

# **TOWN OF HINGHAM, MASSACHUSETTS COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

On the Cover:

Center for Orthopedics, Spine and Sports Medicine  
2 Pond Park Road, Hingham

The building is located in what is known as the “Derby Street Corridor”, a critical commercial area and source of significant tax revenues for the Town of Hingham. The Town has identified this area as its number one infrastructure and development goal. Its direct access to Route 3 makes this area regionally accessible and attractive to developers. The existing South Shore Park (industrial park) in the south quadrant of Derby Street/Route 3 has undergone a transition over the years from low-value land uses to higher end office use. Recognizing that the southwest part of Hingham (the Derby Street Corridor) provided the best opportunity for economic development, the Town undertook the process of forming a new sewer district as well as rezoning locations to create office/commercial space areas. The Town has also undertaken efforts to upgrade the infrastructure constraints that include roadway, water and sewer.

In 2009 a public/private partnership resulted in a \$750,000 Massachusetts Opportunity Relocation and Expansion (MORE) Grant award from the Executive Office of Housing and Economic Development, which in turn funded the Derby Street and Pond Park Road intersection improvements. The South Shore Chamber of Commerce subsequently awarded the Hingham Planning Board a “Local Public Service Award” for their efforts in facilitating permitting and supporting smart growth opportunities.

September 2011 saw the South Shore Hospital and South Shore Orthopedics celebrate the Grand Opening of the Center for Orthopedics, Spine and Sports Medicine. The building is owned and managed by A. W. Perry, Inc. The Center will offer ambulatory surgical treatment, diagnostic imaging and all relative medical services and procedures. Similar redevelopment proposals could bring up to 2.2 million square feet of new commercial floor space to the Park. In the north quadrant of the Route 3 interchange there is another 265 acres of commercially zoned land that is in the early planning phases for development. This area could support an additional 4.7 million square feet of commercial space.

Hingham welcomes the addition of this magnificent medical facility which will greatly benefit citizens of Hingham as well as surrounding South Shore towns and cities.

Photo by Richard Mandelkorn



# **TOWN OF HINGHAM, MASSACHUSETTS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2012**

**Prepared by:**

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

TOWN OF HINGHAM, MASSACHUSETTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2012

**TABLE OF CONTENTS**

<b>Introductory Section.....</b>	<b>1</b>
Letter of Transmittal.....	3
Certificate of Achievement for Excellence.....	8
Organization Chart.....	9
Elected Officials.....	10
Administrative Staff.....	11
<b>Financial Section .....</b>	<b>13</b>
Independent Auditors' Report.....	15
Management's Discussion and Analysis .....	17
Basic Financial Statements .....	27
Statement of Net Assets.....	29
Statement of Activities.....	30
Governmental Funds – Balance Sheet .....	32
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Assets.....	33
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances .....	34
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	35
Proprietary Funds – Statement of Net Assets.....	36
Proprietary Funds – Statement of Revenues, Expenses and Changes in Fund Net Assets .....	37
Proprietary Funds – Statement of Cash Flows .....	38
Fiduciary Funds – Statement of Fiduciary Net Assets .....	39
Fiduciary Funds – Statement of Changes in Fiduciary Net Assets.....	40
Notes to Basic Financial Statements .....	41
Required Supplementary Information.....	75
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	77
Other Postemployment Benefit Plan Schedule of Funding Progress and Employer Contributions.....	81
Other Postemployment Benefit Plan Actuarial Methods and Assumptions .....	82
Notes to Required Supplementary Information.....	83

Combining Statements .....	85
Nonmajor Funds .....	86
Fiduciary Funds .....	96
<b>Statistical Section .....</b>	<b>101</b>
Net Assets by Component .....	102
Changes in Net Assets .....	103
Fund Balances, Governmental Funds .....	104
Changes in Fund Balances, Governmental Funds .....	105
General Fund Revenues by Source .....	106
General Fund Expenditures by Function .....	107
General Fund Tax Revenue by Source .....	108
General Fund Balance Compared to Annual Expenditures .....	109
Real Estate Tax Levies and Collections .....	110
Assessed and Estimated Equal Value of Taxable Property .....	111
Assessed Value of Taxable Property by Classification .....	112
Property Tax Rates .....	113
Principal Taxpayers .....	114
Ratios of Outstanding Debt and General Bonded Debt .....	115
Computation of Legal Debt Margin .....	116
Computation of Overlapping Debt .....	117
Ratio of Annual Debt Service for General Bonded Debt to Total General Fund Expenditures .....	118
Demographic Statistics .....	119
Population Changes .....	120
School Enrollment Statistics .....	121
Median Age, Median Family Income, and Per Capita Income .....	122
Unemployment Rates .....	123
Building Permits and Construction Activity .....	124
Principal Employers .....	125
Number of Employees per Function of Government .....	126
Capital Assets Statistics by Function/Program .....	127
Operating Indicators by Function/Program .....	128

# ***Introductory Section***



**Town of Hingham, Massachusetts  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2012**

# ***Introductory Section***

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# TOWN OF HINGHAM

## OFFICE OF SELECTMEN

Laura M. Burns, Chairman  
Bruce Rabuffo  
Irma H. Lauter



Ted C. Alexiades  
Town Administrator

### Letter of Transmittal

December 4, 2012

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

The Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012 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, 38 and 54.

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. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose.

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 are added to the statements, as are long-term liabilities such as outstanding debt. 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 total assets to arrive at net assets similar to a private company.

The Town's statement of revenues, expenditures and changes in fund balances 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 to 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 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 complement 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 Powers & Sullivan, LLC. 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 the criteria for inclusion. The Hingham Public Library, the Lincoln Apartments, LLC, and the Hingham Contributory Retirement System are included in this report as component units, with the Hingham Public Library and the Lincoln Apartments, LLC being presented as a discrete units, and the Hingham Contributory Retirement System 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 27% of the households of the Town. The Hingham Municipal Lighting Plant, a self-supporting enterprise, provides electric power to the Town, while the Aquarion Water Company of Massachusetts, a private firm, provides water services to the Town. The Hingham Housing Authority maintains housing for elderly and handicapped residents. In addition, the Town has a Department of Elder Services to service senior citizens with various programs as well as outreach projects. Bus services are provided by the Massachusetts Bay Transit Authority and connect to established stations of the Authority.

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

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

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

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

### **Factors Affecting Economic and Financial Condition**

Unemployment rates in Massachusetts, which had been rising slightly for several years prior to a short decline in 2007, continued to follow state and national trends higher during the past two years. 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 decade has once again begun modest increases. There is a parallel impact in school enrollment, which declined through the late eighties and then increased 11% during the nineties. Over the past ten years the town's population has increased a modest 1% while school enrollment has increased 15%.

### **Long-term Financial Planning**

The Finance Director's role includes working closely with the Board of Selectmen, the Advisory Committee and Department Directors to develop short-term and long-term financial goals and to address the financial stability of the Town.

### **Major Initiatives**

Since the mid 1990's the Town has consistently made capital expenditures a high priority. Due to current economic conditions and budget restraints the amount of capital spending has been reduced from normal levels of \$2-\$3 million annually. The Town expects to be able to appropriate capital spending in the \$1-\$2 million range for fiscal year 2013.

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

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

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

**Budgetary Controls.** The Town Administrator is responsible for the preparation of the executive budget and initiates the process with the development of a five-year financial forecast and budget guidelines for the coming 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 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 and Selectmen hold 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.

### **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. Additional information on the Town of Hingham's risk management activity can be found in the notes to the financial statements.

## Other Information

**Certificate of Achievement for Excellence in Financial Reporting.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Hingham for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2011. This was the fifteenth consecutive year that the government has achieved this prestigious award. In order to be awarded the Certificate of Achievement, a governmental unit (state, county, district, or town) must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards established by the Government Finance Officers Association of the United States and Canada (GFOA). Such reports must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Independent Audit.** The financial statements for the fiscal year ended June 30, 2012 were audited by the public accounting firm of Powers & Sullivan, LLC. 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 Michael Nelligan and James Powers, partners at Powers & Sullivan LLC, whose attention to the fiscal year 2012 financial statements was invaluable.

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

Cordially yours,



Ted C. Alexiades, CPFO  
Town Administrator/Finance Director



Susan M. Nickerson  
Town Accountant

# 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, 2011

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.



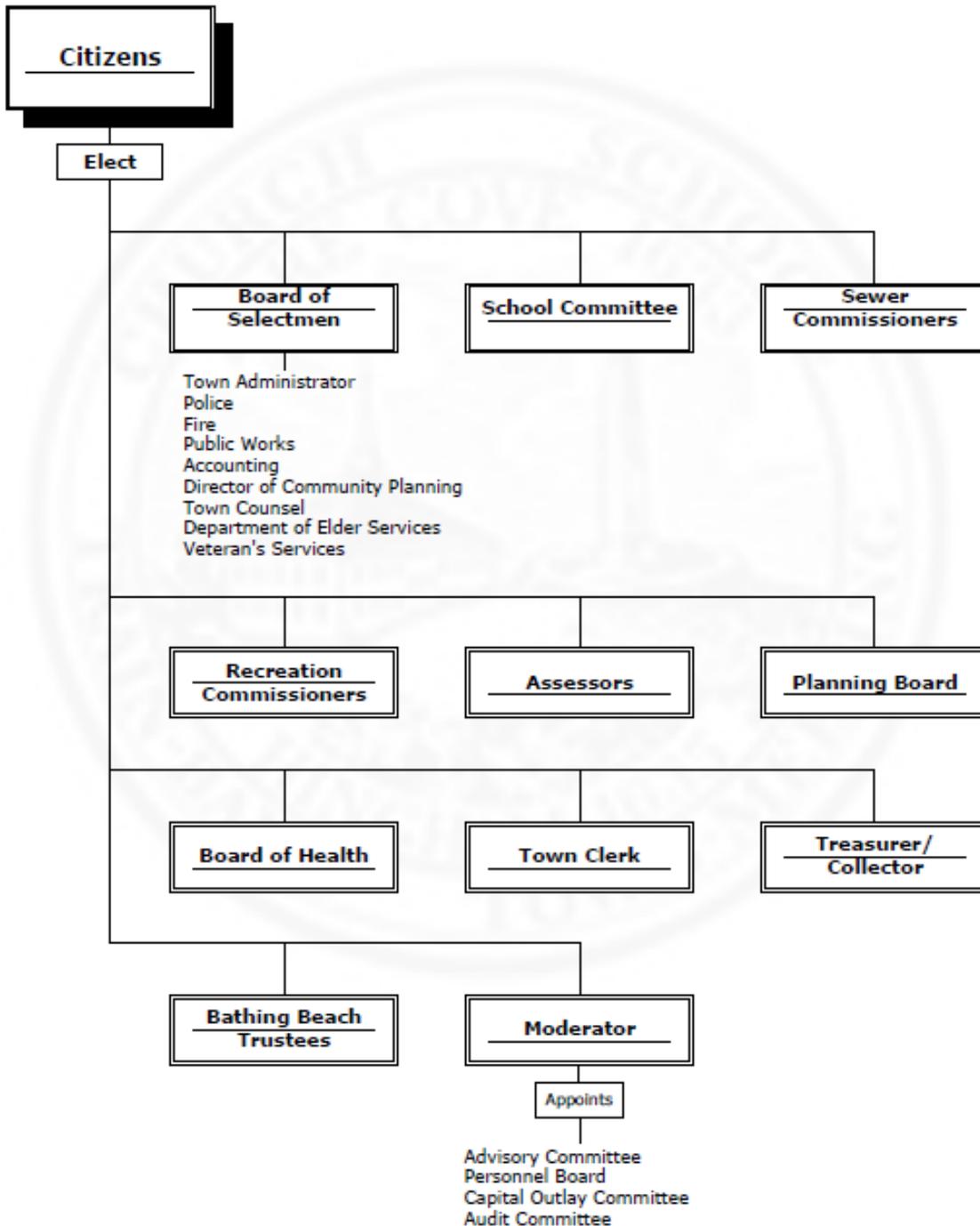
*Linda C. Danison*

President

*Jeffrey R. Enos*

Executive Director

# The Town of Hingham Organizational Chart



## Elected Officials

		<u>Term Expires</u>
MODERATOR	Michael J. Puzo	2013
BOARD OF SELECTMEN	Laura M. Burns, Chairman Lawrence Bruce Rabuffo Irma H. Lauter	2013 2014 2015
TOWN CLERK	Eileen A. McCracken	2015
TREASURER/COLLECTOR	Jean Montgomery	2013
BOARD OF ASSESSORS	Stuart "Greg" Hall, Chairman Mark F. Tyburski Michael P. Shaughnessy	2014 2013 2015
BOARD OF HEALTH	Stephan J. White, Chairman Kirk J. Shilts Peter B. Bickford	2014 2013 2012
SCHOOL COMMITTEE	Caryl Falvey, Chairman Carol Falvey Edward J. Schreier Dennis C. Friedman Raymond C. Estes Andrew A. Shafter Paul J. Gannon	2013 2014 2014 2015 2013 2013 2015
PLANNING BOARD	Paul K. Healey, Chairman Judith Sneath Gary S. Tondorf-Dick William C. Ramsey Sarah H. Corey	2014 2017 2016 2015 2013
SEWER COMMISSIONERS	Michael A. Salerno, Chairman Edmund Demko Edward F. Monahan	2015 2013 2014

## Administrative Staff

Position	Official	Salary
Town Administrator/Finance Director	Ted C. Alexiades	\$161,771
Superintendent of Schools	Dr. Dorothy H. Galo	156,379
Light Plant General Manager	Paul Heanue	145,553
Chief of Police	Michael Peraino	144,386
Fire Chief	Mark Duff	144,352
Asst. Superintendent of Schools	Ellen Keane	128,112
School Business Manager	John Ferris	114,861
Light Plant Business Manager	Joan Griffin	114,128
Light Plant Engineer	Panos Tokadjian	113,157
DPW Superintendent	Randy Sylvester	105,772
Project Engineer	Roger Fernandes	102,549
Asst. Town Administrator	Betty Foley	95,220
Library Director	Dennis Corcoran	90,185
Treasurer/Collector	Jean Montgomery	89,875
Town Accountant	Susan M. Nickerson	86,521
Executive Health Officer	Bruce Capman	84,277
Town Clerk	Eileen McCracken	83,656
SSCC Superintendent	Jay McGrail	83,393
Community Planning Director	Katharine Lacy	87,464
Director of Elder Affairs	Barbara Farnsworth	71,876
Director of Recreation	Mark Thorell	70,131
Director of Assessing	Richard Nowland	70,120

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# ***Financial Section***



**Town of Hingham, Massachusetts  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2012**

# ***Financial Section***

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## Independent Auditors' Report

To the Audit Committee  
Town of Hingham, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Hingham, Massachusetts, as of and for the fiscal year ended June 30, 2012 (except for the Hingham Contributory Retirement System and the Lincoln Apartments, LLC which are as of and for the year ended December 31, 2011), which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Hingham, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hingham Municipal Lighting Plant which is as of December 31, 2011. The Hingham Municipal Lighting Plant is a major fund and reflects approximately 80% of the total assets, 78% of the net assets, and approximately 94% of the total revenues of the business-type activities. Those financial statements 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 business-type activities of the Hingham Municipal Lighting Plant referred to above, are based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Hingham, Massachusetts, as of June 30, 2012 (except for the Hingham Municipal Lighting Plant, the Hingham Contributory Retirement System, and the Lincoln Apartments, LLC which are as of December 31, 2011), and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2012, on our consideration of the Town of Hingham, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hingham's basic financial statements. The combining statements, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

The introductory section and statistical tables, as listed in the table of contents, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "Powers + Johnson, LLC". The signature is written in a cursive, flowing style.

December 4, 2012

# ***Management's Discussion and Analysis***

## Management's Discussion and Analysis

This analysis, prepared by the Finance Director and the Town Accountant, offers readers of the Town's financial statements a narrative overview and analysis of the financial activities of the Town of Hingham for the fiscal year ended June 30, 2012. This is the tenth year our financial statements have been prepared under the Government Accounting Standards Board Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. We encourage readers to consider the information presented in this report in conjunction with additional information that we have furnished in our letter of transmittal.

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

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

### Financial Highlights

- The government-wide assets of the Town of Hingham exceeded its liabilities at the close of the most recent fiscal year by \$95 million and \$40 million (net assets) for governmental activities and business-type activities, respectively.
- Of these amounts, 20% or \$26 million (unrestricted net assets) may be used to meet the government's on-going obligations to citizens and creditors.
- At the close of the current fiscal year, the Town of Hingham's general fund reported an ending fund balance of \$19 million, including \$1.6 million set aside in stabilization funds, an increase of \$4.4 million over the prior year. Total fund balance represents 21% of total general fund expenditures. Approximately \$15 million of this total amount is available for appropriation at the Town's discretion.
- The Town of Hingham's total governmental debt increased by approximately \$14 million during the current fiscal year as a result of issuing \$20 million of Bond Anticipation Notes for the Middle School and other projects and approximately \$6 million of redemptions.

### Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the 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 or the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

**Proprietary funds.** The Town maintains one proprietary fund type.

*Enterprise funds* are used to report the same functions as business-type activities in the government-wide financial statements, only in more detail. The Town uses enterprise funds to account for its country club and electric lighting operations, both of which are considered major funds of the Town.

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

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

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Hingham, assets exceeded liabilities by \$95 million at the close of the fiscal year 2012.

Government-wide net assets of \$72 million (76%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town of Hingham's net assets, \$4 million (5%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$19 million (19%), may be used to meet the Town's ongoing obligations to citizens and creditors.

