,544,382	6,437,669	6,783,898
Human services	815,610	808,487	986,998	889,787	926,127
Culture and recreation	410,732	1,666,566	1,727,611	1,847,199	1,991,870
Pension benefits	2,125,349	2,206,705	2,290,770	2,587,077	2,667,706
Group health insurance	2,085,192	2,502,730	2,752,529	3,289,713	3,317,028
Miscellaneous	1,848,032	2,677,031	3,122,050	2,065,175	6,509,842
Intergovernmental	1,521,000	1,656,636	1,926,044	2,193,591	2,611,818
Debt service					
Principal	2,971,730	2,983,590	2,985,566	3,000,003	2,974,348
Interest	<u>2,401,441</u>	<u>2,377,001</u>	<u>2,207,571</u>	<u>2,088,551</u>	<u>1,961,172</u>
Total expenditures	<u>64,213,174</u>	<u>68,507,046</u>	<u>73,982,369</u>	<u>77,169,358</u>	<u>86,771,849</u>
Excess of revenues over (under) expenditures	\$ (541,023)	\$ (324,808)	\$ (241,744)	\$ 1,266,719	\$ (4,417,212)
Ratio of Annual Debt Service to Expenditures	8.90%	8.60%	7.80%	7.20%	6.70%
<b>Other Financing Sources (Uses)</b>					
Proceeds from borrowing	201,950			479,200	
Transfers in	1,429,151	2,502,617	2,005,661	2,380,023	3,703,437
Transfers out	<u>(2,406,347)</u>	<u>(2,313,667)</u>	<u>(1,820,261)</u>	<u>(2,089,053)</u>	<u>(3,399,337)</u>
Total other financing sources (uses)	<u>(775,246)</u>	<u>188,950</u>	<u>185,400</u>	<u>770,170</u>	<u>304,100</u>
Net change in fund balances	<u>(1,316,269)</u>	<u>(135,858)</u>	<u>(56,344)</u>	<u>2,036,889</u>	<u>(4,113,112)</u>



TOWN OF HINGHAM  
GENERAL FUND REVENUES BY SOURCE (1)(2)  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Taxes(3)	Charges For Services	Licenses & Permits	Inter-governmental	Penalties & Interest	Fines & Forfeitures	Earnings On Investments	Misc.	Total
1998	34,239	336	312	4,283	268	121	628	47	40,233
1999	35,469	327	426	4,856	329	121	1,579	100	43,207
2000	37,433	368	573	5,679	240	108	1,294	287	45,980
2001	39,415	479	510	6,276	189	88	1,333	590	48,880
2002	41,693	608	668	8,714	241	80	1,193	280	53,476
2003	42,914	602	783	12,176	216	69	366	317	57,443
2004	45,733	643	1,842	11,724	214	120	239	315	60,829
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



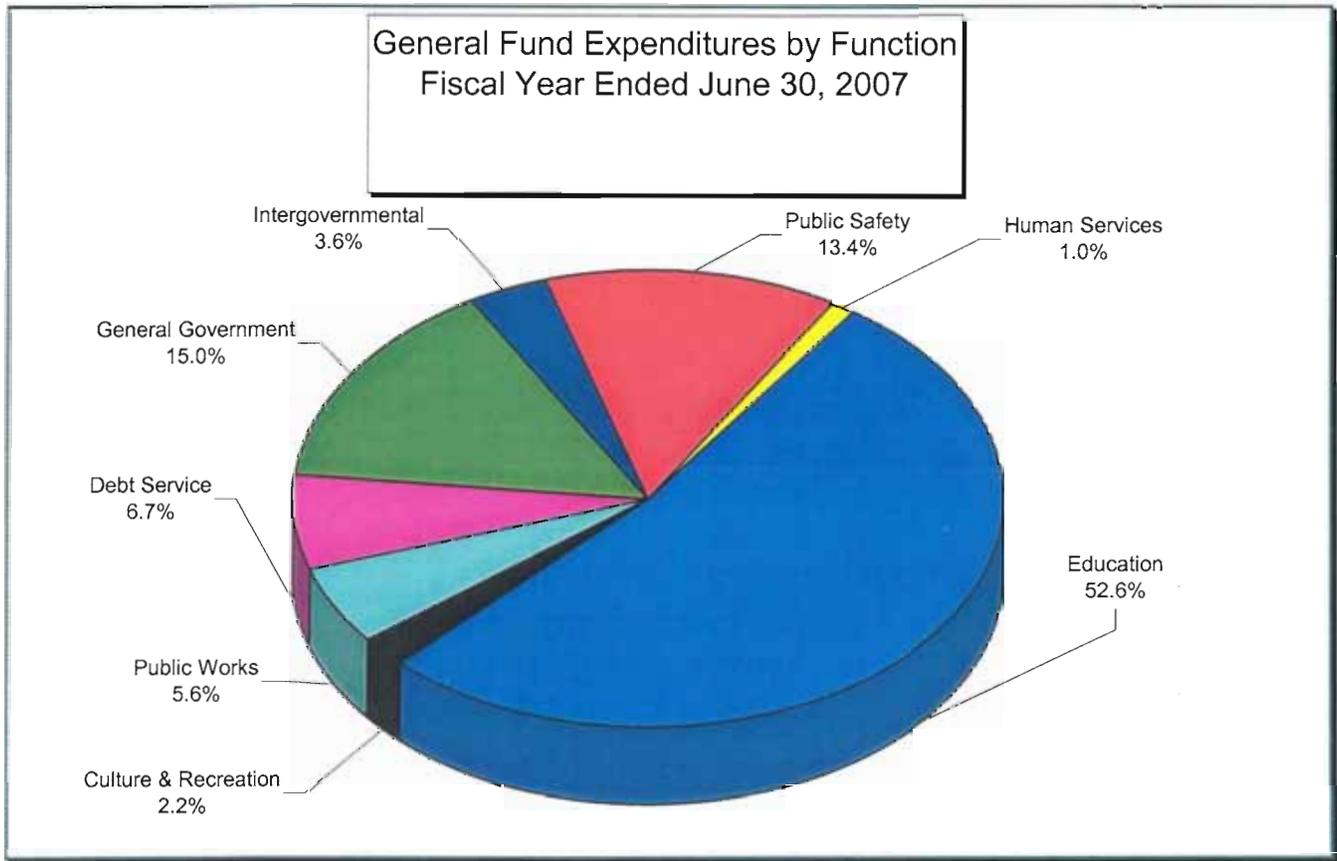
(1) All amounts in thousands (000's).

(2) Excluding operating transfers in.

(3) Includes real estate, personal, motor vehicle and other taxes.

TOWN OF HINGHAM  
 GENERAL FUND EXPENDITURES BY FUNCTION  
 LAST TEN FISCAL YEARS (1)

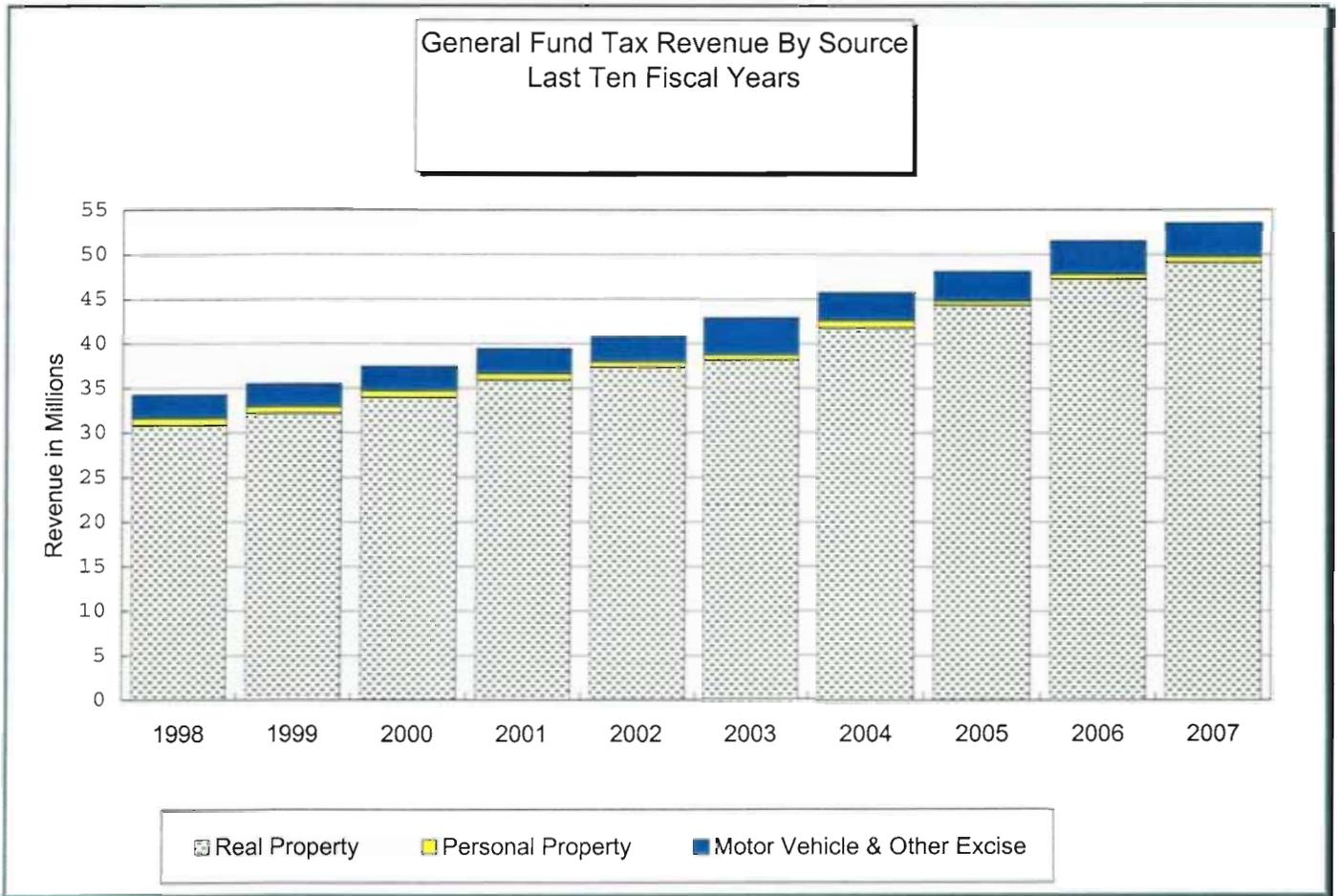
Fiscal Year Ended June 30	General Government(2)	Public Safety	Education	Public Works	Human Services	Culture & Recreation	Inter-governmental	Debt Service	Total
1998	5,855	6,332	19,583	2,377	315	71	1,312	222	36,066
1999	6,464	6,570	21,182	2,585	356	110	1,389	938	39,595
2000	6,816	7,291	22,548	3,867	367	129	1,411	2,339	44,768
2001	7,328	7,093	23,653	3,810	425	136	1,394	2,806	46,646
2002	7,292	7,385	25,190	3,811	526	174	1,364	4,137	49,879
2003	7,615	7,954	30,054	4,308	596	172	1,521	5,272	57,491
2004	8,030	7,996	31,204	4,050	594	1,344	1,657	5,141	60,014
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