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

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

**Governmental activities.** The governmental activities net assets increased by \$1.7 million during the current fiscal year as compared to an increase in net assets of \$5.7 during the prior fiscal year. The change was mostly affected by increases from the gain on the sale of the Hersey House of \$1,250,000 in 2011, and decreases from the capital assets contributed to the South Shore Regional Emergency Communications Center (SSRECC) in the amount of \$3,911,000 in 2012. These assets were acquired with state grants during the development stages of the Center.

**Governmental Activities Condensed Statement of Net Assets**

	2012	2011
<b>Assets:</b>		
Current assets.....	\$ 55,641,167	\$ 34,810,949
Noncurrent assets (excluding capital).....	15,147,768	16,821,752
Capital assets, non depreciable.....	11,800,852	11,003,642
Capital assets, net of accumulated depreciation.....	109,945,759	114,463,152
<b>Total assets.....</b>	<b>192,535,546</b>	<b>177,099,495</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	26,849,034	6,334,867
Noncurrent liabilities (excluding debt).....	9,127,126	9,983,912
Current debt.....	5,748,015	5,631,493
Noncurrent debt.....	55,512,838	61,539,628
<b>Total liabilities.....</b>	<b>97,237,013</b>	<b>83,489,900</b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt.....	72,361,430	76,535,196
Restricted.....	4,322,038	3,319,289
Unrestricted.....	18,615,065	13,755,110
<b>Total net assets.....</b>	<b>\$ 95,298,533</b>	<b>\$ 93,609,595</b>

Current assets and current liabilities have both increased relating to the activities of the new Middle School construction project. Capital assets overall decreased by \$3.7 million. This was the result of \$6.2 million of additions, (\$3.9) million of contributions to SSRECC, (\$308,000) of disposals, and (\$5.7) million of depreciation expense.

**Governmental Activities Condensed Statement of Activities**

	<u>2012</u>	<u>2011</u>
<b>Program revenues:</b>		
Charges for services.....	\$ 10,088,999	\$ 9,729,126
Operating grants and contributions.....	21,061,709	20,934,750
Capital grants and contributions.....	2,706,963	2,764,000
<b>General Revenues:</b>		
Real estate, personal property taxes, and motor vehicle and other excise taxes.....	68,836,981	66,335,378
Penalties & interest	431,791	335,810
Nonrestricted grants, contributions, and other.....	1,576,677	1,683,802
Unrestricted investment income.....	89,498	92,048
Gain on sale of capital assets.....	-	1,250,000
<b>Total revenues.....</b>	<b><u>104,792,618</u></b>	<b><u>103,124,914</u></b>
<b>Expenses:</b>		
General government.....	5,942,879	4,890,174
Public safety.....	16,278,421	15,056,274
Education.....	60,092,877	59,143,074
Public works.....	10,743,766	11,560,586
Human services.....	1,191,783	1,068,951
Culture and recreation.....	3,127,819	3,228,299
Community preservation.....	123,324	81,220
Claims and judgments.....	-	547,000
Interest.....	1,940,022	2,352,715
<b>Total expenses.....</b>	<b><u>99,440,891</u></b>	<b><u>97,928,293</u></b>
<b>Excess (Deficiency) before contributions and transfers.....</b>	<b>5,351,727</b>	<b>5,196,621</b>
<b>Capital assets contributed to joint venture (SSRECC).....</b>	<b>(3,910,618)</b>	<b>-</b>
<b>Transfers.....</b>	<b><u>247,829</u></b>	<b><u>536,557</u></b>
<b>Change in net assets.....</b>	<b>\$ <u><u>1,688,938</u></u></b>	<b>\$ <u><u>5,733,178</u></u></b>

*Other financial notes related to governmental activities:*

- Charges for services represented 10% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Town are included in this category.
- Operating grants and contributions accounted for 20% of the governmental activities resources. Most of these resources apply to educational operations. These resources offset costs within the school department and supplement their General Fund operating budget.
- Capital grants and contributions accounted for 3% of the governmental activities resources. These mainly consist of state grants for the SSRECC and the new Middle School.
- Property taxes are by far the most significant revenue source for the Town's governmental activities. They comprised 66% of current resources.
- Other taxes and other revenues comprised a total of 1% percent of the governmental activities resources. These primarily include unrestricted contributions and investment earnings.

- Education is by far the largest governmental activity of the Town. After subtracting \$21 million of program revenues (charges for services and operating grants) as shown on the Statement of Activities, approximately \$39 million in taxes and other revenue were needed to cover its fiscal 2012 net operating expenses. A pension contribution of approximately \$8.6 million made by the state on-behalf of Hingham teachers was recorded as an expense and grant revenue.
- Public safety and public works are the second and third largest activities of the Town. Approximately \$12 million and \$7 million, respectively, of taxes and other revenue were needed to cover their fiscal 2012 operating expenses.

**Business-type activities.** Business-type activities increased the Town's net assets by \$2.5 million. These results continue to reflect management's goal of maintaining the systems while only charging users for the cost of operations.

As shown below, business-type activities assets exceeded liabilities by \$40 million at the close of fiscal year 2012. Invested in capital assets, net of related debt was \$33 million (81%) while unrestricted net assets were \$7 million (19%).

***Business-Type Activities Condensed Statement of Net Assets***

	2012	2011
<b>Assets:</b>		
Current assets.....	\$ 16,078,042	\$ 12,326,221
Noncurrent assets (excluding capital).....	1,508,123	1,510,105
Capital assets, non depreciable.....	7,185,302	7,314,844
Capital assets, net of accumulated depreciation.....	26,706,519	27,749,311
<b>Total assets.....</b>	<b>51,477,986</b>	<b>48,900,481</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	6,589,083	7,045,729
Non-current liabilities (excluding debt).....	3,715,729	3,066,297
Current debt.....	135,000	130,000
Noncurrent debt.....	950,000	1,085,000
<b>Total liabilities.....</b>	<b>11,389,812</b>	<b>11,327,026</b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt.....	32,642,589	33,475,349
Unrestricted.....	7,445,585	4,098,106
<b>Total net assets.....</b>	<b>\$ 40,088,174</b>	<b>\$ 37,573,455</b>

Noncurrent assets include \$1.3 million of pre-funded other postemployment benefits of the Municipal Lighting Plant.

**Business-Type Activities Condensed Statement of Activities**

	<u>2012</u>	<u>2011</u>
<b>Program revenues:</b>		
Charges for services.....	\$ 32,042,902	\$ 31,326,049
<b>General Revenues:</b>		
Unrestricted investment income.....	<u>49,287</u>	<u>61,910</u>
<b>Total revenues.....</b>	<b><u>32,092,189</u></b>	<b><u>31,387,959</u></b>
<b>Expenses:</b>		
South Shore Country Club.....	2,061,404	1,629,085
Electric Lighting.....	<u>27,268,237</u>	<u>28,800,853</u>
<b>Total expenses.....</b>	<b><u>29,329,641</u></b>	<b><u>30,429,938</u></b>
<b>Excess before transfers.....</b>	<b>2,762,548</b>	<b>958,021</b>
<b>Transfers.....</b>	<b><u>(247,829)</u></b>	<b><u>(536,557)</u></b>
<b>Change in net assets.....</b>	<b><u>\$ 2,514,719</u></b>	<b><u>\$ 421,464</u></b>

**Financial Analysis of the Government's Major Funds**

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$25.4 million, an increase of \$1.6 million for the year.

*General Fund*

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$14.5 million, while the total fund balance was \$18.7 million. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures. The unassigned fund balance represents 16.5% of total general fund expenditures, while the total fund balance represents 21.3% of that same amount.

The fund balance of the General Fund increased by \$4.4 million during fiscal the current year.

*Middle School Building Project*

The Middle School Building Project is a capital project fund used to account for the activities of constructing the new school. The project is being funded with a combination of debt and state grants from the Massachusetts School Building Authority (MSBA). During the year the Town borrowed \$19.4 million of Bond Anticipation Notes, received grant reimbursements of \$1.1 million from the MSBA, and expended approximately \$3.2 million for construction. The fund ended the year with a deficit of \$2.2 million.

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

### **General Fund Budgetary Highlights**

Total general fund revenues exceeded budget overall by approximately 4%.

Total expenditures and carryovers were less than budgeted amounts by approximately \$1.8 million. The largest savings were the general government reserve fund, school department expenses, employee benefits and debt service payments; however virtually every Town department contributed to the savings.

### **Capital Assets and Debt Management**

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

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

Major capital assets are funded primarily by the issuance of long-term debt and at times from the receipt of capital grants. For capital assets acquired through debt, the effect on net assets during the construction phase of the project is neutral since the Town increases its assets and associated liabilities by the same amount. For capital assets acquired through capital grants, the effect on net assets is positive since the Town does not use its own resources to acquire the assets. In subsequent years the net assets will be reduced through depreciation and will be increased by the revenues raised to support the debt principal payments. Outstanding long-term debt of the general government, as of June 30, 2012, totaled \$61.3 million, a decrease of \$5.9 million from the prior year. Funding for the majority of this debt service is from real estate taxes that have been exempt from the tax levy limitation of Massachusetts' Proposition 2 ½.

The enterprise funds have \$1.1 million in Country Club debt used to install an irrigation system for the golf course that is fully supported by the rates and does not rely on a general fund subsidy.

The Town's major capital projects have been related to school construction, DPW building construction, land acquisition, and the purchase of the Lincoln School Apartments. During fiscal year 2012, the Town has spent approximately \$3.2 million on the new Middle School project which was funded by Bond Anticipation Notes and state grants.

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

### **Pension Trust Fund**

The Pension Trust Fund (System) realized a slight increase in net assets of \$162,000 for the year. Contributions of \$6 million and investment income and other additions of \$1.1 million were offset by \$6.9 million of benefits and other deductions. Total net assets of the System amounted to \$73 million at December 31, 2011.

### **Other Postemployment Benefits**

The Town and the Electric Lighting Plant implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)*, as of June 30, 2009 and December 31, 2008, respectively. The governmental-activities have accumulated a liability for other postemployment benefits in the amount of \$8.5 million at June 30, 2012 and have pre-funded future obligations in the amount of approximately \$2.5 million. The business-type activities (Municipal Lighting Plant) have pre-funded benefits in the amount of \$1.5 million which has created an OPEB asset in the amount of \$1.3 million at December 31, 2011. The total assets set aside in trust for future benefits amounted to approximately \$4 million at fiscal year end.

### **Discretely Presented Component Units**

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

### **Requests for Information**

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

# ***Basic Financial Statements***

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## STATEMENT OF NET ASSETS

JUNE 30, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Hingham Public Library	Lincoln Apartments, LLC (December 31, 2011)
<b>ASSETS</b>					
<b>CURRENT:</b>					
Cash and cash equivalents.....	\$ 48,133,601	\$ 10,785,636	\$ 58,919,237	\$ 65,517	\$ 304,533
Investments.....	272,986	-	272,986	1,317,452	-
Receivables, net of allowance for uncollectibles:					
Real estate, personal property and tax deferrals.....	1,202,834	-	1,202,834	-	-
Tax liens.....	702,545	-	702,545	-	-
Motor vehicle and other excise taxes.....	303,013	-	303,013	-	-
User charges.....	-	2,684,309	2,684,309	-	-
Sewer fees.....	609,960	-	609,960	-	-
Departmental and other.....	399,631	165,385	565,016	-	5,569
Special assessments.....	156,647	-	156,647	-	-
Intergovernmental.....	2,994,016	-	2,994,016	-	-
Tax foreclosures.....	122,712	-	122,712	-	-
Inventory.....	-	1,310,863	1,310,863	-	-
Purchased power advance deposits.....	-	833,984	833,984	-	-
Other assets.....	-	741,206	741,206	-	52,215
Assets held for resale.....	299,881	-	299,881	-	-
Internal balances.....	443,341	(443,341)	-	-	-
Total Current Assets.....	<u>55,641,167</u>	<u>16,078,042</u>	<u>71,719,209</u>	<u>1,382,969</u>	<u>362,317</u>
<b>NONCURRENT:</b>					
Receivables, net of allowance for uncollectibles:					
Special assessments.....	1,413,882	-	1,413,882	-	-
Intergovernmental.....	13,733,886	-	13,733,886	-	-
Investment in Hydro Quebec.....	-	188,899	188,899	-	-
Other postemployment benefits asset.....	-	1,319,224	1,319,224	-	-
Capital assets, non depreciable.....	11,800,852	7,185,302	18,986,154	154,036	110,676
Capital assets, net of accumulated depreciation.....	109,945,759	26,706,519	136,652,278	-	146,569
Total Noncurrent Assets.....	<u>136,894,379</u>	<u>35,399,944</u>	<u>172,294,323</u>	<u>154,036</u>	<u>257,245</u>
<b>TOTAL ASSETS.....</b>	<u><b>192,535,546</b></u>	<u><b>51,477,986</b></u>	<u><b>244,013,532</b></u>	<u><b>1,537,005</b></u>	<u><b>619,562</b></u>
<b>LIABILITIES</b>					
<b>CURRENT:</b>					
Warrants payable.....	1,979,410	4,001,301	5,980,711	-	19,328
Accrued liabilities.....	2,569,274	2,382,277	4,951,551	-	54,808
Tax refunds payable.....	29,983	-	29,983	-	-
Accrued interest.....	486,719	12,658	499,377	-	-
Unearned revenues.....	407,055	-	407,055	-	5,690
Due to the Town of Hingham.....	-	-	-	-	197,594
Capital lease obligations.....	-	39,216	39,216	-	-
Compensated absences.....	732,744	18,631	751,375	-	-
Workers' compensation.....	313,849	-	313,849	-	-
Notes payable.....	20,330,000	-	20,330,000	-	-
Bonds payable.....	5,748,015	135,000	5,883,015	-	-
Total Current Liabilities.....	<u>32,597,049</u>	<u>6,589,083</u>	<u>39,186,132</u>	<u>-</u>	<u>277,420</u>
<b>NONCURRENT:</b>					
Capital lease obligations.....	-	125,016	125,016	-	-
Compensated absences.....	332,159	-	332,159	-	-
Workers' compensation.....	301,541	-	301,541	-	-
Rate stabilization reserve.....	-	2,167,054	2,167,054	-	-
Customer deposits.....	-	1,558,659	1,558,659	-	-
Other postemployment benefits.....	8,493,426	-	8,493,426	-	-
Bonds payable.....	55,512,838	950,000	56,462,838	-	-
Total Noncurrent Liabilities.....	<u>64,639,964</u>	<u>4,800,729</u>	<u>69,440,693</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES.....</b>	<u><b>97,237,013</b></u>	<u><b>11,389,812</b></u>	<u><b>108,626,825</b></u>	<u><b>-</b></u>	<u><b>277,420</b></u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt.....	72,361,430	32,642,589	105,004,019	154,036	257,245
Restricted for:					
Permanent funds:					
Expendable.....	64,743	-	64,743	-	-
Nonexpendable.....	35,000	-	35,000	-	-
Grants and gifts.....	1,591,260	-	1,591,260	-	-
Community preservation.....	2,631,035	-	2,631,035	-	-
Unrestricted.....	18,615,065	7,445,585	26,060,650	1,382,969	84,897
<b>TOTAL NET ASSETS.....</b>	<u><b>\$ 95,298,533</b></u>	<u><b>\$ 40,088,174</b></u>	<u><b>\$ 135,386,707</b></u>	<u><b>\$ 1,537,005</b></u>	<u><b>\$ 342,142</b></u>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 5,942,879	\$ 2,511,730	\$ 600,428	\$ -	\$ (2,830,721)
Public safety.....	16,278,421	1,630,183	1,005,387	1,583,227	(12,059,624)
Public education.....	60,092,877	2,275,103	17,358,018	1,052,373	(39,407,383)
Public works.....	10,743,766	2,746,526	1,409,093	71,363	(6,516,784)
Human services.....	1,191,783	228,815	32,198	-	(930,770)
Culture and recreation.....	3,127,819	696,642	898	-	(2,430,279)
Community preservation.....	123,324	-	206,866	-	83,542
Interest.....	1,940,022	-	448,821	-	(1,491,201)
<b>Total Governmental Activities.....</b>	<b>99,440,891</b>	<b>10,088,999</b>	<b>21,061,709</b>	<b>2,706,963</b>	<b>(65,583,220)</b>
<i>Business-Type Activities:</i>					
South Shore Country Club.....	2,061,404	1,982,729	-	-	(78,675)
Hingham Municipal Lighting Plant.....	27,268,237	30,060,173	-	-	2,791,936
<b>Total Business-Type Activities.....</b>	<b>29,329,641</b>	<b>32,042,902</b>	<b>-</b>	<b>-</b>	<b>2,713,261</b>
<b>Total Primary Government.....</b>	<b>\$ 128,770,532</b>	<b>\$ 42,131,901</b>	<b>\$ 21,061,709</b>	<b>\$ 2,706,963</b>	<b>\$ (62,869,959)</b>
<b>Component Units:</b>					
Hingham Public Library.....	\$ 1,596,003	\$ 90,106	\$ 120,852	\$ -	\$ (1,385,045)
Lincoln Apartments, LLC.....	1,089,317	282,528	844,745	-	37,956
<b>Total Component Units.....</b>	<b>\$ 2,685,320</b>	<b>\$ 372,634</b>	<b>\$ 965,597</b>	<b>\$ -</b>	<b>\$ (1,347,089)</b>

See notes to basic financial statements.