(1) All amounts in thousands (000's).  
 (2) Includes employee benefits and miscellaneous

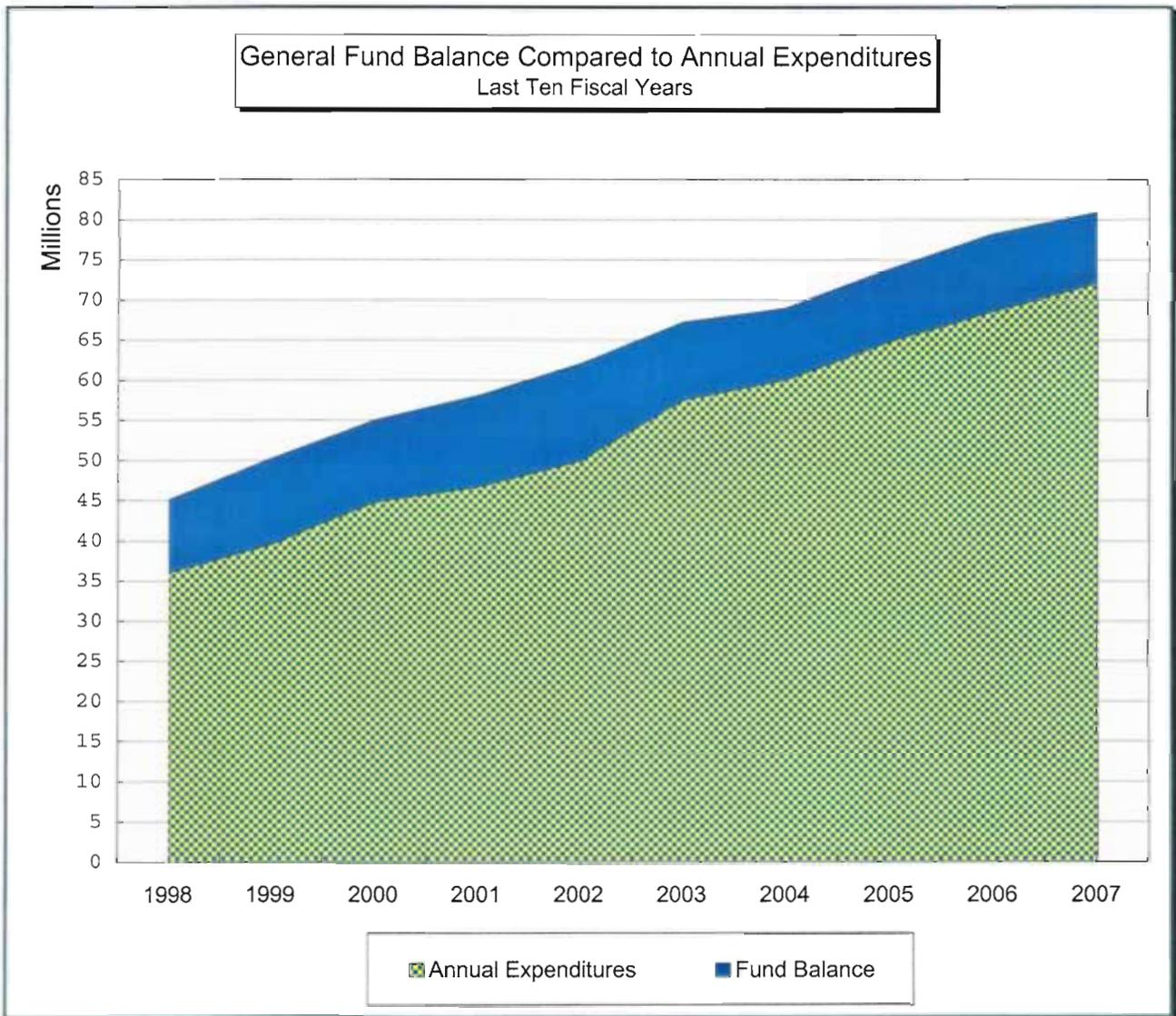
TOWN OF HINGHAM  
GENERAL FUND TAX REVENUE BY SOURCE  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Real Property	Personal Property	Motor Vehicle & Other Excise	Total
1998	30,813,791	813,086	2,611,760	34,238,637
1999	32,147,646	781,891	2,539,364	35,468,901
2000	33,915,720	782,741	2,734,172	37,432,633
2001	35,867,787	745,087	2,801,741	39,414,615
2002	37,309,524	625,711	2,783,268	40,718,503
2003	38,110,592	630,114	4,173,224	42,913,930
2004	41,723,063	874,984	3,134,734	45,732,781
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



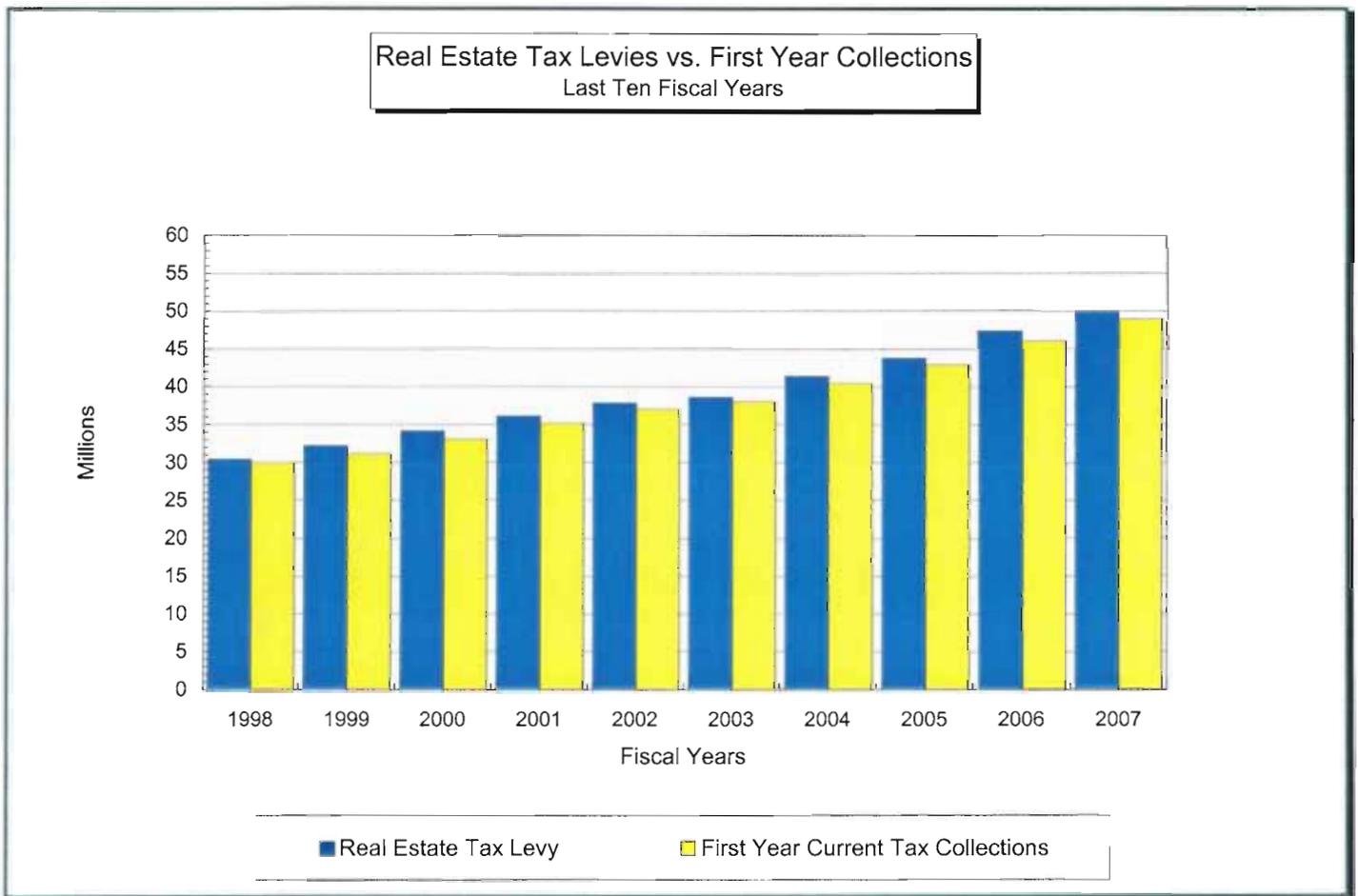
**TOWN OF HINGHAM  
GENERAL FUND BALANCE COMPARED TO ANNUAL EXPENDITURES  
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended June 30</u>	<u>Fund Balance</u>	<u>Annual Expenditures</u>	<u>Balance as % of Expenditures</u>
1998	9,023,265	36,066,225	25.02%
1999	10,593,275	39,594,671	26.75%
2000	10,238,139	44,767,581	22.87%
2001	11,387,861	46,645,766	24.41%
2002	12,158,407	49,879,152	24.38%
2003	9,761,788	57,490,513	16.98%
2004	9,012,237	60,014,608	15.02%
2005	9,009,451	64,818,332	13.90%
2006	9,583,130	68,614,807	13.97%
2007	8,804,508	72,043,499	12.22%