(Continued)

**STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED JUNE 30, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Hingham Public Library	Lincoln Apartments, LLC (December 31, 2011)
<b>Changes in net assets:</b>					
Net (expense) revenue from previous page.....	\$ (65,583,220)	\$ 2,713,261	\$ (62,869,959)	\$ (1,385,045)	\$ 37,956
<i>General revenues:</i>					
Real estate and personal property taxes, net of tax refunds.....	63,980,281	-	63,980,281	-	-
Tax liens.....	159,806	-	159,806	-	-
Motor vehicle and other excise taxes.....	3,306,745	-	3,306,745	-	-
Local meals tax.....	607,440	-	607,440	-	-
Community preservation tax.....	782,709	-	782,709	-	-
Penalties and interest on taxes.....	431,791	-	431,791	-	-
Grants and contributions not restricted to specific programs.....	1,576,677	-	1,576,677	-	-
Unrestricted investment income (loss).....	89,498	49,287	138,785	(38,588)	199
Payments from the Town of Hingham.....	-	-	-	1,354,150	-
Capital assets contributed to joint venture (SSRECC).....	(3,910,618)	-	(3,910,618)	-	-
Transfers, net.....	247,829	(247,829)	-	-	-
Total general revenues and transfers.....	67,272,158	(198,542)	67,073,616	1,315,562	199
Change in net assets.....	1,688,938	2,514,719	4,203,657	(69,483)	38,155
<i>Net Assets:</i>					
Beginning of year.....	93,609,595	37,573,455	131,183,050	1,606,488	303,987
End of year.....	\$ 95,298,533	\$ 40,088,174	\$ 135,386,707	\$ 1,537,005	\$ 342,142

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2012

<b>ASSETS</b>	General	Middle School Building Project	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 19,471,800	\$ 17,913,970	\$ 10,747,831	\$ 48,133,601
Investments.....	-	-	272,986	272,986
Receivables, net of uncollectibles:				
Real estate, personal property and tax deferrals .....	1,202,834	-	-	1,202,834
Tax liens.....	702,545	-	-	702,545
Excise taxes.....	303,013	-	-	303,013
Departmental and other.....	375,603	-	24,028	399,631
User charges.....	-	-	609,960	609,960
Special assessments.....	1,570,529	-	-	1,570,529
Intergovernmental.....	15,269,507	42,286	1,416,109	16,727,902
Tax foreclosures.....	122,712	-	-	122,712
Due from other funds.....	2,302,435	-	7,977	2,310,412
Assets held for resale.....	-	-	299,881	299,881
<b>TOTAL ASSETS.....</b>	<b>\$ 41,320,978</b>	<b>\$ 17,956,256</b>	<b>\$ 13,378,772</b>	<b>\$ 72,656,006</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Warrants payable.....	\$ 815,429	\$ 780,241	\$ 383,740	\$ 1,979,410
Accrued payroll.....	1,928,145	-	-	1,928,145
Tax refunds payable.....	29,983	-	-	29,983
Other liabilities.....	641,129	-	-	641,129
Deferred revenues and advance collections.....	19,245,514	-	1,241,803	20,487,317
Due to other funds.....	7,977	-	1,859,094	1,867,071
Notes payable.....	-	19,350,000	980,000	20,330,000
<b>TOTAL LIABILITIES.....</b>	<b>22,668,177</b>	<b>20,130,241</b>	<b>4,464,637</b>	<b>47,263,055</b>
<b>FUND BALANCES:</b>				
Nonspendable.....	-	-	35,000	35,000
Restricted.....	1,250,000	-	9,725,814	10,975,814
Committed.....	610,152	-	-	610,152
Assigned.....	2,325,501	-	-	2,325,501
Unassigned.....	14,467,148	(2,173,985)	(846,679)	11,446,484
<b>TOTAL FUND BALANCES.....</b>	<b>18,652,801</b>	<b>(2,173,985)</b>	<b>8,914,135</b>	<b>25,392,951</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 41,320,978</b>	<b>\$ 17,956,256</b>	<b>\$ 13,378,772</b>	<b>\$ 72,656,006</b>

See notes to basic financial statements.

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

JUNE 30, 2012

Total governmental fund balances.....		\$ 25,392,951
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		121,746,611
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		20,080,262
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(486,719)
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.....	(61,260,853)	
Compensated absences.....	(1,064,903)	
Workers' compensation.....	(615,390)	
Other postemployment benefits.....	<u>(8,493,426)</u>	
Net effect of reporting long-term liabilities.....		<u>(71,434,572)</u>
Net assets of governmental activities.....		<u>\$ 95,298,533</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2012

	General	Middle School Building Project	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Real estate and personal property taxes, net of tax refunds.....	\$ 65,718,662	\$ -	\$ -	\$ 65,718,662
Tax liens.....	159,806	-	-	159,806
Motor vehicle and other excise taxes.....	3,287,665	-	-	3,287,665
Local meals tax.....	607,440	-	-	607,440
Penalties and interest.....	431,791	-	-	431,791
Charges for services.....	2,100,542	-	2,351,062	4,451,604
Intergovernmental.....	9,197,615	1,052,373	7,587,283	17,837,271
State grant for teachers pension.....	8,635,341	-	-	8,635,341
Departmental and other.....	1,775,325	-	3,769,010	5,544,335
Community preservation tax.....	-	-	808,580	808,580
Contributions.....	-	-	415,794	415,794
Investment income.....	63,669	-	25,829	89,498
<b>TOTAL REVENUES.....</b>	<b>91,977,856</b>	<b>1,052,373</b>	<b>14,957,558</b>	<b>107,987,787</b>
<b>EXPENDITURES:</b>				
Current:				
General government.....	3,347,113	-	1,041,258	4,388,371
Public safety.....	10,278,837	-	2,961,805	13,240,642
Public education.....	37,702,299	3,216,783	4,837,996	45,757,078
Public works.....	4,624,381	-	5,183,105	9,807,486
Human services.....	759,132	-	124,497	883,629
Culture and recreation.....	1,449,173	-	734,207	2,183,380
Community preservation.....	-	-	342,411	342,411
Teachers pension benefits - state funded.....	8,635,341	-	-	8,635,341
Town pension.....	3,532,879	-	-	3,532,879
Property and liability insurance.....	381,000	-	-	381,000
Employee benefits.....	8,963,822	-	-	8,963,822
State and county charges.....	754,085	-	-	754,085
Debt service:				
Principal.....	5,089,462	-	400,000	5,489,462
Interest.....	2,103,646	-	234,352	2,337,998
<b>TOTAL EXPENDITURES.....</b>	<b>87,621,170</b>	<b>3,216,783</b>	<b>15,859,631</b>	<b>106,697,584</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>4,356,686</b>	<b>(2,164,410)</b>	<b>(902,073)</b>	<b>1,290,203</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Premium from issuance of bond anticipation notes.....	111,917	-	-	111,917
Transfers in.....	558,453	-	283,455	841,908
Transfers out.....	(594,079)	-	-	(594,079)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>76,291</b>	<b>-</b>	<b>283,455</b>	<b>359,746</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>4,432,977</b>	<b>(2,164,410)</b>	<b>(618,618)</b>	<b>1,649,949</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>14,219,824</b>	<b>(9,575)</b>	<b>9,532,753</b>	<b>23,743,002</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 18,652,801</b>	<b>\$ (2,173,985)</b>	<b>\$ 8,914,135</b>	<b>\$ 25,392,951</b>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2012

Net change in fund balances - total governmental funds.....	\$	1,649,949
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....		6,170,119
Capital assets contributed to joint venture.....		(3,910,618)
Loss on disposal of capital assets.....		(308,159)
Depreciation expense.....		<u>(5,671,525)</u>
Net effect of reporting capital assets.....		(3,720,183)
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>		
		(3,195,170)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Amortization of bond premiums.....		420,806
Debt service principal payments.....		<u>5,489,462</u>
Net effect of reporting long-term debt.....		5,910,268
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....		(28,152)
Net change in other postemployment benefits accrual.....		(400,504)
Net change in accrued interest on long-term debt.....		(40,630)
Net change in workers' compensation accrual.....		113,360
Net change in landfill closure liability.....		<u>1,400,000</u>
Net effect of recording long-term liabilities.....		<u>1,044,074</u>
Change in net assets of governmental activities.....	\$	<u><u>1,688,938</u></u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**

JUNE 30, 2012

	Business-type Activities - Enterprise Funds		
	South Shore Country Club	Hingham Municipal Lighting Plant (December 31, 2011)	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ -	\$ 10,785,636	\$ 10,785,636
Receivables, net of allowance for uncollectibles:			
User charges.....	-	2,684,309	2,684,309
Departmental and other.....	30,514	134,871	165,385
Inventory.....	-	1,310,863	1,310,863
Purchased power advance deposits.....	-	833,984	833,984
Other assets.....	-	741,206	741,206
<b>Total current assets.....</b>	<b>30,514</b>	<b>16,490,869</b>	<b>16,521,383</b>
<b>NONCURRENT:</b>			
Investment in Hydro Quebec.....	-	188,899	188,899
Other postemployment benefits asset.....	-	1,319,224	1,319,224
Capital assets, nondepreciable.....	7,008,200	177,102	7,185,302
Capital assets, net of accumulated depreciation.....	3,316,009	23,390,510	26,706,519
<b>Total noncurrent assets.....</b>	<b>10,324,209</b>	<b>25,075,735</b>	<b>35,399,944</b>
<b>TOTAL ASSETS.....</b>	<b>10,354,723</b>	<b>41,566,604</b>	<b>51,921,327</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	39,251	3,962,050	4,001,301
Due to other funds.....	443,341	-	443,341
Accrued liabilities.....	1,330	2,380,947	2,382,277
Accrued interest.....	12,658	-	12,658
Capital lease obligations.....	39,216	-	39,216
Compensated absences.....	18,631	-	18,631
Bonds payable.....	135,000	-	135,000
<b>Total current liabilities.....</b>	<b>689,427</b>	<b>6,342,997</b>	<b>7,032,424</b>
<b>NONCURRENT:</b>			
Capital lease obligations.....	125,016	-	125,016
Customer deposits.....	-	1,558,659	1,558,659
Rate stabilization reserve.....	-	2,167,054	2,167,054
Bonds payable.....	950,000	-	950,000
<b>Total noncurrent liabilities.....</b>	<b>1,075,016</b>	<b>3,725,713</b>	<b>4,800,729</b>
<b>TOTAL LIABILITIES.....</b>	<b>1,764,443</b>	<b>10,068,710</b>	<b>11,833,153</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt.....	9,074,977	23,567,612	32,642,589
Unrestricted.....	(484,697)	7,930,282	7,445,585
<b>TOTAL NET ASSETS.....</b>	<b>\$ 8,590,280</b>	<b>\$ 31,497,894</b>	<b>\$ 40,088,174</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2012

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>South Shore Country Club</u>	<u>Hingham Municipal Lighting Plant (December 31, 2011)</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for services .....	\$ 1,982,729	\$ 29,905,120	\$ 31,887,849
Other.....	-	155,053	155,053
<b>TOTAL OPERATING REVENUES .....</b>	<b>1,982,729</b>	<b>30,060,173</b>	<b>32,042,902</b>
<b>OPERATING EXPENSES:</b>			
Program expenses.....	98,778	22,540,520	22,639,298
Administrative and general salaries and wages.....	755,499	238,199	993,698
Grounds and custodial expenses.....	689,822	862,171	1,551,993
Facility expenses.....	142,948	282,778	425,726
Other administrative expenses.....	-	1,492,605	1,492,605
Depreciation.....	329,874	1,849,550	2,179,424
<b>TOTAL OPERATING EXPENSES .....</b>	<b>2,016,921</b>	<b>27,265,823</b>	<b>29,282,744</b>
<b>OPERATING INCOME.....</b>	<b>(34,192)</b>	<b>2,794,350</b>	<b>2,760,158</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment income.....	165	49,122	49,287
Interest expense.....	(44,483)	(2,414)	(46,897)
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>(44,318)</b>	<b>46,708</b>	<b>2,390</b>
<b>INCOME BEFORE TRANSFERS.....</b>	<b>(78,510)</b>	<b>2,841,058</b>	<b>2,762,548</b>
<b>TRANSFERS:</b>			
Transfers in.....	310,624	-	310,624
Transfers out.....	-	(558,453)	(558,453)
<b>TOTAL TRANSFERS.....</b>	<b>310,624</b>	<b>(558,453)</b>	<b>(247,829)</b>
<b>CHANGE IN NET ASSETS.....</b>	<b>232,114</b>	<b>2,282,605</b>	<b>2,514,719</b>
<b>NET ASSETS AT BEGINNING OF YEAR.....</b>	<b>8,358,166</b>	<b>29,215,289</b>	<b>37,573,455</b>
<b>NET ASSETS AT END OF YEAR.....</b>	<b>\$ 8,590,280</b>	<b>\$ 31,497,894</b>	<b>\$ 40,088,174</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**

FISCAL YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds		
	South Shore Country Club	Hingham Municipal Lighting Plant (December 31, 2011)	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers and users.....	\$ 1,957,819	\$ 30,563,959	\$ 32,521,778
Payments to vendors.....	(923,917)	(23,895,292)	(24,819,209)
Payments to employees.....	(751,810)	(2,457,161)	(3,208,971)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>282,092</b>	<b>4,211,506</b>	<b>4,493,598</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in.....	310,624	-	310,624
Transfers out.....	-	(558,453)	(558,453)
Advances from other funds.....	73,097	-	73,097
Pre-funding transfer for OPEB benefits.....	-	3,263	3,263
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>383,721</b>	<b>(555,190)</b>	<b>(171,469)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets.....	(280,404)	(726,686)	(1,007,090)
Principal payments on bonds and notes.....	(130,000)	-	(130,000)
Principal payments on capital lease obligations.....	(209,574)	-	(209,574)
Interest expense.....	(46,000)	(2,414)	(48,414)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(665,978)</b>	<b>(729,100)</b>	<b>(1,395,078)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Increase in investment in Hydro Quebec.....	-	(1,280)	(1,280)
Investment income.....	165	49,122	49,287
<b>NET CASH FROM INVESTING ACTIVITIES.....</b>	<b>165</b>	<b>47,842</b>	<b>48,007</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>-</b>	<b>2,975,058</b>	<b>2,975,058</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....</b>	<b>-</b>	<b>7,810,578</b>	<b>7,810,578</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR.....</b>	<b>\$ -</b>	<b>\$ 10,785,636</b>	<b>\$ 10,785,636</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>			
Operating income (loss).....	\$ (34,192)	\$ 2,794,350	\$ 2,760,158
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation.....	329,874	1,849,550	2,179,424
Changes in assets and liabilities:			
User charges.....	-	(122,884)	(122,884)
Department and other receivables.....	(24,910)	(66,978)	(91,888)
Inventory.....	-	(697,542)	(697,542)
Other assets.....	-	30,891	30,891
Purchased power advance deposits.....	-	31,563	31,563
Warrants payable.....	7,631	7,484	15,115
Accrued liabilities.....	1,330	(308,576)	(307,246)
Rate stabilization reserve.....	-	310,635	310,635
Customer deposits.....	-	383,013	383,013
Compensated absences.....	2,359	-	2,359
Total adjustments.....	316,284	1,417,156	1,733,440
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 282,092</b>	<b>\$ 4,211,506</b>	<b>\$ 4,493,598</b>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2012

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds	Agency Fund
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 3,864,829	\$ 182,899	\$ 669,470
Investments:			
Equity mutual funds.....	380,108	2,940,551	-
Debt securities.....	-	246,758	-
PRIT funds.....	72,791,995	-	-
Receivables, net of allowance for uncollectibles:			
Departmental and other receivables.....	421,126	-	-
<b>TOTAL ASSETS.....</b>	<b>77,458,058</b>	<b>3,370,208</b>	<b>669,470</b>
<b>LIABILITIES</b>			
Accrued liabilities.....	20,972	-	-
Liabilities due depositors.....	-	-	669,470
<b>TOTAL LIABILITIES.....</b>	<b>20,972</b>	<b>-</b>	<b>669,470</b>
<b>NET ASSETS</b>			
Held in trust for:			
Pension benefits.....	73,406,141	-	-
Other postemployment benefits.....	4,030,945	-	-
Other purposes.....	-	3,370,208	-
<b>TOTAL NET ASSETS.....</b>	<b>\$ 77,437,086</b>	<b>\$ 3,370,208</b>	<b>\$ -</b>

(1) The Pension Trust Fund is as of December 31, 2011

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2012

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
<b>ADDITIONS:</b>		
Contributions:		
Employer.....	\$ 4,759,737	\$ -
Plan members.....	2,203,875	-
Private donations.....	-	27,037
Total contributions.....	6,963,612	27,037
Net investment income:		
Net change in fair value of investments.....	(1,342,537)	68,040
Interest.....	1,418,163	-
Dividends.....	948,943	-
Total investment income.....	1,024,569	68,040
Less: investment expense.....	(195,643)	-
Net investment income.....	828,926	68,040
Intergovernmental.....	199,796	-
Transfers from other systems.....	136,168	-
TOTAL ADDITIONS.....	8,128,502	95,077
<b>DEDUCTIONS:</b>		
Administration.....	159,426	-
Transfers to other systems.....	479,592	-
Retirement benefits and refunds.....	6,262,015	-
Educational scholarships.....	-	161,496
TOTAL DEDUCTIONS.....	6,901,033	161,496
CHANGE IN NET ASSETS.....	1,227,469	(66,419)
NET ASSETS AT BEGINNING OF YEAR.....	76,209,617	3,436,627
NET ASSETS AT END OF YEAR.....	\$ 77,437,086	\$ 3,370,208

(1) The Pension Trust Fund is as of December 31, 2011

See notes to basic financial statements.

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

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

**A. Reporting Entity**

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

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. Three entities have been included as component units in the reporting entity, because of the significance of its operational and/or financial relationship.

*Blended Component Units* – Blended component units are entities that are legally separate from the Town, but are so related that they are, in substance, the same as the Town or entities providing services entirely or almost entirely for the benefit of the Town. The following component unit is blended within the primary government:

In the Fiduciary Funds:

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

*Discretely Presented Component Units* – Discretely presented component units are entities that are legally separate from the Town, but are financially accountable to the Town, or whose relationships with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete. The Town has included the Hingham Public Library and the Lincoln Apartments, LLC as a Discretely Presented Component Units because of their fiscal dependency on the Town and because the nature and significance of their relationship with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete.