**TOWN OF HINGHAM  
REAL ESTATE TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended June 30</u>	<u>Real Estate Tax Levy (1)</u>	<u>First Year Current Tax Collections (2)</u>	<u>Percent of Collected</u>	<u>Delinquent Levy Tax Collections</u>
1998	30,438,135	29,994,894	98.5%	118,678
1999	32,181,705	31,154,307	96.8%	210,031
2000	34,141,328	33,068,507	96.9%	200,031
2001	36,110,458	35,156,713	97.4%	109,278
2002	37,855,230	37,052,381	97.9%	126,626
2003	38,634,634	38,052,681	98.5%	48,423
2004	41,411,391	40,475,483	97.7%	109,179
2005	43,844,609	42,972,135	98.0%	66,592
2006	47,394,032	46,131,746	97.3%	149,335
2007	49,861,711	49,102,357	98.5%	173,488

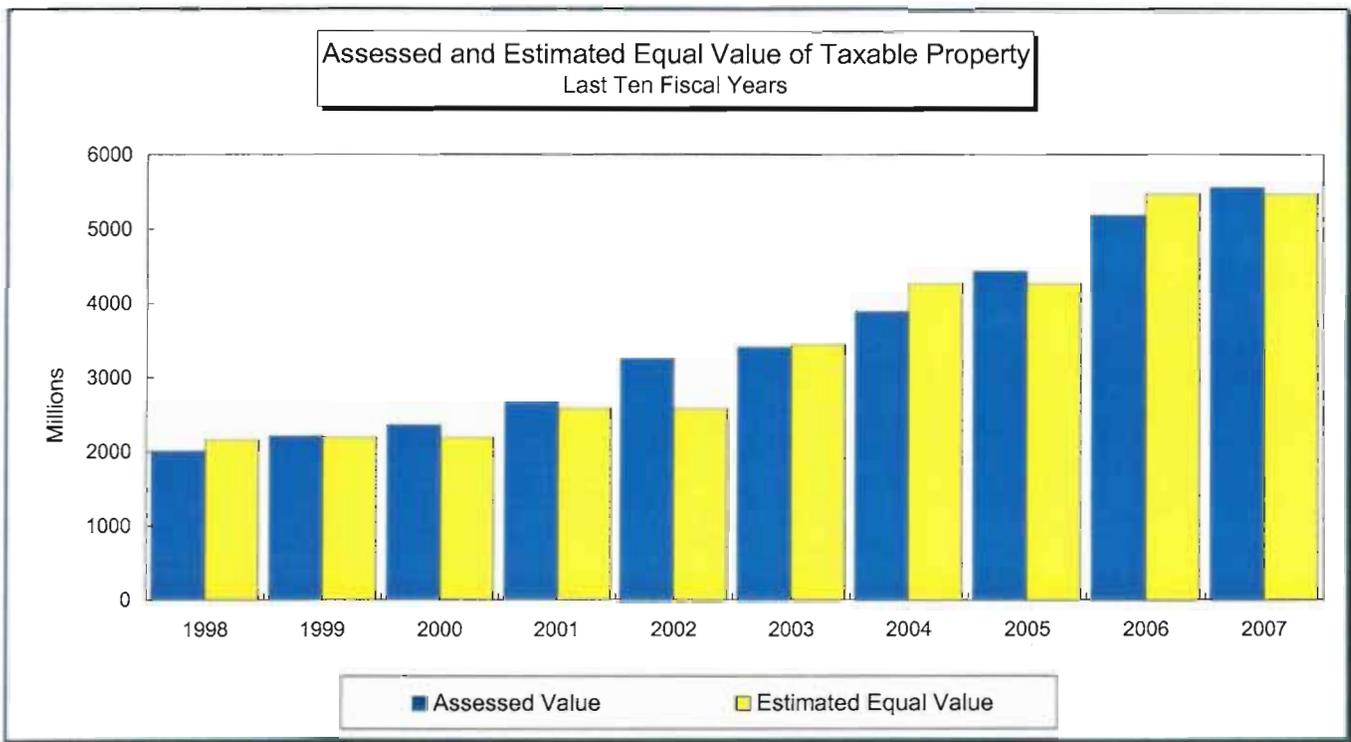


(1) Real Estate Tax Levy net of allowance for abatements and refunds.

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

**TOWN OF HINGHAM  
 ASSESSED AND ESTIMATED EQUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Assessed Value (1)	Estimated Equal Value (2)	As Of	Assessed Value to Estimated Equal Value	Direct Rate
1998	2,014,467,876	2,162,057,700	01/01/1997	93.2%	15.70
1999	2,213,907,480	2,191,461,700	01/01/1998	101.0%	14.74
2000	2,360,625,044	2,191,461,700	01/01/1998	107.7%	14.61
2001	2,654,902,440	2,588,869,000	01/01/2000	102.6%	13.75
2002	3,263,821,350	2,588,869,000	01/01/2000	126.1%	11.72
2003	3,416,302,980	3,449,880,000	01/01/2002	99.0%	11.47
2004	3,897,620,840	4,273,602,000	01/01/2004	91.2%	10.68
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



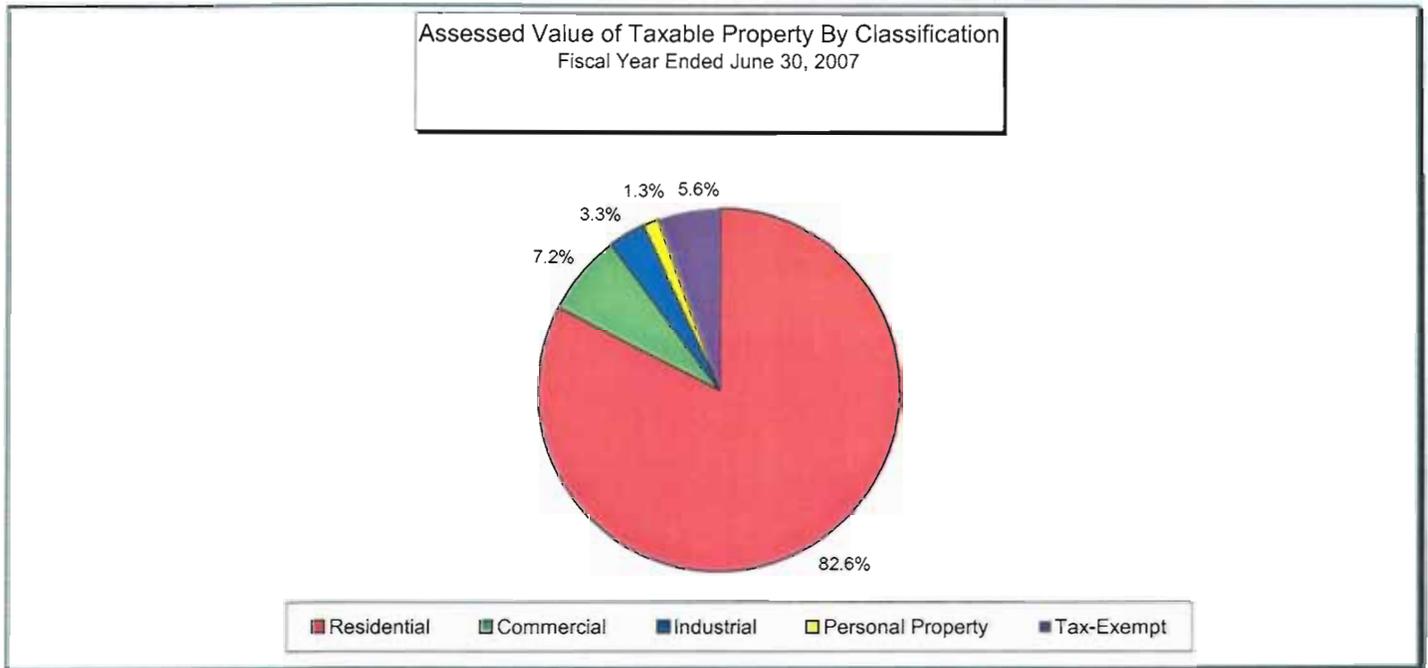
Source: Assessors Department, Town of Hingham

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

(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."

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

Fiscal Year Ended June 30 (2)	Residential Valuation	Commercial Valuation	Industrial Valuation	Personal Property Valuation	Less: Tax-Exempt Property	Total Valuation
1998	1,696,076,557	154,231,046	111,163,273	52,997,000	310,077,300	1,704,390,576
1999	1,859,786,771	186,650,447	114,350,482	53,119,780	310,077,300	1,903,830,180
2000	2,009,206,664	184,860,278	113,285,982	53,272,120	310,932,500	2,049,692,544
2001	2,291,626,641	195,458,633	113,038,026	54,779,140	312,071,400	2,342,831,040
2002	2,844,936,015	221,833,805	143,584,280	53,467,250	313,242,000	2,950,579,350
2003	2,968,345,775	244,125,645	149,690,680	54,140,880	314,993,100	3,101,309,880
2004	3,445,300,065	229,436,735	153,148,500	69,735,540	315,970,600	3,581,650,240
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
10 yr avg	\$3,050,206,907	\$247,149,973	\$145,636,155	\$59,332,981	\$316,518,390	\$3,185,807,625

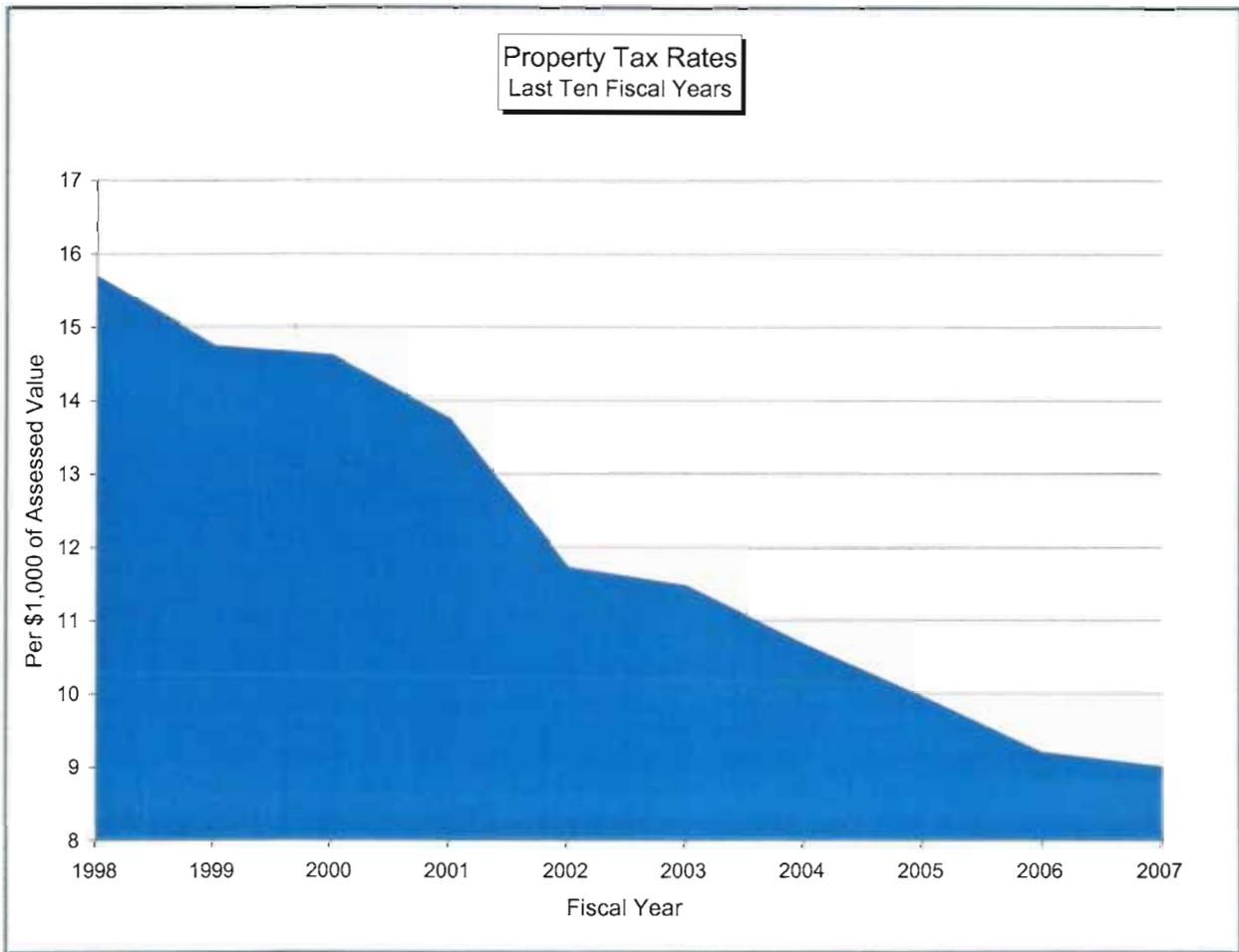


Source: Assessors Department, Town of Hingham

- (1) Assessed valuations are determined annually as of January 1 and used for the fiscal 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; 1993, 1996, 1999, 2002 and 2005.

TOWN OF HINGHAM  
 PROPERTY TAX RATES (1)  
 PER \$1000.00 OF ASSESSED VALUE  
 LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	<u>Residential</u>	<u>Commercial (2)</u>	<u>Industrial (2)</u>	<u>Personal</u>
1998	15.70	15.70	15.70	15.70
1999	14.74	14.74	14.74	14.74
2000	14.61	14.61	14.61	14.61
2001	13.75	13.75	13.75	13.75
2002	11.72	11.72	11.72	11.72
2003	11.47	11.47	11.47	11.47
2004	10.68	10.68	10.68	10.68
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



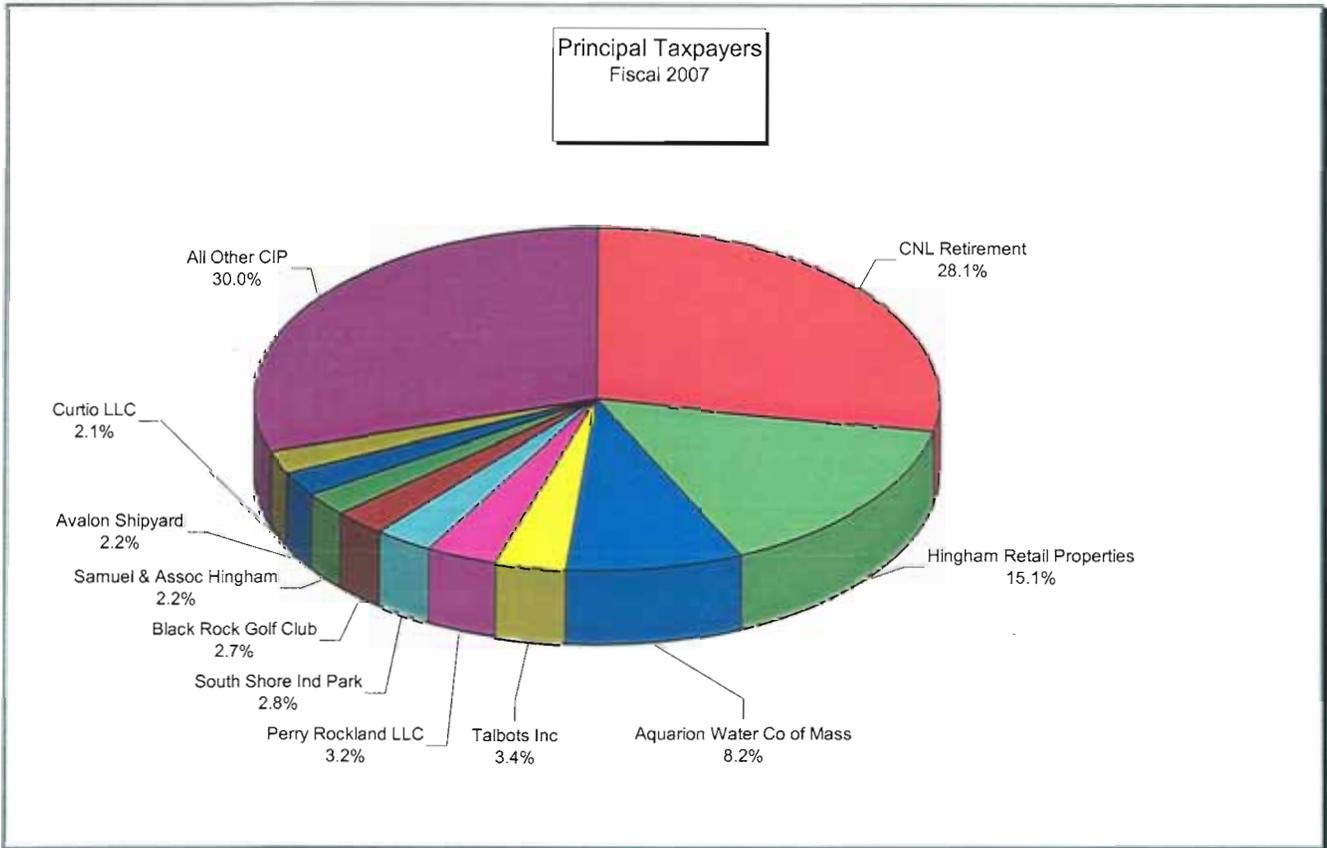
SOURCE: Assessor's Department, Town of Hingham

(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.