Accordingly, the Component Unit columns of the combined financial statements include the financial data of the following entities:

- (2) The Hingham Public Library is a private non-profit corporation that operates a library for the Town of Hingham residents. The Board of Trustees for the Hingham Public Library consists of the members of the corporation, the superintendent of schools of the Town, the treasurer of the Town, a member of the Board of Selectmen, and five residents of which three are appointed by the Board of Selectmen and two are

appointed by the Town Moderator. The library is financially accountable to the Town as a result of fiscal dependency. The Town has the authority to approve and modify the budget of the library.

- (3) The Lincoln Apartments, LLC is a Massachusetts limited liability company that operates affordable housing for Hingham residents at the Lincoln School Apartment building owned by the Town. The affordable housing program is subsidized by the U.S. Department of Housing and Urban Development (HUD). Under the terms of a 30 year lease agreement, Lincoln Apartments, LLC will pay the Town an annual base rent equal to the debt service on the bonds issued by the Town to finance the building plus "Cash Flow Rent" and "Additional Rent" as defined in the Agreement.

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

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

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

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

*Joint Venture* – The Town has entered into a joint venture for the South Shore Regional Emergency Communications Center (SSRECC) along with the Towns of Cohasset, Hull, and Norwell to pool resources and share costs, risks, and rewards of operating a regional 911 call center. The Center became operational as of January 1, 2012, and the Town's fiscal year 2012 assessment totaled \$389,404. The SSRECC issues a publically available financial report that includes its financial statements. Copies of these financial statements may be obtained by writing to the SSRECC's Executive Director, 210 Central Street, Hingham, MA 02043.

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

#### *Government-Wide Financial Statements*

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

*Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

#### *Fund Financial Statements*

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual

governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

#### *Major Fund Criteria*

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

- If the total assets, 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 the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

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

Fiduciary funds are reported by fund type.

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

#### *Government-Wide Financial Statements*

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

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

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

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

*Fund Financial Statements*

**Governmental** fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the amounts have matured or are due and payable.

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

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

The following major governmental funds are reported:

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

The *middle school building project fund* is a capital project fund used to account for all activity related to the middle school project, which will be partially reimbursed by MSBA.

The nonmajor governmental funds consist of other special revenue, capital project and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

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

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

**Proprietary** fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary funds are reported:

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

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

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

The following fiduciary fund types are reported:

The *pension and other employee benefit trust funds* are 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, and the *other postemployment benefit trust fund* which accumulates resources to provide funding for future OPEB (other postemployment benefits) liabilities.

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

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

#### D. Cash and Investments

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

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

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

#### E. Accounts Receivable

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

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

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

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

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

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

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

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

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

***Motor Vehicle Excise***

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

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

***User Charges***

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

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

**Departmental and Other**

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

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

***Special Assessments***

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

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

***Intergovernmental***

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

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

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

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

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

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

Capital assets, which include land, construction in process, land improvements, buildings, plant in service, machinery and equipment, and infrastructure (e.g., roads, street lights, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

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

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

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

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

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

*Governmental Fund Financial Statements*

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

H. Interfund Receivables and Payables

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

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

### I. Interfund Transfers

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

#### *Government-Wide Financial Statements*

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

#### *Fund Financial Statements*

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

### J. Deferred Revenue

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

### K. Net Assets and Fund Equity

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

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

Net 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:

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

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

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

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

*Fund Financial Statements (Fund Balances)*

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

The governmental fund balance classifications are as follows:

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

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

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

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

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

The Town’s spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

L. Long-term debt*Government-Wide and Proprietary Fund Financial Statements*

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

*Governmental Fund Financial Statements*

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

### M. Compensated Absences

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

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

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

#### *Governmental Fund Financial Statements*

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

### N. Investment Income

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

Investment income from proprietary funds is maintained in those funds.

### O. Individual Fund Deficits

Several individual fund deficits exist at June 30, 2012, within the Special Revenue and Capital Project Funds. These deficits will be funded through grants and bond proceeds in future fiscal years.

### P. Use of Estimates

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

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

### Q. Total Column

#### *Government-Wide Financial Statements*

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

#### *Fund Financial Statements*

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

**NOTE 2 – AFFORDABLE HOUSING TRUST**

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

**NOTE 3 – CASH AND INVESTMENTS**

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

Statutes authorize the investment in obligations of the U. S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer’s Investment Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth. The Town Treasurer is responsible for adhering to these statutes, and at June 30, 2012 the Town is in compliance with these requirements.

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

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

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

The System participates in PRIT. The effective weighted duration rate for PRIT investments ranged from .08 to 9.69 years.

**Custodial Credit Risk – Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk.

At fiscal year-end the carrying amount (book value) of the Town’s deposits totaled \$21,341,464 and the bank balances totaled \$24,801,328. Of the bank balance, \$1,996,758 was covered by Federal Depository Insurance, \$779,100 was covered by the Depositors Insurance Fund, \$3,239,685 was collateralized, and \$18,785,695 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2011 the carrying amount (book value) of the Retirement System’s deposits totaled \$213,992 and the bank balance totaled \$293,912. The bank balance was fully covered by Federal Depository Insurance.

As of June 30, 2012 the Town had the following investments:

<b><u>Investment Type</u></b>	Investment Maturities			<b><u>Rating</u></b>
	<b><u>Fair Value</u></b>	<b><u>6-10 Years</u></b>	<b><u>Over 10 Years</u></b>	
<b><u>Debt Securities</u></b>				
U.S. Government Treasuries.....	\$ 70,152	\$ -	\$ 70,152	AAA
Corporate Bonds.....	<u>808,724</u>	<u>808,724</u>	<u>-</u>	A3 to Baa3
Total Debt Securities.....	878,876	<u>\$ 808,724</u>	<u>\$ 70,152</u>	
<b><u>Other Investments</u></b>				
Equity Mutual Funds.....	2,961,527			N/A
Money Market Mutual Funds.....	1,908,768			N/A
MMDT.....	<u>40,172,211</u>			Not rated
Total Investments.....	<u>\$ 45,921,382</u>			

MMDT maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 3 months.

As of December 31, 2011 the Retirement System had investments in the following segmented portfolios:

<u>PRIT Investment</u>	<u>Fair Value</u>
PRIT Core Fund.....	\$ 1,398,880
Core Fixed Income.....	32,255,646
Domestic Equity.....	18,413,965
International Equity.....	9,815,625
Emerging Markets Equity.....	3,106,798
Core Real Estate.....	4,037,799
Hedge Funds.....	3,746,253
Private Equity Vintage Year 2011.....	17,004
Cash Fund.....	<u>25</u>
 Total Investments.....	 \$ <u><u>72,791,995</u></u>

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party.

The Town investments of \$808,724 in corporate bonds are subject to custodial credit risk exposure because the related securities are uninsured, unregistered and held by the counterparty.

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

At December 31, 2011, the System's \$72,791,995 investment in PRIT is not subject to custodial credit risk exposure because it is not evidenced by securities that exist in physical or book-entry form.

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town has not adopted a formal policy related to Credit Risk. At June 30, 2012 the Town's \$808,724 investment in corporate bonds were proportionally rated between A3 and Baa3. The credit ratings for the money market mutual funds and for MMDT are not available.

Concentration of Credit Risk

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

**NOTE 4 – RECEIVABLES**

At June 30, 2012, receivables for the individual major and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,213,172	\$ (10,338)	\$ 1,202,834
Tax liens.....	702,545	-	702,545
Motor vehicle and other excise taxes.....	423,411	(120,398)	303,013
User fees.....	609,960	-	609,960
Departmental and other.....	516,368	(116,737)	399,631
Special assessments.....	1,570,529	-	1,570,529
Intergovernmental.....	16,727,902	-	16,727,902
Total.....	<u>\$ 21,763,887</u>	<u>\$ (247,473)</u>	<u>\$ 21,516,414</u>

At December 31, 2011 and June 30, 2012, respectively, receivables for the electric lighting and South Shore Country Club enterprise funds consisted of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
<i>Electric Light</i>			
User fees.....	\$ 2,684,309	\$ -	\$ 2,684,309
Departmental and other.....	134,871	-	134,871
<i>South Shore Country Club</i>			
Departmental and other.....	30,514	-	30,514
Total.....	<u>\$ 2,849,694</u>	<u>\$ -</u>	<u>\$ 2,849,694</u>

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

	General Fund	Nonmajor Governmental Funds	Total
<u>Receivables and other asset types:</u>			
Real estate and personal property taxes.....	\$ 956,575	\$ -	\$ 956,575
Tax liens.....	702,545	38,526	741,071
Motor vehicle and other excise taxes.....	303,093	-	303,093
User charges.....	-	572,614	572,614
Departmental and other.....	343,890	596,196	940,086
Special assessments.....	1,570,529	-	1,570,529
Intergovernmental.....	15,246,170	34,467	15,280,637
Tax foreclosures.....	122,712	-	122,712
Total.....	<u>\$ 19,245,514</u>	<u>\$ 1,241,803</u>	<u>\$ 20,487,317</u>

Included in the deferred revenues above are \$116,904 and \$290,151 of advance collections for FY2013 real estate taxes and summer recreation fees, respectively.

**NOTE 5 – CAPITAL ASSETS**

A summary of changes in capital asset activity for the fiscal year ended June 30, 2012, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 8,584,069	\$ -	\$ -	\$ 8,584,069
Construction in progress.....	2,419,573	5,063,207	(4,265,997)	3,216,783
Total capital assets not being depreciated....	<u>11,003,642</u>	<u>5,063,207</u>	<u>(4,265,997)</u>	<u>11,800,852</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	2,439,568	-	-	2,439,568
Buildings.....	149,576,500	322,485	-	149,898,985
Machinery and equipment.....	12,354,085	831,647	(153,216)	13,032,516
Infrastructure.....	50,743,365	-	-	50,743,365
Total capital assets being depreciated.....	<u>215,113,518</u>	<u>1,154,132</u>	<u>(153,216)</u>	<u>216,114,434</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(233,545)	(86,277)	-	(319,822)
Buildings.....	(64,608,909)	(3,884,733)	-	(68,493,642)
Machinery and equipment.....	(9,663,532)	(663,739)	153,216	(10,174,055)
Infrastructure.....	(26,144,380)	(1,036,776)	-	(27,181,156)
Total accumulated depreciation.....	<u>(100,650,366)</u>	<u>(5,671,525)</u>	<u>153,216</u>	<u>(106,168,675)</u>
Total capital assets being depreciated, net.....	<u>114,463,152</u>	<u>(4,517,393)</u>	<u>-</u>	<u>109,945,759</u>
Total governmental activities capital assets, net.....	<u>\$ 125,466,794</u>	<u>\$ 545,814</u>	<u>\$ (4,265,997)</u>	<u>\$ 121,746,611</u>

Capital assets contributed to Joint Venture

As described in Note 1 the Town of Hingham, along with 3 other towns, entered into a joint venture to operate the South Shore Regional Emergency Communications Center (SSRECC); a regional 911 call center. Hingham, as the host community, received state funding to construct the SSRECC and to purchase necessary equipment for it while negotiations were being finalized for the other towns to join. Once the negotiations were completed and the SSRECC became operational in January of 2012, the Town contributed the assets purchased with state funds to the SSRECC in the amount of \$3,910,618.

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 7,026,056	\$ -	\$ -	\$ 7,026,056
Construction in progress.....	288,788	-	(129,542)	159,246
Total capital assets not being depreciated....	<u>7,314,844</u>	<u>-</u>	<u>(129,542)</u>	<u>7,185,302</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	2,029,188	13,450	-	2,042,638
Plant in service.....	46,109,224	873,989	(58,997)	46,924,216
Building improvements.....	2,759,332	250,154	-	3,009,486
Machinery and equipment.....	1,155,826	16,800	-	1,172,626
Total capital assets being depreciated.....	<u>52,053,570</u>	<u>1,154,393</u>	<u>(58,997)</u>	<u>53,148,966</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(298,419)	(68,449)	-	(366,868)
Plant in service.....	(21,725,392)	(1,849,550)	41,236	(23,533,706)
Building improvements.....	(1,831,324)	(104,255)	-	(1,935,579)
Machinery and equipment.....	(449,124)	(157,170)	-	(606,294)
Total accumulated depreciation.....	<u>(24,304,259)</u>	<u>(2,179,424)</u>	<u>41,236</u>	<u>(26,442,447)</u>
Total capital assets being depreciated, net.....	<u>27,749,311</u>	<u>(1,025,031)</u>	<u>(17,761)</u>	<u>26,706,519</u>
Total business-type activities capital assets, net.....	<u>\$ 35,064,155</u>	<u>\$ (1,025,031)</u>	<u>\$ (147,303)</u>	<u>\$ 33,891,821</u>

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

<b>Governmental Activities:</b>	
General government.....	\$ 591,113
Public safety.....	608,832
Education.....	2,533,294
Public works.....	1,648,084
Human services.....	2,957
Culture and recreation.....	<u>287,245</u>
Total depreciation expense - governmental activities.....	<u>\$ 5,671,525</u>
<b>Business-Type Activities:</b>	
Country Club.....	\$ 329,874
Electric light.....	<u>1,849,550</u>
Total depreciation expense - business-type activities.....	<u>\$ 2,179,424</u>

**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Inter-fund receivables and payables between funds at June 30, 2012, as summarized as follows:

Receivable Fund	Payable Fund	Amount
Sewer Maintenance	General Fund	\$ 7,420
Town Other	General Fund	557
General Fund	Sewer Maintenance	16,916
General Fund	Town Grants	399,337
General Fund	School Federal Grants	46,388
General Fund	Sewer Capital Projects	8,383
General Fund	New Elementary School	244,738
General Fund	Plymouth River School	236,907
General Fund	South Shore Regional Emergency Communications Center	906,425
General Fund	South Shore Country Club	443,341
		<u>\$ 2,310,412 (1)</u>

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

Interfund transfers for the fiscal year ended June 30, 2012, are summarized as follows:

Transfers Out:	Transfers In:			Total
	General Fund	South Shore Country Club	Nonmajor Governmental Funds	
General Fund.....	\$ -	\$ 310,624	\$ 283,455	\$ 594,079 (1)
Lighting Plant Enterprise Fund.....	558,453	-	-	558,453 (2)
Total.....	<u>\$ 558,453</u>	<u>\$ 310,624</u>	<u>\$ 283,455</u>	<u>\$ 1,152,532</u>

(1) Represents budgeted transfers from the general fund to nonmajor special revenue funds as well as a transfer to the South Shore Country Club for amounts raised on the recap for the prior year fund deficit.

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

**NOTE 7 – LEASES**

Capital Leases

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

The following identifies the assets acquired through capital lease agreements:

<u>Asset:</u>	<u>Business-Type Activities</u>
Machinery and equipment.....	\$ 975,556
Less: accumulated depreciation.....	<u>(440,765)</u>
Total.....	<u>\$ 534,791</u>

Future minimum lease payments under capitalized leases consist of the following at June 30, 2012:

<u>Fiscal Years Ending June 30,</u>	<u>Governmental Activities</u>
2013.....	\$ 44,256
2014.....	44,256
2015.....	44,255
2016.....	<u>44,256</u>
Total minimum lease payments.....	177,023
Less: amounts representing interest.....	<u>(12,791)</u>
Present value of minimum lease payments.....	<u>\$ 164,232</u>

Operating Leases

The Town leases school buses under noncancelable operating leases that expire in fiscal year 2015. The cost of the leases for the fiscal year ended June 30, 2012, totaled approximately \$395,000, and is reported as an educational expenditure of the general fund.

The future minimum lease payments are as follows at June 30, 2012:

<u>Fiscal Years Ending June 30,</u>	<u>Governmental Activities</u>
2013.....	\$ 398,344
2014.....	407,341
2015.....	<u>417,525</u>
Total lease payments.....	<u>\$ 1,223,210</u>

**NOTE 8 – SHORT-TERM FINANCING**

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

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

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

Short term debt outstanding as of June 30, 2012 was as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2011	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2012
BAN	Municipal Purpose.....	0.75%	06/28/13	\$ -	\$ 20,330,000	\$ -	\$ 20,330,000

**NOTE 9 – LONG-TERM DEBT**

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

Details related to the Town's outstanding general obligation and other indebtedness at June 30, 2012, and the debt service requirements are as follows:

**Governmental Activities**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2011	Issued	Redeemed	Outstanding at June 30, 2012
Municipal Purpose GOB of 1998 - Refunding Debt.....	2019	\$ 3,700,000	2.0 - 3.0	\$ 3,010,000	\$ -	\$ 450,000	\$ 2,560,000
2002 Multi Purpose Bonds.....	2012	42,155,000	3.5 - 5.375	2,270,000	-	2,270,000	-
Municipal Purpose GOB of 2002 - Refunding Debt.....	2021	19,080,000	2.0 - 4.0	19,065,000	-	155,000	18,910,000
2007 Multi Purpose Bonds.....	2027	4,929,750	4.0	4,205,000	-	240,000	3,965,000
MWPAT - 93 Bonds.....	2014	131,769	0.0	34,933	-	13,398	21,535
MWPAT - 98 Bonds.....	2019	2,505,200	0.0	1,509,500	-	182,800	1,326,700
MWPAT - 2001 Bonds.....	2019	97,838	0.0	43,478	-	5,436	38,042
MWPAT - 2006 Bonds.....	2027	400,000	2.0	332,830	-	17,828	315,002
Municipal Purpose Bonds of 2010.....	2029	38,565,991	3.0 - 5.0	34,200,000	-	2,155,000	32,045,000
Total general obligation indebtedness.....				64,670,741	-	5,489,462	59,181,279
Affordable Housing indebtedness.....	2013	299,881	4.75	299,881	-	-	299,881
Total.....				64,970,622	-	5,489,462	59,481,160
Unamortized Premium on Bonds.....				2,200,499	-	420,806	1,779,693
Total Long-Term Debt.....				\$ 67,171,121	\$ -	\$ 5,910,268	\$ 61,260,853

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013.....	\$ 5,525,064	\$ 2,281,559	\$ 7,806,623
2014.....	5,081,369	2,051,531	7,132,900
2015.....	4,985,065	1,891,909	6,876,974
2016.....	4,956,447	1,716,441	6,672,888
2017.....	4,932,937	1,541,429	6,474,366
2018.....	4,894,436	1,362,428	6,256,864
2019.....	4,686,142	1,156,614	5,842,756
2020.....	4,255,922	977,361	5,233,283
2021.....	4,226,345	787,886	5,014,231
2022.....	2,256,776	629,131	2,885,907
2023.....	2,262,216	539,191	2,801,407
2024.....	2,267,664	449,042	2,716,706
2025.....	2,273,122	358,685	2,631,807
2026.....	2,273,589	268,218	2,541,807
2027.....	2,279,066	177,641	2,456,707
2028.....	1,965,000	93,000	2,058,000
2029.....	360,000	14,400	374,400
Total.....	\$ <u>59,481,160</u>	\$ <u>16,296,466</u>	\$ <u>75,777,626</u>

The Town is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (MWPAT) on a periodic basis for principal in the amount of \$319,000 and interest costs for \$239,000. Thus, net MWPAT loan repayments, including interest, are scheduled to be \$1,592,000. The principal subsidies are guaranteed and therefore a \$319,000 intergovernmental receivable and corresponding revenue have been reported in the Sewer fund. Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The fiscal year 2012 principal and interest subsidies totaled \$56,000 and \$37,000, respectively.

The Town is receiving school construction assistance through the Massachusetts School Building Authority (MSBA) on bonded projects completed in prior fiscal years. The MSBA provides resources for eligible construction costs and related debt interest and borrowing costs. During fiscal year 2012, approximately \$1.8 million of such assistance was received. Approximately \$16 million is expected to be received in future fiscal years. Of this amount, \$1.1 million represents reimbursement of long-term interest costs, and \$14.9 million represents reimbursement of approved construction costs. Accordingly, a \$14.9 million intergovernmental receivable and corresponding deferred revenue have been reported in the governmental fund financial statements. The deferred revenue for the entire grant has been recognized as revenue in the conversion to the government-wide financial statements in prior fiscal years.

In addition, the MSBA offers a construction grant program which pays the Town the State's share of approved school construction costs and therefore eliminates the need for the Town to fund the State's share through long-term debt. The Hingham Middle School project is being funded by this grant program. The total grant received by the Town is expected to be approximately \$27 million. During the fiscal year, the Town received \$1,010,087 and recorded a receivable for \$42,286 for reimbursements that were received subsequent to year end.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2012, the Town had the following authorized and un-issued debt:

Purpose	Amount
Sewer Construction.....	\$ 40,000
Sewer MWRA I & I Removal.....	212,600
Sewer Route 3a.....	800,000
Sewer Weir River 2.....	451,887
Sewer Green Street Court.....	17,842
School Buildings.....	19,000
Lincoln School Apartments Acquisition.....	100,000
Sewer Construction / Thaxter to Kents Lane.....	35,000
School Buildings / Hingham Middle School.....	59,679
Wastewater Treatment Facility / Engineer & Permit.....	190,000
High School Fields Improvement Project.....	315,000
School Buildings/New Middle School.....	41,091,154
Sewer Construction - Ship and Cottage Streets.....	<u>600,000</u>
Total.....	<u>\$ 43,932,162</u>

**Business-Type Activities**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2011	Issued	Redeemed	Outstanding at June 30, 2012
SSCC - Irrigation.....	2019	\$ 1,585,000	4.0	\$ <u>1,215,000</u>	-	\$ <u>130,000</u>	<u>\$ 1,085,000</u>

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

**ENTERPRISE FUNDS, DEBT SERVICE PAYMENTS**

Fiscal Year	Principal	Interest	Total
2013.....	\$ 135,000	\$ 40,700	\$ 175,700
2014.....	145,000	35,100	180,100
2015.....	150,000	29,200	179,200
2016.....	155,000	23,100	178,100
2017.....	160,000	16,800	176,800
2018.....	165,000	10,300	175,300
2019.....	<u>175,000</u>	<u>3,500</u>	<u>178,500</u>
Total.....	<u>\$ 1,085,000</u>	<u>\$ 158,700</u>	<u>\$ 1,243,700</u>

Calculation of Invested in Capital Assets, net of related Debt

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation.....	\$ 121,746,611	\$ 33,891,821
Outstanding principal of related debt:		
Long-term debt (1).....	(60,960,972)	(1,085,000)
Short-term debt.....	(20,330,000)	-
Less:		
Unspent proceeds of capital debt.....	18,434,303	-
Non capital-related debt (2).....	<u>13,471,488</u>	<u>-</u>
Invested in capital assets, net of related debt.....	<u>\$ 72,361,430</u>	<u>\$ 32,806,821</u>

(1) Total long-term debt less the Affordable Housing indebtedness.

(2) School construction grant financing.

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2012, the following changes occurred in long-term liabilities:

	Balance June 30, 2011	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Balance June 30, 2012	Due Within One Year
<b>Governmental Activities:</b>							
Bonds payable.....	\$ 64,970,622	\$ -	\$ (5,489,462)	\$ -	\$ -	\$ 59,481,160	\$ 5,525,064
Unamortized bond premium.....	2,200,499	-	-	-	(420,806)	1,779,693	222,951
Workers' compensation.....	728,750	-	-	200,489	(313,849)	615,390	313,849
Compensated absences.....	1,036,751	-	-	731,000	(702,848)	1,064,903	732,744
Landfill closure.....	1,400,000	-	-	-	(1,400,000)	-	-
Other postemployment benefits....	<u>8,092,922</u>	<u>-</u>	<u>-</u>	<u>4,395,568</u>	<u>(3,995,064)</u>	<u>8,493,426</u>	<u>-</u>
Total governmental activity long-term liabilities.....	<u>\$ 78,429,544</u>	<u>\$ -</u>	<u>\$ (5,489,462)</u>	<u>\$ 5,327,057</u>	<u>\$ (6,832,567)</u>	<u>\$ 71,434,572</u>	<u>\$ 6,794,608</u>
<b>Business-Type Activities:</b>							
Bonds payable.....	\$ 1,215,000	\$ -	\$ (130,000)	\$ -	\$ -	\$ 1,085,000	\$ 135,000
Compensated absences.....	16,272	-	-	18,631	(16,272)	18,631	18,631
Capital lease obligations.....	373,806	-	-	-	(209,574)	164,232	39,216
Rate stabilization reserve.....	1,856,419	-	-	310,635	-	2,167,054	-
Customer deposits.....	<u>1,175,646</u>	<u>-</u>	<u>-</u>	<u>383,013</u>	<u>-</u>	<u>1,558,659</u>	<u>-</u>
Total business-type activity long-term liabilities.....	<u>\$ 4,637,143</u>	<u>\$ -</u>	<u>\$ (130,000)</u>	<u>\$ 712,279</u>	<u>\$ (225,846)</u>	<u>\$ 4,993,576</u>	<u>\$ 192,847</u>

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

**NOTE 10 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

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

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

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

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

At June 30, 2012, \$1,649,000 has been set aside in a stabilization fund that is classified as part of the general fund in the governmental funds financial statements. Municipal finance laws of the Commonwealth of Massachusetts authorize municipalities to establish stabilization funds on an as needed basis. The number of and exact purpose of the stabilization funds of the Town are dependent upon authorization and approval of Town Meeting. The stabilization fund balance can be used for general and/or capital purposes upon approval of Town Meeting. Additions to the fund can only be made upon Town Meeting approval.

As of June 30, 2012, the governmental fund balances consisted of the following:

	Governmental Funds			
	General	Middle School Building Project	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund Balances</b>				
Nonspendable:				
Permanent fund principal.....\$	- \$	- \$	35,000 \$	35,000 \$
Restricted for:				
Town gift funds.....	-	-	651,664	651,664
School gift funds.....	-	-	104,224	104,224
School state grant funds.....	-	-	670,211	670,211
Affordable housing trust.....	-	-	268,316	268,316
School revolving funds.....	-	-	1,135,464	1,135,464
Town revolving funds.....	-	-	592,614	592,614
Town trust funds.....	-	-	165,161	165,161
Town other funds.....	-	-	552,204	552,204
Community preservation.....	-	-	2,631,035	2,631,035
Preservation projects.....	-	-	1,463,338	1,463,338
Conservation.....	-	-	94,846	94,846
Sewer inflow/infiltration.....	-	-	635,216	635,216
Landfill.....	-	-	85,104	85,104
Harbor dredging.....	-	-	447,505	447,505
Central fire station.....	-	-	89,756	89,756
DPW building.....	-	-	29,601	29,601
Foster school.....	-	-	33,187	33,187
Middle school additions.....	-	-	9,319	9,319
Other capital project funds.....	-	-	2,306	2,306
Conservation permanent fund.....	-	-	64,096	64,096
Town permanent funds.....	-	-	647	647
Proceeds from the sale of the Hersey House.....	1,250,000	-	-	1,250,000
Committed to:				
Harbor maintenance.....	610,152	-	-	610,152
Assigned to:				
General government.....	332,746	-	-	332,746
Public safety.....	426,545	-	-	426,545
Education.....	177,793	-	-	177,793
Public works.....	392,467	-	-	392,467
Culture and recreation.....	8,738	-	-	8,738
Employee benefits.....	9,056	-	-	9,056
Subsequent year expenditures.....	978,156	-	-	978,156
Unassigned.....	14,467,148	(2,173,985)	(846,679)	11,446,484
<b>Total Fund Balances.....\$</b>	<b>18,652,801</b>	<b>(2,173,985)</b>	<b>8,914,135</b>	<b>25,392,951</b>

**NOTE 11 – RISK FINANCING**

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

The Town participates in premium-based health care plans for its active employees and retirees. The Town is self-insured for workers’ compensation and unemployment benefits, and also self-insures property coverage over a group of vacant buildings given to them by the federal government. The Town maintains liability coverage on these respective buildings. The Town records an estimated liability for workers’ compensation claims based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported based on historical experience. At June 30, 2012, the estimated liability for workers’ compensation claims totaled approximately \$616,720.

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

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End
Fiscal Year 2011.....\$	855,538 \$	309,536 \$	(436,324) \$	728,750
Fiscal Year 2012.....	728,750	(98,453)	(14,907)	615,390

Any liability for unemployment claims at June 30, 2012 is considered to be immaterial for these financial statements.

**NOTE 12 – CONTRIBUTORY RETIREMENT SYSTEM**

*Plan Description* - The Town contributes to the System, a cost sharing multiple-employer defined benefit pension plan administered by the Hingham Contributory Retirement Board. Substantially all employees are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$8,635,000 for the fiscal year ended June 30, 2012, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

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

At December 31, 2011, the System's membership consists of the following:

Active members.....	538
Inactive members.....	122
Retirees and beneficiaries currently receiving benefits.....	<u>282</u>
Total.....	<u><u>942</u></u>

*Funding Policy* - Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The current and two preceding fiscal years apportionment of the annual pension cost between the two employers required the Town to contribute approximately 99% of the total. Chapter 32 of the MGL governs the contributions of plan members and the Town.

*Annual Pension Cost* - The Town's contributions to the System for the last three fiscal years ended June 30, 2012, 2011, and 2010 were \$3,772,827, \$3,140,071, and \$2,993,522, respectively, which equaled its required contribution for each fiscal year. At June 30, 2012, the Town did not have a net pension obligation. The required contribution was determined as part of the January 1, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included an 8.0% investment rate of return and projected salary increases of 5.0% per year. The actuarial value of the System's assets was determined using the fair value of the assets. The System's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at January 1, 2011 was 19 years.

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/12	\$ 79,699,482	\$ 114,766,986	\$ 35,067,504	69.4%	\$ 23,273,757	150.7%
1/1/10	72,255,686	104,411,776	32,156,090	69.2%	22,266,750	144.4%
1/1/09	62,299,932	99,303,172	37,003,240	62.7%	21,715,745	170.4%
1/1/08	75,680,784	94,518,253	18,837,469	80.1%	19,856,230	94.9%
1/1/07	64,778,166	88,204,142	23,425,976	73.4%	19,177,310	122.2%
1/1/06	58,096,713	85,429,148	27,332,435	68.0%	18,005,014	151.8%
1/1/04	53,284,103	75,260,838	21,976,735	70.8%	16,669,815	131.8%

**NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

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

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

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

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

At the respective fiscal year ends, the Plan’s memberships consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Current retirees, beneficiaries, and dependants.....	656	29
Current active members.....	<u>827</u>	<u>29</u>
Total.....	<u><u>1,483</u></u>	<u><u>58</u></u>

*Funding Policy* – Contribution requirements are also negotiated between the Town and union representatives. Retired plan members and beneficiaries currently receiving benefits are required to contribute between 10% and 50% of the cost of benefits provided depending on the plan they choose. The Town and the HMLP are required to contribute the balance of the current premiums and may contribute additional amounts to pre-fund benefits. The Town and the HMLP contributed \$3,019,067 and \$126,758, respectively, during fiscal year 2012 towards these benefits in addition to the pre-funding amount discussed below. Administrative costs of the Plan are assumed to be included in the fully insured premium rates.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the Postemployment Benefit Trust Fund and to enable the Town to raise taxes necessary to begin pre-funding its OPEB liabilities. During fiscal year 2012, the Town pre-funded future OPEB liabilities in the amount of \$975,997.

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

	Governmental Activities	Business-Type Activities (1)
Annual required contribution..... \$	4,207,446	\$ 130,021
Interest on net OPEB obligation.....	647,434	-
Adjustments to annual required contribution.....	<u>(459,312)</u>	<u>-</u>
Annual OPEB cost/expense.....	4,395,568	130,021
Contributions made.....	<u>(3,995,064)</u>	<u>(126,758)</u>
Increase in net OPEB obligation.....	400,504	3,263
Net OPEB obligation - beginning of year.....	<u>8,092,922</u>	<u>(1,322,487)</u>
Net OPEB obligation/(asset) - end of year..... \$	<u><u>8,493,426</u></u>	<u><u>(1,319,224)</u></u>

(1) The Business-Type Activities consist of the Hingham Municipal Lighting Plant (HMLP) as of December 31, 2011. Disclosure information of the components making up the Annual OPEB cost/expense was not available from the HMLP.

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/ (Asset)
6/30/2012	\$ 4,525,589	91.08%	\$ 7,174,202
6/30/2011	4,932,975	86.73%	6,770,435
6/30/2010	7,735,851	68.67%	6,115,991

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

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/3012	\$ 2,523,497	\$ 57,625,720	\$ 55,102,223	4.38%	\$ 45,368,008	121.46%
6/30/2011	2,965,242	64,713,447	61,748,205	4.58%	43,450,759	142.11%
1/1/2009	1,716,955	116,646,488	114,929,533	1.47%	42,713,463	269.07%

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

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

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

Valuation date.....	June 30, 2012
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Payments increasing at 4.0%, level % of payroll
Remaining amortization period.....	29 years as of July 1, 2012, closed
Asset valuation method.....	Market value
Actuarial assumptions:	
Investment rate of return.....	8.0% pre-funded scenario
Inflation rate.....	4.0%
Projected salary increases.....	4.0%
Medical/Drug cost trend rate.....	8.0% decreasing by 0.5% for 7 years to an ultimate level of 5.0% per year

**NOTE 14 – COMMITMENTS**

The Town has been authorized to borrow approximately \$43.9 million primarily to cover the costs of various school and sewer related projects. The Town is in the process of constructing a new Middle School with a total cost estimated at approximately \$61 million of which approximately \$27 million will be funded through grants from the Massachusetts School Building Authority (MSBA). As of June 30, 2012 the Town has expended approximately \$3.2 million on the project.

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

**NOTE 15 – POWER PURCHASE COMMITMENTS**

Hingham Municipal Lighting Plant has entered into various power contracts through Energy New England (ENE), as their acting agent. These power contracts began in 2008 and go through to the year 2015.

Hingham Municipal Lighting Plant has entered into a contract with Braintree Electric Lighting Department as a 10% entitlement owner to the Watson Power Plant. This purchase power contract is effective from 2009 thru 2029.

The Lighting Plant has entered into a three year contract with Miller Hydro for renewable energy, with an energy price of \$57 per MWh.

The Lighting Plant has entered into a fifteen year contract with Spruce Mountain Wind Farm for renewable energy, with an energy price of \$.099 per Kwh, and with a commitment to purchase 1.5MW.

The Lighting Plant has entered into a three year contract with Granby Landfill, with an energy price of \$.065 per Kwh.

The Lighting Plant has entered into a life of unit contract with Taunton Municipal Light Department and Braintree Electric Light Department. Ownership for these contracts represents 2.7275% and 2.2989%, respectively. Through its membership in the Massachusetts Municipal Wholesale Electric Company (MMWEC), the Lighting Plant is contingently liable on various projects in which they participated as described below.

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

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

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

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

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

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

After the July 1, 2011 principal payment total capital expenditures for MMWEC’s Projects amounted to \$1,581,599,000 of which \$62,326,000 represents the amount associated with the Lighting Plant’s share of Project Capability of the Projects in which it participates, although such amount is not allocated to the Lighting Plant. MMWEC’s debt outstanding for the Projects includes Power Supply System Revenue Bonds totaling \$358,420,000, of which \$13,334,000 is associated with the Lighting Plant’s share of the Project Capability of the Projects in which it participates, although such amount is not allocated to the Lighting Plant. As of December 31, 2011, MMWEC’s total future debt service requirement on outstanding bonds issued for the Projects is \$380,165,000, of which \$14,258,000 is anticipated to be billed to the Lighting Plan in the future.