TOWN OF HINGHAM  
 PRINCIPAL TAXPAYERS(1)  
 CURRENT FISCAL YEAR AND NINE YEARS AGO

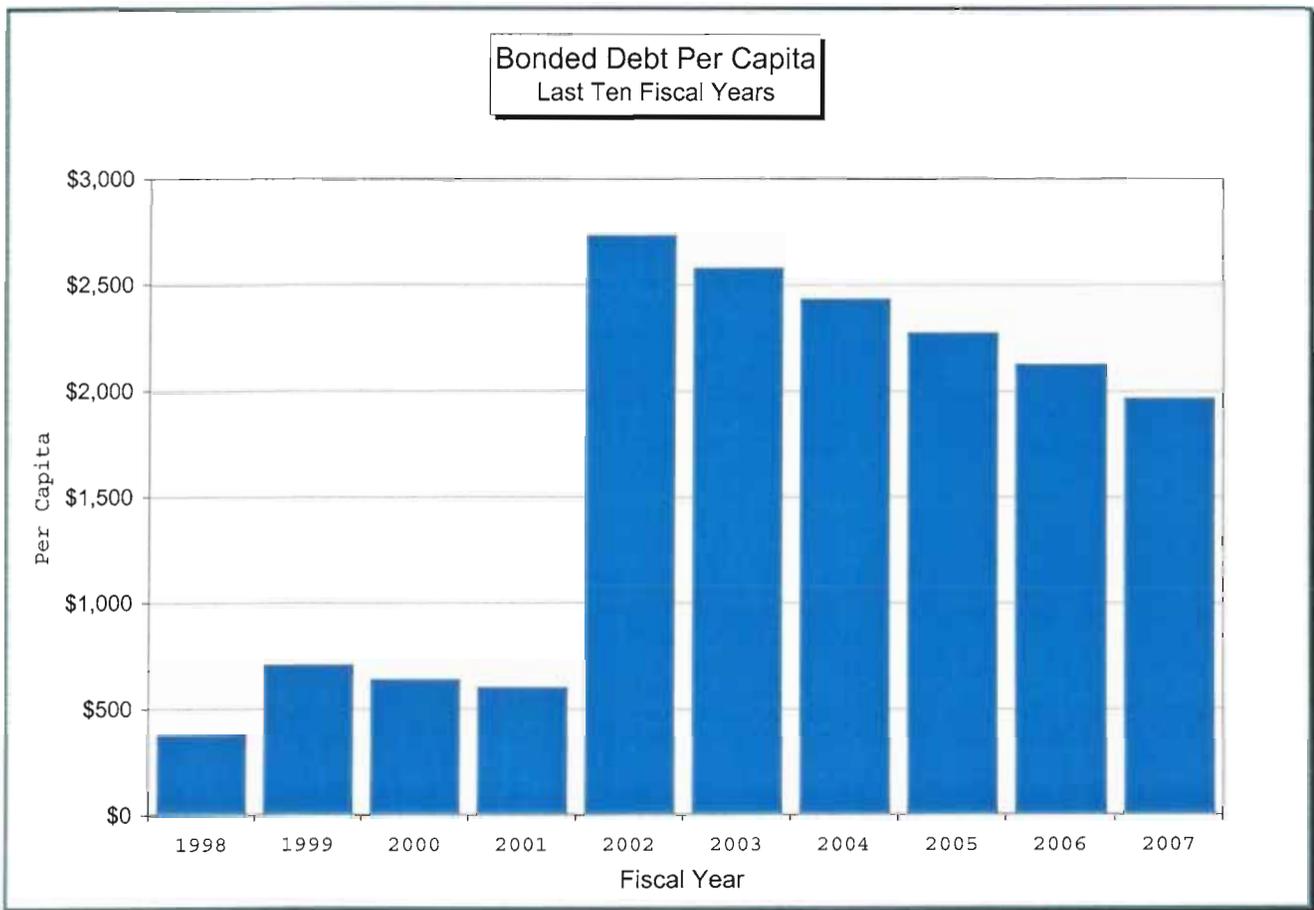
<u>2007</u>					<u>1998</u>		
<u>Taxpayer</u>	<u>Type of Business</u>	<u>Valuation</u>	% of		<u>Taxpayer</u>	<u>Type of Business</u>	<u>Valuation</u>
			<u>CIP(2)</u>	<u>Levy(3)</u>			
CNL Retirement	Housing	\$194,410,850	28.1%	3.5%	Mass American Water	Utility	\$39,256,760
Hingham Retail Properties	Mall	\$104,320,000	15.1%	1.9%	Nynex	Utility	\$13,793,300
Aquarion Water Co of Mass	Utilities	\$56,659,240	8.2%	1.0%	SS Industrial Park	Industrial Park	\$13,620,000
Talbots Inc	Retail	\$23,697,540	3.4%	0.4%	Thomas J. Flatley	Office Bldg.	\$11,514,800
Perry Rockland LLC	Office Building	\$22,390,100	3.2%	0.4%	FNB Boston Trustee	Mall	\$11,039,200
South Shore Ind Park	Land and Building	\$19,217,499	2.8%	0.3%	Hewitts Cove Realty	Shipyards	\$9,658,600
Black Rock Golf Club	Golf	\$18,600,000	2.7%	0.3%	Bare Cove Realty	Office Bldg.	\$9,589,900
Samuel & Assoc Hingham	Land	\$15,284,900	2.2%	0.3%	Talbots	Retail	\$9,567,020
Avalon Shipyards	Land	\$15,079,800	2.2%	0.3%	Curtio LLC	Mall	\$8,183,600
Curtio LLC	Mall	\$14,638,200	2.1%	0.3%	Derby Realty	Office Bldg.	\$6,610,700



{1} SOURCE: Assessor's Department, Town of Hingham  
 {2} Total Commercial, Industrial & Personal Property(CIP) valuation \$692,139,710  
 {3} Total valuation of all property \$5,572,597,140

**TOWN OF HINGHAM  
RATIO OF GENERAL BONDED DEBT  
TO ASSESSED VALUE AND GENERAL BONDED DEBT PER CAPITAL  
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended June 30</u>	<u>Popu- lation</u>	<u>Assessed Valuation (000s)(1)</u>	<u>General Bond Debt (000's)</u>	<u>Ratio of Bonded Debt to Assessed Valuation</u>	<u>Bonded Debt Per Capita</u>
1998	20,235	2,014,468	7,622	0.38%	\$377
1999	20,165	2,213,907	14,302	0.65%	\$709
2000	20,954	2,360,625	13,387	0.57%	\$639
2001	20,762	2,654,902	12,485	0.47%	\$601
2002	20,762	3,263,821	56,746	1.74%	\$2,733
2003	20,898	3,416,303	53,910	1.58%	\$2,580
2004	20,720	3,897,621	50,442	1.29%	\$2,434
2005	20,872	4,436,551	47,483	1.07%	\$2,275
2006	21,095	5,192,464	44,830	0.86%	\$2,125
2007	21,275	5,572,597	41,829	0.75%	\$1,966



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

**TOWN OF HINGHAM  
LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Equalized value established January 1 by Comm of Mass.	\$ 2,162,060	\$ 2,191,460	\$ 2,191,460	\$ 2,588,860	\$ 2,588,860	\$ 3,449,880	\$ 4,273,600	\$ 4,273,600	\$ 5,479,433	\$ 5,479,433
Debt limit	\$ 108,103	\$ 109,573	\$ 109,573	\$ 129,443	\$ 129,443	\$ 172,494	\$ 213,680	\$ 213,680	\$ 273,972	\$ 273,972
Total net debt applicable to limit	<u>3,122</u>	<u>12,481</u>	<u>11,802</u>	<u>11,091</u>	<u>55,546</u>	<u>52,910</u>	<u>49,642</u>	<u>46,883</u>	<u>44,430</u>	<u>41,629</u>
Legal debt margin	<u>\$ 104,981</u>	<u>\$ 97,092</u>	<u>\$ 97,771</u>	<u>\$ 118,352</u>	<u>\$ 73,897</u>	<u>\$ 119,584</u>	<u>\$ 164,038</u>	<u>\$ 166,797</u>	<u>\$ 229,542</u>	<u>\$ 232,343</u>
Total net debt applicable to the limit as a percentage of debt limit	2.89%	11.39%	10.77%	8.57%	42.91%	30.67%	23.23%	21.94%	16.22%	15.19%

(Dollars 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, 2007 the most recent valuation was as of Jan 1, 2006. 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.

TOWN OF HINGHAM  
 COMPUTATION OF OVERLAPPING DEBT  
 June 30, 2007

<u>Fiscal Year Ended June 30</u>	<u>Outstanding Long Term Debt</u>	<u>Hingham's Estimated Share (1)</u>	<u>2007 Dollar Assessment (2)</u>
Plymouth County (3)	\$0	N/A	\$84,622
MWRA (4)	\$3,618,254,000	0.356%	\$1,274,442
MBTA (5)			\$410,993

(1) Estimated share based upon operating expenses.