In addition, under the PSAs, the Lighting Plant is required to pay to MMWEC its share of the Operation and Maintenance (O&M) costs of the Projects in which it participates. The Lighting Plant’s total O&M costs including debt service under the PSAs were \$7,137,000 and \$7,318,000 for the years ended December 31, 2011 and 2010 respectively.

HMLP’s annual energy costs related to its long-term power purchase commitments as of 2011 are approximately as follows:

For Years Ended December 31,	
2012.....	\$ 10,852,256
2013.....	8,794,384
2014.....	5,775,684
2015.....	5,225,328
2016.....	4,737,243
2017-2021.....	12,028,601
2022-2026.....	10,419,939
2027-2029.....	<u>2,586,413</u>
Total.....	<u>\$ 60,419,848</u>

**NOTE 16 – CONTINGENCIES**

The Town participates in a number of Federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2012, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2012, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2012.

**NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During fiscal year 2012, the following GASB pronouncements were implemented:

- The GASB issued Statement #62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The implementation of this pronouncement did not impact the basic financial statements.
- The GASB issued Statement #64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No. 53*. The implementation of this pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in future fiscal years. Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

- The GASB issued Statement #60, *Accounting and Financial Reporting for Service Concession Arrangements*, which is required to be implemented in fiscal year 2013.
- The GASB issued Statement #61, *The Financial Reporting Entity: Omnibus*, which is required to be implemented in fiscal year 2013.
- The GASB issued Statement #63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which is required to be implemented in fiscal year 2013.
- The GASB issued Statement #65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented in fiscal year 2013.
- The GASB issued Statement #66, *Technical Corrections – 2012, an amendment of GASB Statements No. 10 and No. 62*, which is required to be implemented in fiscal year 2013.
- The GASB issued Statement #67, *Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*, which is required to be implemented in fiscal year 2014.
- The GASB issued Statement #68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, which is required to be implemented in fiscal year 2015.

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## ***Required Supplementary Information***

# ***Budgetary Comparison Schedule***

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

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

FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 64,310,700	\$ 64,310,700	\$ 65,364,527	\$ -	\$ 1,053,827
Tax liens.....	-	-	159,806	-	159,806
Motor vehicle and other excise taxes.....	3,110,000	3,110,000	3,287,665	-	177,665
Local meals tax.....	-	-	607,440	-	607,440
Charges for services.....	1,756,185	1,756,185	2,100,542	-	344,357
Penalties and interest on taxes.....	335,000	335,000	431,791	-	96,791
Intergovernmental.....	8,906,163	8,906,163	9,141,877	-	235,714
Departmental and other.....	1,380,000	1,380,000	1,775,325	-	395,325
Investment income.....	78,000	78,000	59,135	-	(18,865)
<b>TOTAL REVENUES.....</b>	<b>79,876,048</b>	<b>79,876,048</b>	<b>82,928,108</b>	<b>-</b>	<b>3,052,060</b>
<b>EXPENDITURES:</b>					
<b>Selectmen:</b>					
Payroll.....	390,730	426,122	425,616	-	506
Expenditures.....	43,355	28,352	25,752	450	2,150
	<u>434,085</u>	<u>454,474</u>	<u>451,368</u>	<u>450</u>	<u>2,656</u>
<b>Advisory Committee:</b>					
Reserve Fund.....	550,000	383,688	-	-	383,688
<b>Town Accountant:</b>					
Payroll.....	321,887	328,305	328,062	-	243
Expenditures.....	12,555	12,555	6,781	-	5,774
Capital Outlay.....	166,968	-	-	-	-
New Equipment.....	136,026	193,658	54,374	139,284	-
Audit.....	55,000	55,000	55,000	-	-
	<u>692,436</u>	<u>589,518</u>	<u>444,217</u>	<u>139,284</u>	<u>6,017</u>
Information Technology.....	26,690	136,026	97,731	20,170	18,125
<b>Assessors:</b>					
Payroll.....	277,888	250,170	190,658	-	59,512
Expenditures.....	11,682	32,951	28,785	397	3,769
Revaluation.....	15,269	40,646	40,646	-	-
Consulting.....	7,500	-	-	-	-
Maintenance of Maps.....	12,000	6,000	6,000	-	-
	<u>324,339</u>	<u>329,767</u>	<u>266,089</u>	<u>397</u>	<u>63,281</u>
<b>Treasurer / Collector:</b>					
Payroll.....	286,441	292,153	291,850	-	303
Expenditures.....	46,828	46,828	42,031	-	4,797
Tax Titles.....	10,980	10,980	10,980	-	-
	<u>344,249</u>	<u>349,961</u>	<u>344,861</u>	<u>-</u>	<u>5,100</u>
<b>Legal Services:</b>					
Expenditures.....	355,713	492,963	442,054	49,331	1,578
<b>Town Meetings:</b>					
Payroll.....	4,692	4,920	4,920	-	-
Expenditures.....	38,900	38,766	38,742	-	24
	<u>43,592</u>	<u>43,686</u>	<u>43,662</u>	<u>-</u>	<u>24</u>
<b>Town Clerk:</b>					
Payroll.....	163,368	167,358	164,000	-	3,358
Expenditures.....	7,457	7,457	6,410	-	1,047
	<u>170,825</u>	<u>174,815</u>	<u>170,410</u>	<u>-</u>	<u>4,405</u>
<b>Elections and Registers:</b>					
Payroll.....	16,850	17,187	16,954	-	233
Expenditures.....	24,060	24,060	22,013	100	1,947
	<u>40,910</u>	<u>41,247</u>	<u>38,967</u>	<u>100</u>	<u>2,180</u>
<b>Community Planning:</b>					
Payroll.....	572,697	584,117	563,470	15,000	5,647
Expenditures.....	66,216	66,216	30,529	31,240	4,447
	<u>638,913</u>	<u>650,333</u>	<u>593,999</u>	<u>46,240</u>	<u>10,094</u>

(Continued)

Bare Cove Park:

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

FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Payroll.....	15,605	15,918	15,409	-	509
Expenditures.....	5,333	5,333	4,953	-	380
	<u>20,938</u>	<u>21,251</u>	<u>20,362</u>	<u>-</u>	<u>889</u>
Town Office Building:					
Payroll.....	171,431	174,846	174,831	-	15
Expenditures.....	381,486	381,486	376,705	1,727	3,054
New Equipment.....	94,000	94,000	18,726	75,014	260
	<u>646,917</u>	<u>650,332</u>	<u>570,262</u>	<u>76,741</u>	<u>3,329</u>
GAR Hall:					
Expenditures.....	12,491	12,491	11,861	33	597
Total General Government.....	<u>4,302,098</u>	<u>4,330,552</u>	<u>3,495,843</u>	<u>332,746</u>	<u>501,963</u>
Public Safety and Protective Services - Police:					
Payroll.....	4,159,011	4,176,227	4,088,984	-	87,243
Expenditures.....	298,626	363,559	335,188	16,657	11,714
New Equipment.....	155,000	155,000	154,393	-	607
	<u>4,612,637</u>	<u>4,694,786</u>	<u>4,578,565</u>	<u>16,657</u>	<u>99,564</u>
Public Safety and Protective Services - Fire:					
Payroll.....	3,967,478	4,046,531	4,033,483	-	13,048
Expenditures.....	322,029	322,029	307,009	1,834	13,186
New Equipment.....	410,908	445,908	149,944	295,964	-
	<u>4,700,415</u>	<u>4,814,468</u>	<u>4,490,436</u>	<u>297,798</u>	<u>26,234</u>
Public Safety and Protective Services - All Other:					
Payroll.....	1,107,806	416,283	406,067	-	10,216
Expenditures.....	183,769	921,739	803,769	112,090	5,880
	<u>1,291,575</u>	<u>1,338,022</u>	<u>1,209,836</u>	<u>112,090</u>	<u>16,096</u>
Total Protection of Persons and Property.....	<u>10,604,627</u>	<u>10,847,276</u>	<u>10,278,837</u>	<u>426,545</u>	<u>141,894</u>
School Department:					
Payroll.....	30,299,202	30,299,202	30,272,456	-	26,746
Expenditures.....	7,497,104	7,497,104	7,135,289	177,793	184,022
Capital Budget.....	329,327	329,327	294,554	-	34,773
	<u>38,125,633</u>	<u>38,125,633</u>	<u>37,702,299</u>	<u>177,793</u>	<u>245,541</u>
Project Engineering:					
Payroll.....	199,013	202,969	202,448	-	521
Expenditures.....	30,185	115,897	20,798	95,099	-
New Equipment.....	150,000	150,000	44,240	105,760	-
Road Building/Construction.....	150,000	150,000	142,191	7,809	-
	<u>529,198</u>	<u>618,866</u>	<u>409,677</u>	<u>208,668</u>	<u>521</u>
Department of Public Works:					
Payroll.....	1,600,032	1,631,755	1,611,120	20,439	196
Expenditures.....	387,311	387,509	379,267	8,242	-
New Equipment.....	321,000	565,000	410,863	154,137	-
Snow Removal.....	500,000	258,141	220,539	-	37,602
Resurfacing.....	278,032	277,835	277,814	-	21
	<u>3,086,375</u>	<u>3,120,240</u>	<u>2,899,603</u>	<u>182,818</u>	<u>37,819</u>
Landfill/Recycling:					
Payroll.....	423,721	432,132	404,340	-	27,792
Expenditures.....	857,611	857,611	837,342	-	20,269
New Equipment.....	74,399	74,399	73,418	981	-
	<u>1,355,731</u>	<u>1,364,142</u>	<u>1,315,100</u>	<u>981</u>	<u>48,061</u>
Total Public Works and Facilities.....	<u>4,971,304</u>	<u>5,103,248</u>	<u>4,624,380</u>	<u>392,467</u>	<u>86,401</u>
Health Department:					
Payroll.....	268,853	274,214	271,420	-	2,794
Expenditures.....	18,135	18,135	16,351	-	1,784
	<u>286,988</u>	<u>292,349</u>	<u>287,771</u>	<u>-</u>	<u>4,578</u>
(Continued)					
Elder Services:					
Payroll.....	183,207	186,851	186,436	-	415
Expenditures.....	21,044	25,944	24,438	-	1,506

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

FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
New Equipment.....	12,341	12,341	11,252	-	1,089
Senior Workoff Program.....	40,000	40,000	35,500	-	4,500
	<u>256,592</u>	<u>265,136</u>	<u>257,626</u>	<u>-</u>	<u>7,510</u>
Veteran's Services:					
Payroll.....	41,200	42,024	46,882	-	(4,858)
Expenditures.....	6,300	6,300	5,538	-	762
Benefits.....	218,000	218,000	190,814	-	27,186
	<u>265,500</u>	<u>266,324</u>	<u>243,234</u>	<u>-</u>	<u>23,090</u>
Plymouth County Rape Crisis Center.....	2,500	2,500	2,500	-	-
South Shore Women's Center.....	3,500	3,500	3,500	-	-
Total Human Services.....	<u>815,080</u>	<u>829,809</u>	<u>794,631</u>	<u>-</u>	<u>35,178</u>
Library:					
Payroll.....	1,096,055	1,119,428	1,119,428	-	-
Expenditures.....	235,811	235,811	214,721	4,805	16,285
New Equipment.....	20,000	20,000	20,000	-	-
	<u>1,351,866</u>	<u>1,375,239</u>	<u>1,354,149</u>	<u>4,805</u>	<u>16,285</u>
Recreation:					
Payroll.....	67,738	69,093	68,343	-	750
Trustees of Bathing Beach:					
Payroll.....	16,374	16,701	15,541	-	1,160
Expenditures.....	5,825	5,825	1,892	3,933	-
	<u>22,199</u>	<u>22,526</u>	<u>17,433</u>	<u>3,933</u>	<u>1,160</u>
Celebrations.....	11,150	11,150	9,249	-	1,901
Total Culture & Recreation.....	<u>1,452,953</u>	<u>1,478,008</u>	<u>1,449,174</u>	<u>8,738</u>	<u>20,096</u>
Debt Service:					
Principal.....	5,044,160	5,034,224	5,034,224	-	-
Interest.....	2,343,743	2,353,679	2,103,146	-	250,533
	<u>7,387,903</u>	<u>7,387,903</u>	<u>7,137,370</u>	<u>-</u>	<u>250,533</u>
Town Pension.....	4,519,002	4,519,002	4,508,876	375	9,751
Property and Liability Insurance.....	393,240	393,240	386,230	-	7,010
Employee Benefits.....	8,173,649	8,021,377	7,566,749	8,681	445,947
State and County Charges.....	788,724	788,724	754,085	-	34,639
Special Articles.....	-	3,503	3,503	-	-
TOTAL EXPENDITURES.....	<u>81,534,213</u>	<u>81,828,275</u>	<u>78,701,977</u>	<u>1,347,345</u>	<u>1,778,953</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	<u>(1,658,165)</u>	<u>(1,952,227)</u>	<u>4,226,131</u>	<u>(1,347,345)</u>	<u>4,831,013</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in.....	669,601	669,601	735,082	-	(65,481)
Transfers out.....	(1,334,636)	(1,334,636)	(1,928,715)	-	594,079
TOTAL OTHER FINANCING SOURCES (USES).....	<u>(665,035)</u>	<u>(665,035)</u>	<u>(1,081,716)</u>	<u>-</u>	<u>640,515</u>
NET CHANGE IN FUND BALANCE.....	<u>(2,323,200)</u>	<u>(2,617,262)</u>	<u>3,144,415</u>	<u>(1,347,345)</u>	<u>5,471,528</u>
BUDGETARY FUND BALANCE, Beginning of year.....	13,396,156	13,396,156	13,396,156	-	-
BUDGETARY FUND BALANCE, End of year.....	<u>\$ 11,072,956</u>	<u>\$ 10,778,894</u>	<u>\$ 16,540,571</u>	<u>\$ (1,347,345)</u>	<u>\$ 5,471,528</u>

See notes to required supplementary information.

(Concluded)

# ***Other Postemployment Benefit Plan Schedules***

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

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

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

**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/3012	\$ 2,523,497	\$ 57,625,720	\$ 55,102,223	4.38%	\$ 45,368,008	121.46%
6/30/2011	2,965,242	64,713,447	61,748,205	4.58%	43,450,759	142.11%
1/1/2009	1,716,955	116,646,488	114,929,533	1.47%	42,713,463	269.07%

**Schedule of Employer Contributions**

Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
6/30/2012	\$ 4,337,467	\$ 4,121,822	95.0%
6/30/2011	4,759,734	4,278,531	89.9%
6/30/2010	7,735,851	5,312,116	68.7%
6/30/2009	7,550,842	3,858,586	51.1%

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

See notes to required supplementary information.

**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
**ACTUARIAL METHODS AND ASSUMPTIONS**

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Actuarial Methods:

Valuation date.....	June 30, 2012
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Amortization payments increasing at 4.0%, level % of payroll
Remaining amortization period.....	29 years as of July 1, 2012, closed
Asset valuation method.....	Market value

Actuarial Assumptions:

Investment rate of return.....	8.0% pre-funding scenario
Inflation rate.....	4.0%
Projected salary increases.....	4.0%
Medical/drug cost trend rate.....	8.0% decreasing by 0.5% for 7 years to an ultimate level of 5.0% per year

Plan Membership:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Current retirees, beneficiaries, and dependents.....	646	29
Current active members.....	<u>775</u>	<u>29</u>
Total.....	<u><u>1,421</u></u>	<u><u>58</u></u>

See notes to required supplementary information.

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

A. Budgetary Information

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

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

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

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

The original fiscal year 2012 general fund budget consisted of approximately \$82.9 million in appropriations and other amounts to be raised, including \$736,580 in amounts carried over from previous fiscal years.

The Accounting Office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2012, is presented below:

Net change in fund balance - budgetary basis.....	\$ 3,144,415
<u>Perspective difference:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	1,161,416
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	354,135
Net change in recording accrued expenditures.....	(226,989)
Recognition of revenue for on-behalf payments.....	8,635,341
Recognition of expenditures for on-behalf payments.....	<u>(8,635,341)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 4,432,977</u>

### C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2012, expenditures exceeded appropriations for veteran's department payroll, in the amount of \$4,858. This over-expenditure will be funded by available funds during fiscal year 2013.

### **NOTE B – OTHER POSTEMPLOYMENT BENEFITS**

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

The Town currently finances its other postemployment benefits (OPEB) on combined pre-funded and a pay-as-you-go basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarially accrued liability) was .22% and 69.49% for governmental and business-type activities, respectively. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets. Since this is the Town's initial year of implementation of GASB Statement 45, information for prior years is not available.

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

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

# ***Combining Statements***

# ***Nonmajor Governmental Funds***

## ***SPECIAL REVENUE FUNDS***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **CAPITAL PROJECT FUNDS**

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

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

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

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

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

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

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

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

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

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

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

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

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

### **PERMANENT FUNDS**

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

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

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

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2012

	Special Revenue Funds					
	Town Gifts	School Gifts	Town Grants	School State Grants	School Federal Grants	Affordable Housing Trust
<b>ASSETS</b>						
Cash and cash equivalents.....	\$ 676,700	\$ 104,323	\$ 155,582	\$ 670,211	\$ -	\$ 468,316
Investments.....	-	-	-	-	-	-
Departmental and other.....	-	-	-	-	-	-
User charges.....	-	-	-	-	-	-
Intergovernmental.....	-	-	558,908	-	-	-
Due from other funds.....	-	-	-	-	-	-
Assets held for resale.....	-	-	-	-	-	299,881
<b>TOTAL ASSETS.....</b>	<b>\$ 676,700</b>	<b>\$ 104,323</b>	<b>\$ 714,490</b>	<b>\$ 670,211</b>	<b>\$ -</b>	<b>\$ 768,197</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Warrants payable.....	\$ 25,036	\$ 99	\$ 299,155	\$ -	\$ 7,506	\$ -
Deferred revenues.....	-	-	34,467	-	-	299,881
Due to other funds.....	-	-	399,337	-	46,388	-
Notes payable.....	-	-	-	-	-	200,000
<b>TOTAL LIABILITIES.....</b>	<b>25,036</b>	<b>99</b>	<b>732,959</b>	<b>-</b>	<b>53,894</b>	<b>499,881</b>
<b>FUND BALANCES:</b>						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	651,664	104,224	-	670,211	-	268,316
Unassigned.....	-	-	(18,469)	-	(53,894)	-
<b>TOTAL FUND BALANCES.....</b>	<b>651,664</b>	<b>104,224</b>	<b>(18,469)</b>	<b>670,211</b>	<b>(53,894)</b>	<b>268,316</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 676,700</b>	<b>\$ 104,323</b>	<b>\$ 714,490</b>	<b>\$ 670,211</b>	<b>\$ -</b>	<b>\$ 768,197</b>

**Special Revenue Funds**

School Revolving	Town Revolving	Town Trusts	Town Other	Community Preservation	Preservation Projects	Conservation	Sewer Inflow/Infiltration	Sewer Maintenance	Sub-total
\$ 1,084,553	\$ 896,577	\$ 165,161	\$ 555,095	\$ 2,635,182	\$ 1,190,352	\$ 94,846	\$ 635,216	\$ -	\$ 9,332,114
-	-	-	-	-	272,986	-	-	-	272,986
17,865	-	-	-	6,163	-	-	-	-	24,028
-	-	-	-	-	-	-	-	609,960	609,960
42,991	-	-	-	-	-	-	-	-	601,899
-	-	-	557	-	-	-	-	7,420	7,977
-	-	-	-	-	-	-	-	-	299,881
<u>\$ 1,145,409</u>	<u>\$ 896,577</u>	<u>\$ 165,161</u>	<u>\$ 555,652</u>	<u>\$ 2,641,345</u>	<u>\$ 1,463,338</u>	<u>\$ 94,846</u>	<u>\$ 635,216</u>	<u>\$ 617,380</u>	<u>\$ 11,148,845</u>
\$ 5,340	\$ 18,417	\$ -	\$ 3,448	\$ 4,146	\$ -	\$ -	\$ -	\$ 5,193	\$ 368,340
4,605	285,546	-	-	6,164	-	-	-	611,140	1,241,803
-	-	-	-	-	-	-	-	16,916	462,641
-	-	-	-	-	-	-	-	160,000	360,000
<u>9,945</u>	<u>303,963</u>	<u>-</u>	<u>3,448</u>	<u>10,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>793,249</u>	<u>2,432,784</u>
-	-	-	-	-	-	-	-	-	-
1,135,464	592,614	165,161	552,204	2,631,035	1,463,338	94,846	635,216	-	8,964,293
-	-	-	-	-	-	-	-	(175,869)	(248,232)
<u>1,135,464</u>	<u>592,614</u>	<u>165,161</u>	<u>552,204</u>	<u>2,631,035</u>	<u>1,463,338</u>	<u>94,846</u>	<u>635,216</u>	<u>(175,869)</u>	<u>8,716,061</u>
<u>\$ 1,145,409</u>	<u>\$ 896,577</u>	<u>\$ 165,161</u>	<u>\$ 555,652</u>	<u>\$ 2,641,345</u>	<u>\$ 1,463,338</u>	<u>\$ 94,846</u>	<u>\$ 635,216</u>	<u>\$ 617,380</u>	<u>\$ 11,148,845</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2012

	Capital Projects Funds						
<b>ASSETS</b>	Landfill	Harbor Dredging	Central Fire Station	DPW Building	Sewer	Foster School	Plymouth River School
Cash and cash equivalents.....	\$ 85,104	\$ 447,505	\$ 89,756	\$ 29,601	\$ -	\$ 33,187	\$ -
Investments.....	-	-	-	-	-	-	-
Departmental and other.....	-	-	-	-	-	-	-
User charges.....	-	-	-	-	-	-	-
Intergovernmental.....	-	-	-	-	-	-	-
Due from other funds.....	-	-	-	-	-	-	-
Assets held for resale.....	-	-	-	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 85,104</b>	<b>\$ 447,505</b>	<b>\$ 89,756</b>	<b>\$ 29,601</b>	<b>\$ -</b>	<b>\$ 33,187</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES:</b>							
Warrants payable.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenues.....	-	-	-	-	-	-	-
Due to other funds.....	-	-	-	-	8,383	-	236,907
Notes payable.....	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,383</b>	<b>-</b>	<b>236,907</b>
<b>FUND BALANCES:</b>							
Nonspendable.....	-	-	-	-	-	-	-
Restricted.....	85,104	447,505	89,756	29,601	-	33,187	-
Unassigned.....	-	-	-	-	(8,383)	-	(236,907)
<b>TOTAL FUND BALANCES.....</b>	<b>85,104</b>	<b>447,505</b>	<b>89,756</b>	<b>29,601</b>	<b>(8,383)</b>	<b>33,187</b>	<b>(236,907)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 85,104</b>	<b>\$ 447,505</b>	<b>\$ 89,756</b>	<b>\$ 29,601</b>	<b>\$ -</b>	<b>\$ 33,187</b>	<b>\$ -</b>

Capital Projects Funds						Permanent Funds			Total Nonmajor Governmental Funds
Middle School Additions	New Elementary School	High School Fields Improvements	South Shore Regional Emergency Communications Center	Other	Sub-total	Conservation	Town	Sub-total	
\$ 9,319	\$ -	\$ 619,196	\$ -	\$ 2,306	\$ 1,315,974	\$ 84,096	\$ 15,647	\$ 99,743	\$ 10,747,831
-	-	-	-	-	-	-	-	-	272,986
-	-	-	-	-	-	-	-	-	24,028
-	-	-	-	-	-	-	-	-	609,960
-	-	-	814,210	-	814,210	-	-	-	1,416,109
-	-	-	-	-	-	-	-	-	7,977
-	-	-	-	-	-	-	-	-	299,881
<u>\$ 9,319</u>	<u>\$ -</u>	<u>\$ 619,196</u>	<u>\$ 814,210</u>	<u>\$ 2,306</u>	<u>\$ 2,130,184</u>	<u>\$ 84,096</u>	<u>\$ 15,647</u>	<u>\$ 99,743</u>	<u>\$ 13,378,772</u>
\$ -	\$ -	\$ -	\$ 15,400	\$ -	\$ 15,400	\$ -	\$ -	\$ -	\$ 383,740
-	-	-	-	-	-	-	-	-	1,241,803
-	244,738	-	906,425	-	1,396,453	-	-	-	1,859,094
-	-	620,000	-	-	620,000	-	-	-	980,000
-	244,738	620,000	921,825	-	2,031,853	-	-	-	4,464,637
-	-	-	-	-	-	20,000	15,000	35,000	35,000
9,319	-	-	-	2,306	696,778	64,096	647	64,743	9,725,814
-	(244,738)	(804)	(107,615)	-	(598,447)	-	-	-	(846,679)
9,319	(244,738)	(804)	(107,615)	2,306	98,331	84,096	15,647	99,743	8,914,135
<u>\$ 9,319</u>	<u>\$ -</u>	<u>\$ 619,196</u>	<u>\$ 814,210</u>	<u>\$ 2,306</u>	<u>\$ 2,130,184</u>	<u>\$ 84,096</u>	<u>\$ 15,647</u>	<u>\$ 99,743</u>	<u>\$ 13,378,772</u>

(Concluded)

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

FISCAL YEAR ENDED JUNE 30, 2012

	Special Revenue Funds					
	Town Gifts	School Gifts	Town Grants	School State Grants	School Federal Grants	Affordable Housing Trust
<b>REVENUES:</b>						
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental.....	-	-	2,008,507	936,407	1,840,763	-
Departmental and other.....	269,253	20,461	-	-	-	669,311
Community preservation tax.....	-	-	-	-	-	-
Contributions.....	395,440	-	211	-	-	-
Interest income.....	14	-	-	-	-	198
<b>TOTAL REVENUES.....</b>	<b>664,707</b>	<b>20,461</b>	<b>2,008,718</b>	<b>936,407</b>	<b>1,840,763</b>	<b>669,509</b>
<b>EXPENDITURES:</b>						
Current:						
General government.....	902,604	-	3,394	-	-	87,798
Public safety.....	15,149	-	887,152	-	-	-
Public education.....	-	21,421	2,005	637,298	1,894,657	-
Public works.....	-	-	1,087,629	-	-	-
Health and sanitation.....	35,319	-	47,007	-	-	-
Culture and recreation.....	58,290	-	-	-	-	-
Community preservation.....	-	-	-	-	-	-
Debt service:						
Principal.....	-	-	-	-	-	355,000
Interest.....	-	-	-	-	-	234,175
<b>TOTAL EXPENDITURES.....</b>	<b>1,011,362</b>	<b>21,421</b>	<b>2,027,187</b>	<b>637,298</b>	<b>1,894,657</b>	<b>676,973</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	<u>(346,655)</u>	<u>(960)</u>	<u>(18,469)</u>	<u>299,109</u>	<u>(53,894)</u>	<u>(7,464)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in.....	-	-	-	-	-	150,000
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(346,655)</b>	<b>(960)</b>	<b>(18,469)</b>	<b>299,109</b>	<b>(53,894)</b>	<b>142,536</b>
FUND BALANCES AT BEGINNING OF YEAR.....	998,319	105,184	-	371,102	-	125,780
FUND BALANCES AT END OF YEAR.....	\$ <u>651,664</u>	\$ <u>104,224</u>	\$ <u>(18,469)</u>	\$ <u>670,211</u>	\$ <u>(53,894)</u>	\$ <u>268,316</u>

**Special Revenue Funds**

<u>School Revolving</u>	<u>Town Revolving</u>	<u>Town Trusts</u>	<u>Town Other</u>	<u>Community Preservation</u>	<u>Preservation Projects</u>	<u>Conservation</u>	<u>Sewer Inflow/Infiltration</u>	<u>Sewer Maintenance</u>	<u>Sub-total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,479	\$ 2,233,583	\$ 2,351,062
818,159	-	-	37,363	206,866	-	-	-	334	5,848,399
1,553,450	932,288	47,207	264,058	-	-	-	-	12,982	3,769,010
-	-	-	-	808,580	-	-	-	-	808,580
-	-	-	4,767	-	15,276	-	-	-	415,694
-	-	702	3	-	24,510	110	182	-	25,719
<u>2,371,609</u>	<u>932,288</u>	<u>47,909</u>	<u>306,191</u>	<u>1,015,446</u>	<u>39,786</u>	<u>110</u>	<u>117,661</u>	<u>2,246,899</u>	<u>13,218,464</u>
-	-	23,545	17,301	-	-	6,616	-	-	1,041,258
-	166,529	-	46,551	-	-	-	-	-	1,115,381
2,163,060	-	1,299	78,226	-	-	-	-	-	4,797,966
-	-	-	-	-	-	-	20,330	2,385,471	3,493,430
-	41,538	-	633	-	-	-	-	-	124,497
-	654,151	-	-	-	2,760	-	-	-	715,201
-	-	-	-	342,411	-	-	-	-	342,411
-	-	-	-	-	-	-	-	45,000	400,000
-	-	-	-	-	-	-	-	177	234,352
<u>2,163,060</u>	<u>862,218</u>	<u>24,844</u>	<u>142,711</u>	<u>342,411</u>	<u>2,760</u>	<u>6,616</u>	<u>20,330</u>	<u>2,430,648</u>	<u>12,264,496</u>
<u>208,549</u>	<u>70,070</u>	<u>23,065</u>	<u>163,480</u>	<u>673,035</u>	<u>37,026</u>	<u>(6,506)</u>	<u>97,331</u>	<u>(183,749)</u>	<u>953,968</u>
-	-	-	33,455	(200,000)	-	50,000	-	-	33,455
208,549	70,070	23,065	196,935	473,035	37,026	43,494	97,331	(183,749)	987,423
<u>926,915</u>	<u>522,544</u>	<u>142,096</u>	<u>355,269</u>	<u>2,158,000</u>	<u>1,426,312</u>	<u>51,352</u>	<u>537,885</u>	<u>7,880</u>	<u>7,728,638</u>
<u>\$ 1,135,464</u>	<u>\$ 592,614</u>	<u>\$ 165,161</u>	<u>\$ 552,204</u>	<u>\$ 2,631,035</u>	<u>\$ 1,463,338</u>	<u>\$ 94,846</u>	<u>\$ 635,216</u>	<u>\$ (175,869)</u>	<u>\$ 8,716,061</u>

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2012

	<b>Capital Projects Funds</b>						
	<u>Landfill</u>	<u>Harbor Dredging</u>	<u>Central Fire Station</u>	<u>DPW Building</u>	<u>Sewer</u>	<u>Foster School</u>	<u>Plymouth River School</u>
<b>REVENUES:</b>							
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental.....	75	-	-	-	-	-	-
Departmental and other.....	-	-	-	-	-	-	-
Community preservation tax.....	-	-	-	-	-	-	-
Contributions.....	-	-	-	-	-	-	-
Interest income.....	-	-	-	-	-	-	-
<b>TOTAL REVENUES.....</b>	<b>75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>							
Current:							
General government.....	-	-	-	-	-	-	-
Public safety.....	-	-	-	-	-	-	-
Public education.....	-	-	-	-	-	-	-
Public works.....	1,685,315	-	-	4,360	-	-	-
Health and sanitation.....	-	-	-	-	-	-	-
Culture and recreation.....	-	19,006	-	-	-	-	-
Community preservation.....	-	-	-	-	-	-	-
Debt service:							
Principal.....	-	-	-	-	-	-	-
Interest.....	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES.....</b>	<b>1,685,315</b>	<b>19,006</b>	<b>-</b>	<b>4,360</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(1,685,240)</b>	<b>(19,006)</b>	<b>-</b>	<b>(4,360)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in.....	250,000	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(1,435,240)</b>	<b>(19,006)</b>	<b>-</b>	<b>(4,360)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>1,520,344</b>	<b>466,511</b>	<b>89,756</b>	<b>33,961</b>	<b>(8,383)</b>	<b>33,187</b>	<b>(236,907)</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 85,104</b>	<b>\$ 447,505</b>	<b>\$ 89,756</b>	<b>\$ 29,601</b>	<b>\$ (8,383)</b>	<b>\$ 33,187</b>	<b>\$ (236,907)</b>

Capital Projects Funds						Permanent Funds			Total Nonmajor Governmental Funds
Middle School Additions	New Elementary School	High School Fields Improvements	South Shore Regional Emergency Communications Center	Other	Sub-total	Conservation	Town	Sub-total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,351,062
-	-	-	1,738,809	-	1,738,884	-	-	-	7,587,283
-	-	-	-	-	-	-	-	-	3,769,010
-	-	-	-	-	-	-	-	-	808,580
-	-	-	-	-	-	100	-	100	415,794
-	-	-	-	-	-	93	17	110	25,829
-	-	-	1,738,809	-	1,738,884	193	17	210	14,957,558
-	-	-	-	-	-	-	-	-	1,041,258
-	-	-	1,846,424	-	1,846,424	-	-	-	2,961,805
-	39,226	804	-	-	40,030	-	-	-	4,837,996
-	-	-	-	-	1,689,675	-	-	-	5,183,105
-	-	-	-	-	-	-	-	-	124,497
-	-	-	-	-	19,006	-	-	-	734,207
-	-	-	-	-	-	-	-	-	342,411
-	-	-	-	-	-	-	-	-	400,000
-	-	-	-	-	-	-	-	-	234,352
-	39,226	804	1,846,424	-	3,595,135	-	-	-	15,859,631
-	(39,226)	(804)	(107,615)	-	(1,856,251)	193	17	210	(902,073)
-	-	-	-	-	250,000	-	-	-	283,455
-	(39,226)	(804)	(107,615)	-	(1,606,251)	193	17	210	(618,618)
9,319	(205,512)	-	-	2,306	1,704,582	83,903	15,630	99,533	9,532,753
\$ 9,319	\$ (244,738)	\$ (804)	\$ (107,615)	\$ 2,306	\$ 98,331	\$ 84,096	\$ 15,647	\$ 99,743	\$ 8,914,135

(Concluded)

# ***Fiduciary Funds***

***Pension Trust Fund*** – This fund is used to account for the Hingham Contributory Retirement System.

***Other Postemployment Benefit Trust Fund*** – This fund is used to account for assets relating to the pre-funding of the Town's Other Postemployment Benefit liability.