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

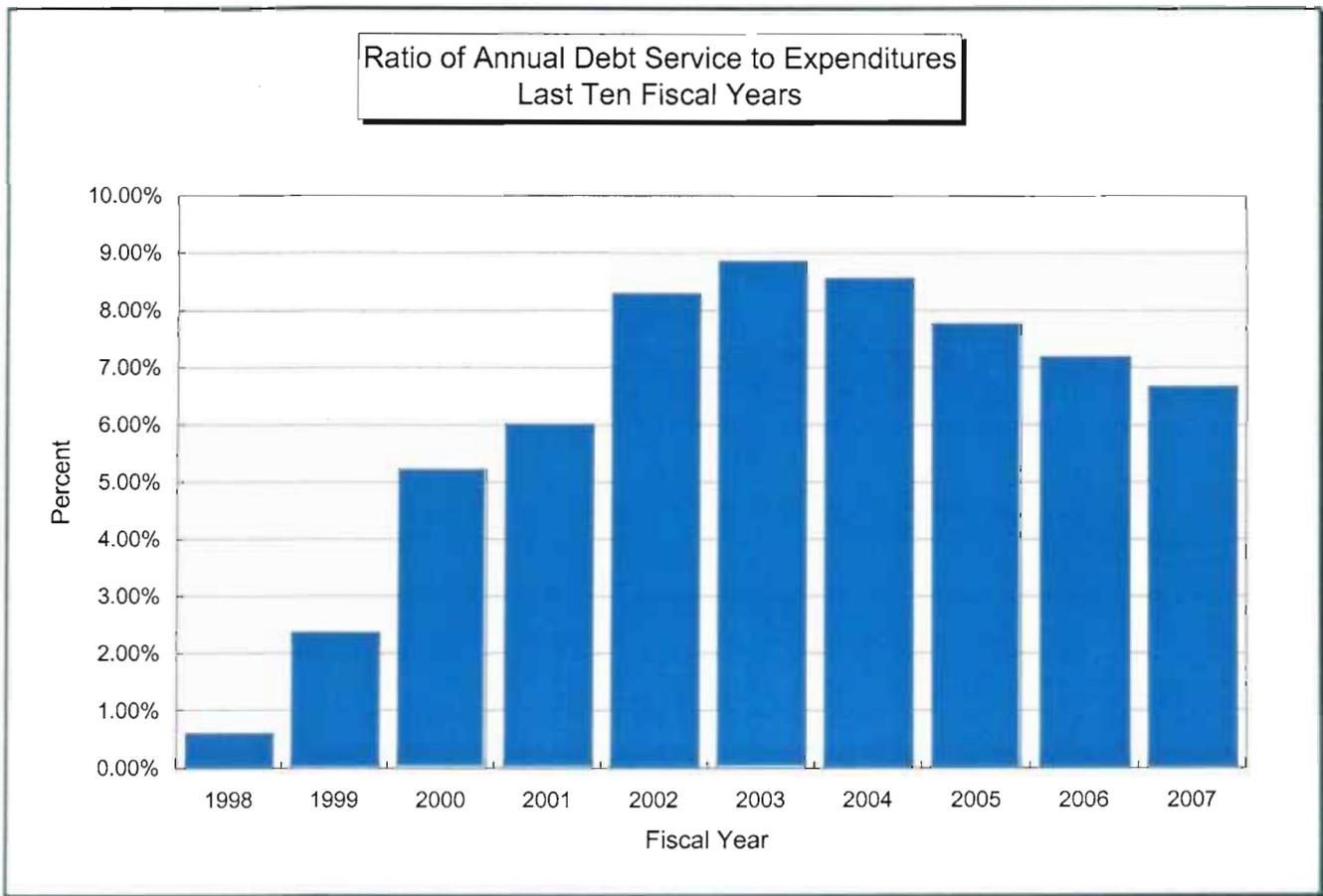
(3) Source: County Treasurer. County expenses, including debt service, are assessed upon the towns within the county in proportion to their taxable valuation.

(4) Source: Massachusetts Water Resources Authority (MWRA). Sewer debt only as of June 30, 2007. 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.

(5) Source: Massachusetts Bay Transportation Authority (MBTA). As part of its Fiscal year 2000 annual appropriations act, Chapter 127 of the Acts of 1999 of the Commonwealth known as "Forward Funding Legislation" the Commonwealth repealed and restated the Prior Act effective July 1, 2000. As of July 1, 2000, the MBTA's 175 member communities are no longer responsible for overlapping debt and are solely responsible for their municipal assessment.

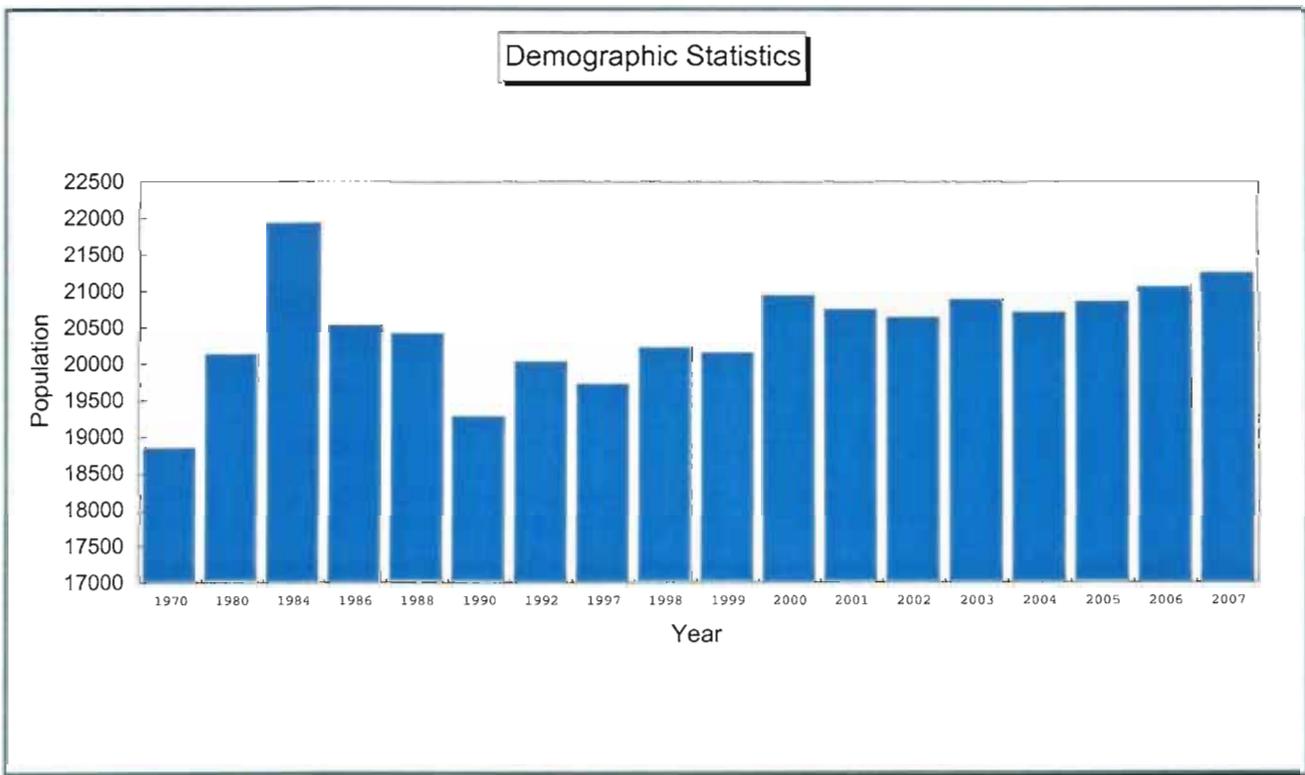
TOWN OF HINGHAM  
 RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT  
 TO TOTAL GENERAL EXPENDITURES  
 LAST TEN FISCAL YEARS

<u>Fiscal Year Year Ended Ended June 30</u>	<u>Annual Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Ratio of Annual Debt Service to Expenditures</u>
1998	221,840	36,066,225	0.6%
1999	938,151	39,594,671	2.4%
2000	2,338,791	44,767,581	5.2%
2001	2,805,734	46,645,766	6.0%
2002	4,137,257	49,879,152	8.3%
2003	5,271,866	59,490,513	8.9%
2004	5,140,505	60,014,608	8.6%
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%



## TOWN OF HINGHAM DEMOGRAPHIC STATISTICS

<u>Year</u>	Town of Hingham <u>Pop (1)</u>	Plymouth County <u>Pop (2)</u>	Commonwealth of Mass <u>Pop (2)</u>
1970	18,867	333,314	5,630,224
1980	20,139	405,437	5,737,083
1984	21,950	417,328	5,798,000
1986	20,533	424,400	5,832,000
1988	20,421	430,900	5,890,000
1990	19,295	435,276	6,016,000
1992	20,044	439,653	5,998,000
1997	19,738	462,159	6,117,520
1998	20,235	467,588	6,144,407
1999	20,165	473,026	6,175,169
2000	20,954	472,822	6,349,097
2001	20,762	481,059	6,379,304
2002	20,654	474,200	6,421,800
2003	20,898	485,747	6,427,803
2004	20,720	487,521	6,433,422
2005	20,872	490,655	6,416,505
2006	21,095	492,409	6,398,743
2007	21,275	493,623	6,437,193

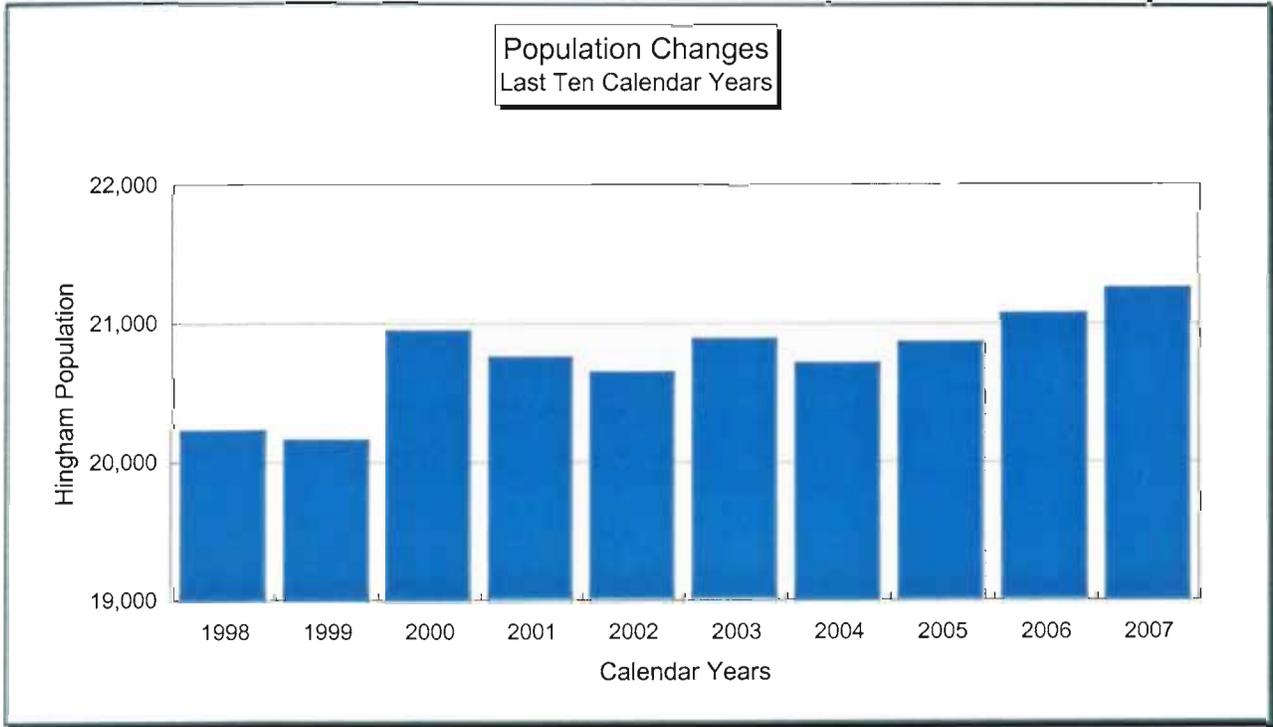


(1) Source:Hingham Town Clerk's Office.

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

TOWN OF HINGHAM  
POPULATION CHANGES  
LAST TEN CALENDAR YEARS

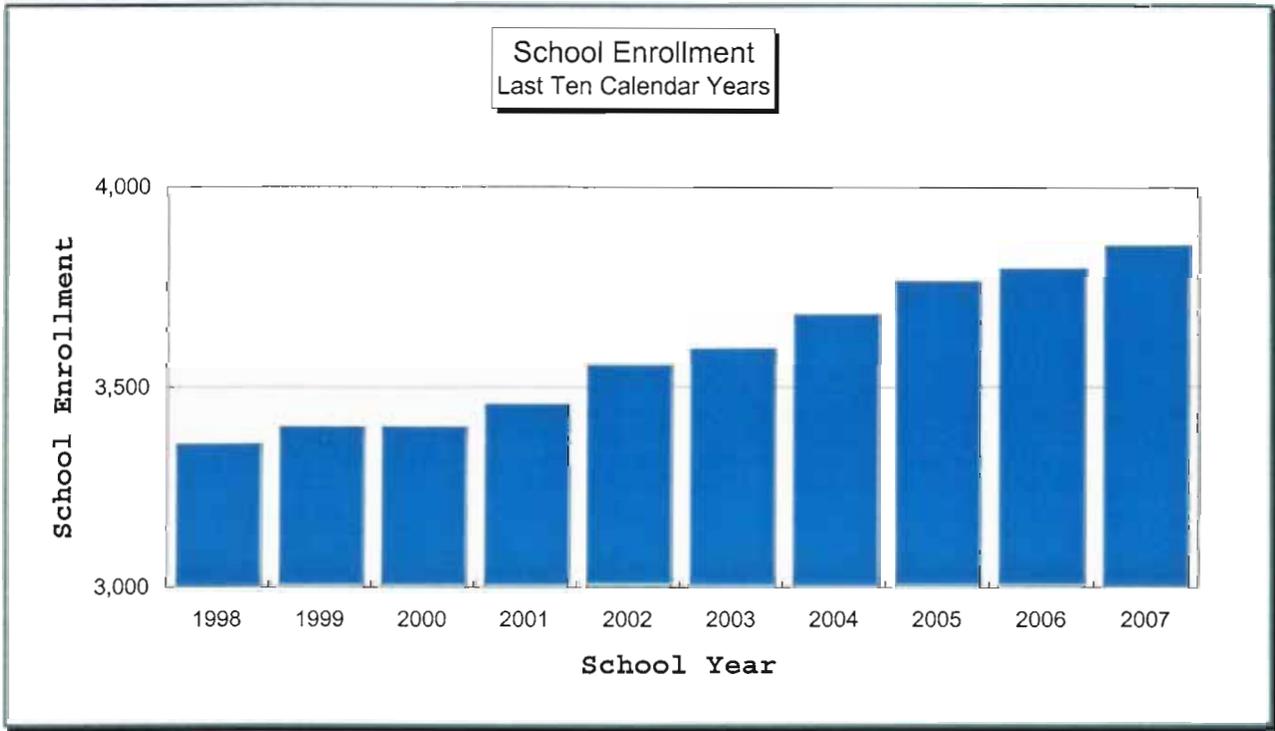
<u>Year</u>	<u>Population</u>	<u>Increase (Decrease)</u>
1998	20,235	497
1999	20,165	(70)
2000	20,954	789
2001	20,762	(192)
2002	20,654	(108)
2003	20,898	244
2004	20,720	(178)
2005	20,872	152
2006	21,095	223
2007	21,275	180



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

TOWN OF HINGHAM  
SCHOOL ENROLLMENT STATISTICS  
LAST TEN YEARS

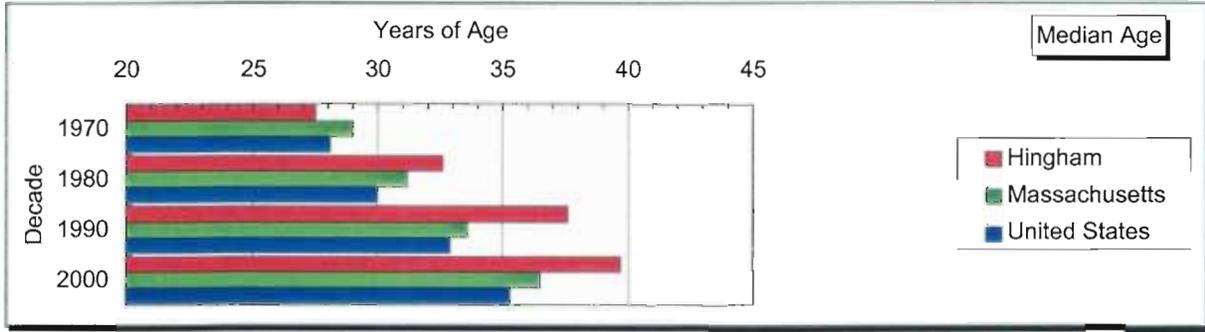
<u>School Year</u>	<u>School Enrollment</u>	<u>Increase (Decrease)</u>
1998	3,357	-4
1999	3,400	43
2000	3,400	0
2001	3,457	57
2002	3,554	97
2003	3,596	42
2004	3,678	82
2005	3,763	85
2006	3,796	33
2007	3,850	54



Source: Hingham's School Business Administration Office

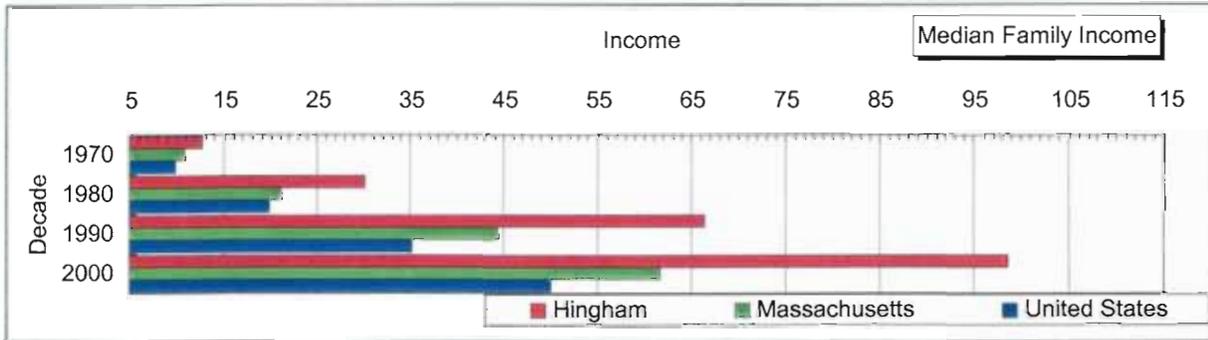
**TOWN OF HINGHAM  
 MEDIAN AGE, MEDIAN FAMILY INCOME  
 AND PER CAPITA INCOME**

	<u>Hingham</u>	<u>Massachusetts</u>	<u>United States</u>
Median Age			
1970	27.5	29.0	28.1
1980	32.6	31.2	30.0
1990	37.6	33.6	32.9
2000	39.7	36.5	35.3



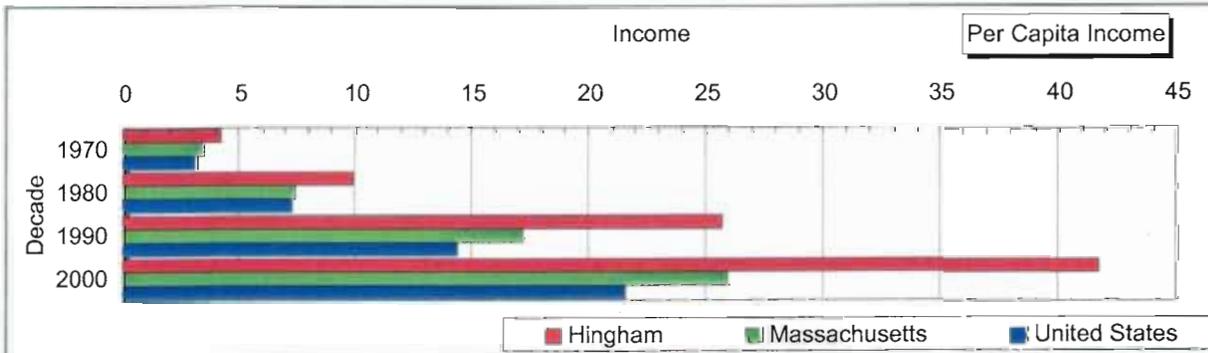
**Median Family Income**

1970	\$12,729	\$10,835	\$9,867
1980	30,157	21,116	19,908
1990	66,386	44,367	35,225
2000	98,598	61,664	50,046



**Per Capita Income**

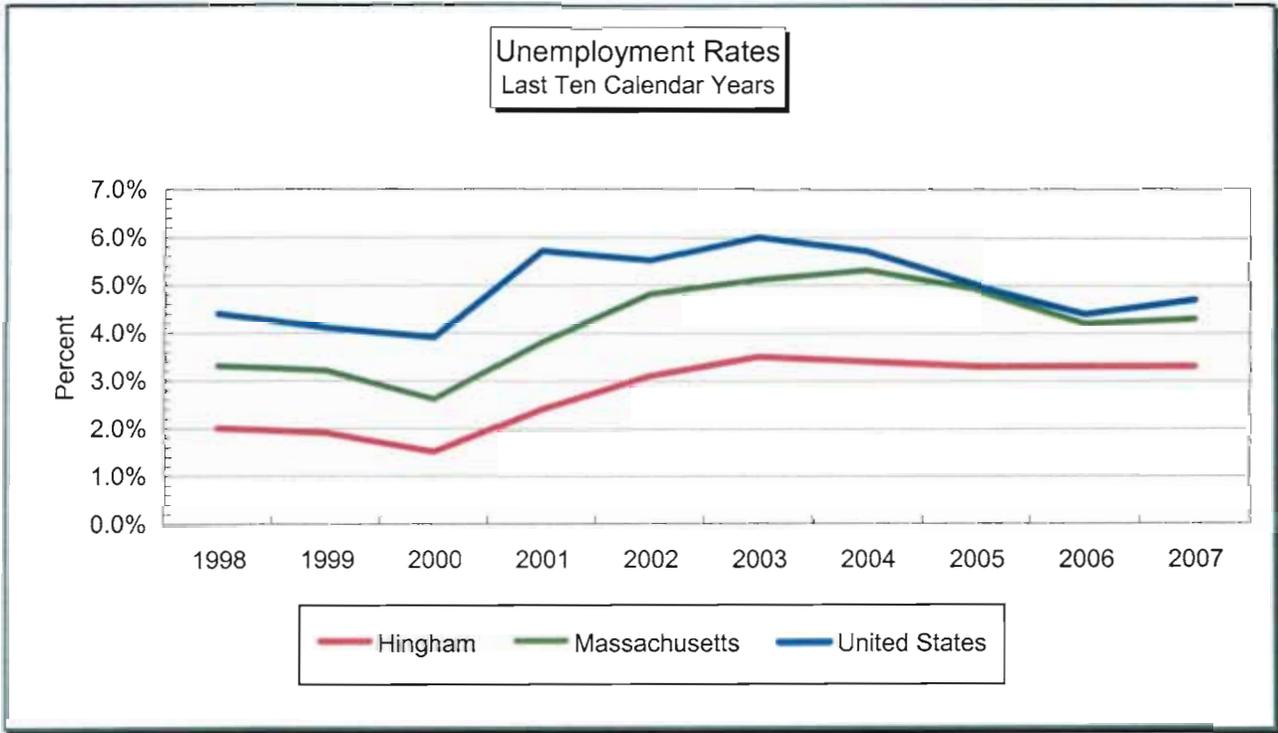
1970	\$4,251	\$3,425	\$3,139
1980	9,949	7,459	7,313
1990	25,726	17,224	14,420
2000	41,703	25,952	21,587



Source: Federal Bureau of the Census.

TOWN OF HINGHAM  
UNEMPLOYMENT RATES  
LAST TEN CALENDAR YEARS

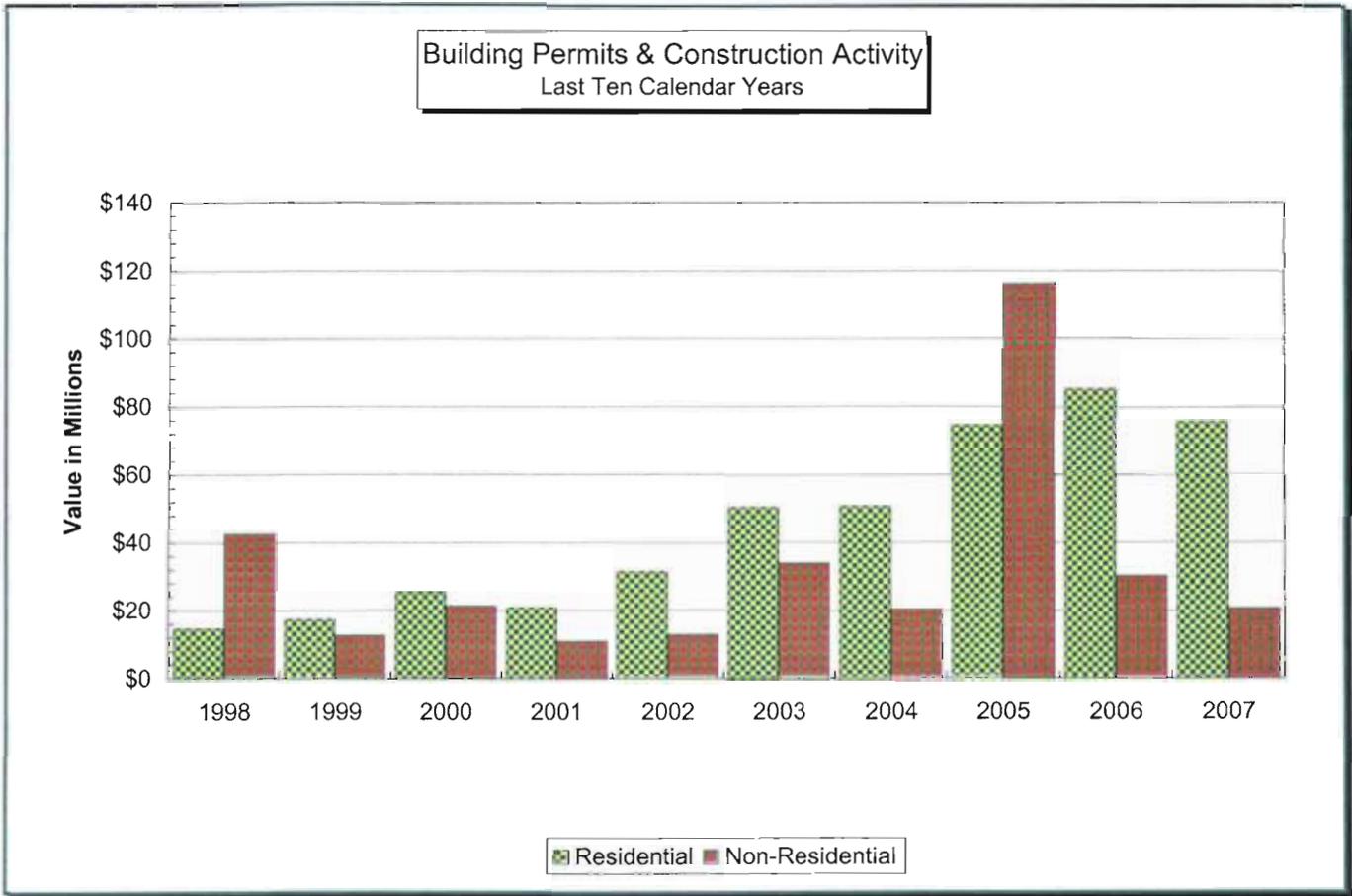
Year	Hingham (1)	Massachusetts (1)	United States (1)
1998	2.0%	3.3%	4.4%
1999	1.9%	3.2%	4.1%
2000	1.5%	2.6%	3.9%
2001	2.4%	3.8%	5.7%
2002	3.1%	4.8%	5.5%
2003	3.5%	5.1%	6.0%
2004	3.4%	5.3%	5.7%
2005	3.3%	4.9%	5.0%
2006	3.3%	4.2%	4.4%
2007	3.3%	4.3%	4.7%



(1) Source: Massachusetts Division of Employment and Training  
(As of October, 2007)

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

<u>Year</u>	<u>Residential</u>		<u>Non-Residential</u>		<u>Total</u>
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	
1998	640	14,721,841	156	42,675,425	57,397,266
1999	691	17,443,789	77	12,783,436	30,227,225
2000	617	25,369,117	152	21,452,362	46,821,479
2001	550	20,966,124	200	11,078,881	32,045,005
2002	629	31,516,573	221	13,121,122	44,637,695
2003	664	50,477,912	231	33,959,121	84,437,033
2004	626	50,729,984	311	20,509,704	71,239,688
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



(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.

**TOWN OF HINGHAM  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

2007

<b>Employer</b>	<b>Business</b>	<b>Employees</b>	<b>Rank</b>
Talbots	Retail Clothing	1,200	1
Serono Laboratories	Bio-Technology	485	2
Linden Ponds	Health Care	433	3
Russ Electric	Manufacturing	300	4
Stop & Shop	Retail	210	5
Harbor House	Health Care	200	6
Eat Well	Restaurant	170	7
Whole Foods	Retail	165	8
Black Rock Country Club	Golf	160	9
Kohl's	Retail	130	10

1998

<b>Employer</b>	<b>Business</b>	<b>Employees</b>	<b>Rank</b>
Talbots	Retail Clothing	900	1
National Heritage Insurance Co.	Health Insurance	325	2
Russ Electric	Manufacturing	300	3
Stop & Shop	Retail	250	4
Sager Electric	Electrical Equipment	250	5
Harbor House	Health Care	150	6
Bradlees	Retail	88	7
Building #19	Distribution Warehouse	85	8
Hingham Mutual Fire Insurance	Insurance	50	9
Hingham Lumber	Construction	43	10