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

**FIDUCIARY FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**

JUNE 30, 2012

	Pension Trust Fund (as of December 31, 2011)	Other Postemployment Benefit Trust Fund	Total Employee Benefit Trust Funds
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 213,992	\$ 3,650,837	\$ 3,864,829
Investments:			
Equity mutual funds.....	-	380,108	380,108
PRIT funds.....	72,791,995	-	72,791,995
Receivables, net of allowance for uncollectibles:			
Departmental and other receivables.....	421,126	-	421,126
<b>TOTAL ASSETS.....</b>	<b>73,427,113</b>	<b>4,030,945</b>	<b>77,458,058</b>
<b>LIABILITIES</b>			
Accrued liabilities.....	20,972	-	20,972
Liabilities due depositors.....	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b>20,972</b>	<b>-</b>	<b>20,972</b>
<b>NET ASSETS</b>			
Held in trust for retirement and OPEB benefits.....	\$ 73,406,141	\$ 4,030,945	\$ 77,437,086

**FIDUCIARY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

FISCAL YEAR ENDED JUNE 30, 2012

	Pension Trust Fund (as of December 31, 2011)	Other Postemployment Benefit Trust Fund	Total Employee Benefit Trust Funds
<b>ADDITIONS:</b>			
Contributions:			
Employer.....	\$ 3,783,740	\$ 975,997	\$ 4,759,737
Plan members.....	2,203,875	-	2,203,875
<b>Total contributions.....</b>	<b>5,987,615</b>	<b>975,997</b>	<b>6,963,612</b>
Net investment income:			
Net change in fair value of investments.....	(1,432,243)	89,706	(1,342,537)
Interest.....	1,418,163	-	1,418,163
Dividends.....	948,943	-	948,943
<b>Total investment income.....</b>	<b>934,863</b>	<b>89,706</b>	<b>1,024,569</b>
Less: investment expense.....	(195,643)	-	(195,643)
<b>Net investment income.....</b>	<b>739,220</b>	<b>89,706</b>	<b>828,926</b>
Intergovernmental.....	199,796	-	199,796
Transfers from other systems.....	136,168	-	136,168
<b>TOTAL ADDITIONS.....</b>	<b>7,062,799</b>	<b>1,065,703</b>	<b>8,128,502</b>
<b>DEDUCTIONS:</b>			
Administration.....	159,426	-	159,426
Transfers to other systems.....	479,592	-	479,592
Retirement benefits and refunds.....	6,262,015	-	6,262,015
<b>TOTAL DEDUCTIONS.....</b>	<b>6,901,033</b>	<b>-</b>	<b>6,901,033</b>
<b>CHANGE IN NET ASSETS.....</b>	<b>161,766</b>	<b>1,065,703</b>	<b>1,227,469</b>
<b>NET ASSETS AT BEGINNING OF YEAR.....</b>	<b>73,244,375</b>	<b>2,965,242</b>	<b>76,209,617</b>
<b>NET ASSETS AT END OF YEAR.....</b>	<b>\$ 73,406,141</b>	<b>\$ 4,030,945</b>	<b>\$ 77,437,086</b>

**AGENCY FUND**  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Agency Accounts July 1, 2011	Additions	Deletions	Agency Accounts June 30, 2012
<b>ASSETS</b>				
CURRENT:				
Cash and cash equivalents.....	\$ 197,433	\$ 1,397,705	\$ (925,668)	\$ 669,470
<b>LIABILITIES</b>				
Liabilities due depositors.....	\$ 197,433	\$ 1,397,705	\$ (925,668)	\$ 669,470

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# ***Statistical Section***



**Town of Hingham, Massachusetts  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2012**

# ***Statistical Section***

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

## ***Financial Trends***

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

## ***Revenue Capacity***

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

## ***Debt Capacity***

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

## ***Demographic and Economic Information***

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

## ***Operating Information***

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

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

**NET ASSETS BY COMPONENT  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<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	\$ 64,238,223	\$ 77,520,944	\$ 76,103,445	\$ 76,535,196	\$ 72,361,430
Restricted.....	10,805,608	9,182,662	616,664	1,104,659	1,339,197	1,775,597	3,746,298	3,265,064	3,319,289	4,322,038
Unrestricted.....	4,116,795	5,986,192	14,434,337	17,896,855	15,576,261	17,470,135	9,296,519	8,507,908	13,755,110	18,615,065
<b>Total governmental activities net assets</b>	<b>\$ 53,474,280</b>	<b>\$ 53,242,084</b>	<b>\$ 52,805,729</b>	<b>\$ 71,332,062</b>	<b>\$ 82,799,114</b>	<b>\$ 83,483,955</b>	<b>\$ 90,563,761</b>	<b>\$ 87,876,417</b>	<b>\$ 93,609,595</b>	<b>\$ 95,298,533</b>
<b>Business-type Activities</b>										
Invested in capital assets, net of related debt.....	19,955,530	20,526,999	20,739,708	23,802,025	30,787,618	32,511,793	33,774,892	34,175,368	33,475,349	32,642,589
Restricted.....	2,937,745	3,227,745	3,468,000	3,793,000	4,138,000	-	-	-	-	-
Unrestricted.....	7,189,174	6,583,349	7,142,945	8,771,587	1,352,954	3,592,241	2,743,613	2,976,623	4,098,106	7,445,585
<b>Total business-type activities net assets.....</b>	<b>\$ 30,082,449</b>	<b>\$ 30,338,093</b>	<b>\$ 31,350,653</b>	<b>\$ 36,366,612</b>	<b>\$ 36,278,572</b>	<b>\$ 36,104,034</b>	<b>\$ 36,518,505</b>	<b>\$ 37,151,991</b>	<b>\$ 37,573,455</b>	<b>\$ 40,088,174</b>
<b>Primary government</b>										
Invested in capital assets, net of related debt.....	58,507,407	58,600,229	58,494,436	76,132,573	96,671,274	96,750,016	111,295,836	110,278,813	110,010,545	105,004,019
Restricted.....	10,805,608	12,410,407	4,084,664	4,897,659	5,477,197	1,775,597	3,746,298	3,265,064	3,319,289	4,322,038
Unrestricted.....	11,305,969	12,569,541	21,577,282	26,668,442	16,929,215	21,062,376	12,040,132	11,484,531	17,853,216	26,060,650
<b>Total primary government activities net assets.....</b>	<b>\$ 80,618,984</b>	<b>\$ 83,580,177</b>	<b>\$ 84,156,382</b>	<b>\$ 107,698,674</b>	<b>\$ 119,077,686</b>	<b>\$ 119,587,989</b>	<b>\$ 127,082,266</b>	<b>\$ 125,028,408</b>	<b>\$ 131,183,050</b>	<b>\$ 135,386,707</b>

**CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
Governmental activities:										
General Government.....	\$ 3,648,274	\$ 4,046,439	\$ 3,983,961	\$ 3,914,504	\$ 5,778,974	\$ 5,990,823	\$ 4,631,169	\$ 4,970,623	\$ 4,890,174	\$ 5,942,879
Public safety.....	10,201,036	10,813,475	11,565,324	12,990,456	12,652,649	13,384,339	14,972,434	15,901,991	15,056,274	16,278,421
Education.....	36,492,366	38,280,042	41,896,818	44,953,811	45,471,333	48,223,524	55,777,553	58,665,520	59,143,074	60,092,877
Public Works.....	6,605,506	6,566,171	7,609,470	8,578,650	8,368,706	10,240,661	9,592,257	10,035,307	11,560,586	10,743,766
Human Services.....	949,129	960,855	1,152,420	1,037,046	1,050,004	1,119,653	1,276,418	1,196,017	1,068,951	1,191,783
Culture and recreation.....	1,886,691	2,102,606	2,190,103	3,101,226	2,574,607	2,803,297	2,996,585	4,616,526	3,228,299	3,127,819
Community Preservation.....	-	-	-	-	-	-	60,905	6,304	81,220	123,324
Claims and judgments.....	-	-	-	-	-	-	-	-	547,000	-
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	2,187,955	1,945,209	2,545,526	2,352,715	1,940,022
<b>Total Governmental activities expenses.....</b>	<b>63,944,415</b>	<b>67,519,645</b>	<b>73,617,055</b>	<b>76,634,415</b>	<b>77,818,184</b>	<b>83,950,252</b>	<b>91,252,530</b>	<b>97,937,814</b>	<b>97,928,293</b>	<b>99,440,891</b>
Business-type activities:										
Country Club.....	1,309,526	1,331,818	1,268,252	1,351,046	1,714,813	1,631,808	1,574,791	1,654,620	1,629,085	2,061,404
Hingham Municipal Lighting Plant.....	15,257,493	16,504,414	17,757,874	16,576,913	23,602,405	27,488,101	27,542,592	27,195,703	28,800,853	27,268,237
<b>Total business-type activities expenses.....</b>	<b>16,567,019</b>	<b>17,836,232</b>	<b>19,026,126</b>	<b>17,927,959</b>	<b>25,317,218</b>	<b>29,119,909</b>	<b>29,117,383</b>	<b>28,850,323</b>	<b>30,429,938</b>	<b>29,329,641</b>
<b>Total primary government expenses.....</b>	<b>\$ 80,511,434</b>	<b>\$ 85,355,877</b>	<b>\$ 92,643,181</b>	<b>\$ 94,562,374</b>	<b>\$ 103,135,402</b>	<b>\$ 113,070,161</b>	<b>\$ 120,369,913</b>	<b>\$ 126,788,137</b>	<b>\$ 128,358,231</b>	<b>\$ 128,770,532</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government.....	\$ 1,050,315	\$ 1,351,087	\$ 1,594,548	\$ 1,694,778	\$ 1,945,541	\$ 1,931,970	\$ 796,484	\$ 1,208,001	\$ 1,699,823	\$ 2,511,730
Public safety.....	-	1,682,616	2,277,532	2,129,662	1,454,445	1,428,864	1,993,270	2,465,158	2,125,909	1,630,183
Education.....	1,416,600	1,588,568	1,665,159	1,693,845	1,790,130	1,974,201	1,925,323	2,041,456	2,313,647	2,275,103
Public Works.....	1,672,788	1,697,531	1,474,903	1,696,892	1,835,713	2,092,231	2,338,091	2,195,688	2,693,651	2,746,526
Human Services.....	-	82,740	86,100	83,180	83,835	84,490	148,620	192,296	187,121	228,815
Culture and recreation.....	-	-	-	-	-	-	639,376	703,866	708,975	696,642
Operating grants and contributions.....	1,359,548	1,724,718	2,317,009	2,335,920	2,308,220	2,138,547	18,497,416	19,246,742	20,934,750	21,061,709
Capital grants and contributions.....	-	-	-	-	-	-	10,310,718	1,049,982	2,764,000	2,706,963
<b>Total Governmental activities program revenues.....</b>	<b>5,499,251</b>	<b>8,127,260</b>	<b>9,415,251</b>	<b>9,634,277</b>	<b>9,417,884</b>	<b>9,650,303</b>	<b>36,649,298</b>	<b>29,103,189</b>	<b>33,427,876</b>	<b>33,857,671</b>
Business-type activities:										
Charges for services:										
Country Club.....	1,559,811	1,555,091	1,520,687	1,527,265	1,516,724	1,653,287	1,668,284	1,700,467	1,663,537	1,982,729
Hingham Municipal Lighting Plant.....	17,010,798	16,677,112	18,636,458	21,461,267	23,699,133	26,367,251	27,622,993	27,880,141	29,662,512	30,060,173
Capital contributions - Country Club.....	-	-	-	-	-	-	-	233,863	-	-
<b>Total business-type activities program revenues.....</b>	<b>18,570,609</b>	<b>18,232,203</b>	<b>20,157,145</b>	<b>22,988,532</b>	<b>25,215,857</b>	<b>28,020,538</b>	<b>29,291,277</b>	<b>29,814,471</b>	<b>31,326,049</b>	<b>32,042,902</b>
<b>Total primary government program revenues.....</b>	<b>\$ 24,069,860</b>	<b>\$ 26,359,463</b>	<b>\$ 29,572,396</b>	<b>\$ 32,622,809</b>	<b>\$ 34,633,741</b>	<b>\$ 37,670,841</b>	<b>\$ 65,940,575</b>	<b>\$ 58,917,660</b>	<b>\$ 64,753,925</b>	<b>\$ 65,900,573</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities.....	\$ (58,445,164)	\$ (59,392,385)	\$ (64,201,804)	\$ (67,000,138)	\$ (68,400,300)	\$ (74,299,949)	\$ (54,603,232)	\$ (68,834,625)	\$ (64,500,417)	\$ (65,583,220)
Business-type activities.....	2,003,590	395,971	1,131,019	5,060,573	(101,361)	(109,371)	173,894	964,148	896,111	2,713,261
<b>Total primary government net expense.....</b>	<b>\$ (56,441,574)</b>	<b>\$ (58,996,414)</b>	<b>\$ (63,070,785)</b>	<b>\$ (61,939,565)</b>	<b>\$ (68,501,661)</b>	<b>\$ (75,399,320)</b>	<b>\$ (54,429,338)</b>	<b>\$ (67,870,477)</b>	<b>\$ (63,604,306)</b>	<b>\$ (62,869,959)</b>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes.....	\$ 43,596,380	\$ 44,463,797	\$ 47,500,326	\$ 52,296,707	\$ 52,501,871	\$ 55,999,333	\$ 59,064,292	\$ 63,715,553	\$ 66,335,378	\$ 68,836,981
Unrestricted grants and contributions.....	12,163,587	12,717,178	14,108,355	12,111,270	13,456,536	15,401,426	1,964,357	1,534,498	1,683,802	1,576,677
Penalties and interest on taxes.....	284,557	335,005	340,133	347,513	385,993	303,699	208,962	286,495	335,810	431,791
Investment earnings.....	382,018	249,899	570,971	982,239	1,297,867	1,008,741	445,427	128,168	92,048	89,498
Miscellaneous.....	891,707	1,047,100	1,060,264	1,656,083	1,774,657	2,784,756	-	-	-	-
Gain on the sale of capital assets.....	-	-	-	-	-	-	-	-	1,250,000	-
Capital assets contributed to joint venture.....	-	-	-	-	-	-	-	-	-	(3,910,618)
Transfers.....	161,100	188,950	185,400	290,970	109,585	(203,650)	-	482,567	536,557	247,829
<b>Total Governmental activities.....</b>	<b>57,479,349</b>	<b>59,001,929</b>	<b>63,765,449</b>	<b>67,684,782</b>	<b>69,526,509</b>	<b>75,294,305</b>	<b>61,683,038</b>	<b>66,147,281</b>	<b>70,233,595</b>	<b>67,272,158</b>
Business-type activities:										
Investment earnings.....	49,161	18,661	66,941	246,356	317,421	411,668	240,577	151,905	61,910	49,287
Transfers.....	(161,100)	(188,950)	(185,400)	(290,970)	(109,585)	203,650	-	(482,567)	(536,557)	(247,829)
<b>Total business-type activities expenses.....</b>	<b>(111,939)</b>	<b>(170,289)</b>	<b>(118,459)</b>	<b>(44,614)</b>	<b>207,836</b>	<b>615,318</b>	<b>240,577</b>	<b>(330,662)</b>	<b>(474,647)</b>	<b>(198,542)</b>
<b>Total primary government.....</b>	<b>\$ 57,367,410</b>	<b>\$ 58,831,640</b>	<b>\$ 63,646,990</b>	<b>\$ 67,640,168</b>	<b>\$ 69,734,345</b>	<b>\$ 75,909,623</b>	<b>\$ 61,923,615</b>	<b>\$ 65,816,619</b>	<b>\$ 69,758,948</b>	<b>\$ 67,073,616</b>
<b>Changes in Net Assets</b>										
Governmental activities.....	\$ (965,815)	\$ (390,456)	\$ (436,355)	\$ 684,644	\$ 1,126,209	\$ 994,356	\$ 7,079,806	\$ (2,687,344)	\$ 5,733,178	\$ 1,688,938
Business-type activities.....	1,891,651	225,682	1,012,560	5,015,959	106,475	(484,053)	414,471	633,486	421,464	2,514,719
<b>Total primary government.....</b>	<b>\$ 925,836</b>	<b>\$ (164,774)</b>	<b>\$ 576,205</b>	<b>\$ 5,700,603</b>	<b>\$ 1,232,684</b>	<b>\$ 510,303</b>	<b>\$ 7,494,277</b>	<b>\$ (2,053,858)</b>	<b>\$ 6,154,642</b>	<b>\$ 4,203,657</b>

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Reserved.....	\$ 5,330,736	\$ 3,251,371	\$ 4,346,561	\$ 1,682,516	\$ 1,915,431	\$ 3,239,286	\$ 978,675	\$ 892,169	\$ -	\$ -
Unreserved.....	4,431,052	5,760,866	4,662,890	7,900,614	6,416,619	5,645,425	6,121,260	10,888,925	-	-
Restricted.....	-	-	-	-	-	-	-	-	1,250,000	1,250,000
Committed.....	-	-	-	-	-	-	-	-	472,759	610,152
Assigned.....	-	-	-	-	-	-	-	-	736,580	2,325,501
Unassigned.....	-	-	-	-	-	-	-	-	11,760,485	14,467,148
<b>Total general fund.....</b>	<b>\$ 9,761,788</b>	<b>\$ 9,012,237</b>	<b>\$ 9,009,451</b>	<b>\$ 9,583,130</b>	<b>\$ 8,332,050</b>	<b>\$ 8,884,711</b>	<b>\$ 7,099,935</b>	<b>\$ 11,781,094</b>	<b>\$ 14,219,824</b>	<b>\$ 18,652,801</b>
All Other Governmental Funds										
Reserved.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,000	\$ 35,000	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	2,744,433	3,766,046	5,261,069	6,236,294	5,804,547	6,719,840	6,476,412	6,459,001	-	-
Capital project funds.....	2,148,526	937,214	(398,742)	199,093	(2,777,466)	(1,630,042)	6,864,106	2,527,736	-	-
Permanent funds.....	424,639	1,228,031	1,015,406	905,556	1,257,315	1,767,888	64,902	65,116	-	-
Nonspendable.....	-	-	-	-	-	-	-	-	35,000	35,000
Restricted.....	-	-	-	-	-	-	-	-	9,939,236	9,725,814
Unassigned.....	-	-	-	-	-	-	-	-	(451,058)	(3,020,664)
<b>Total all other governmental funds.</b>	<b>\$ 5,317,598</b>	<b>\$ 5,931,291</b>	<b>\$ 5,877,733</b>	<b>\$ 7,340,943</b>	<b>\$ 4,284,396</b>	<b>\$ 6,857,686</b>	<b>\$ 13,440,420</b>	<b>\$ 9,086,853</b>	<b>\$ 9,523,178</b>	<b>\$ 6,740,150</b>

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

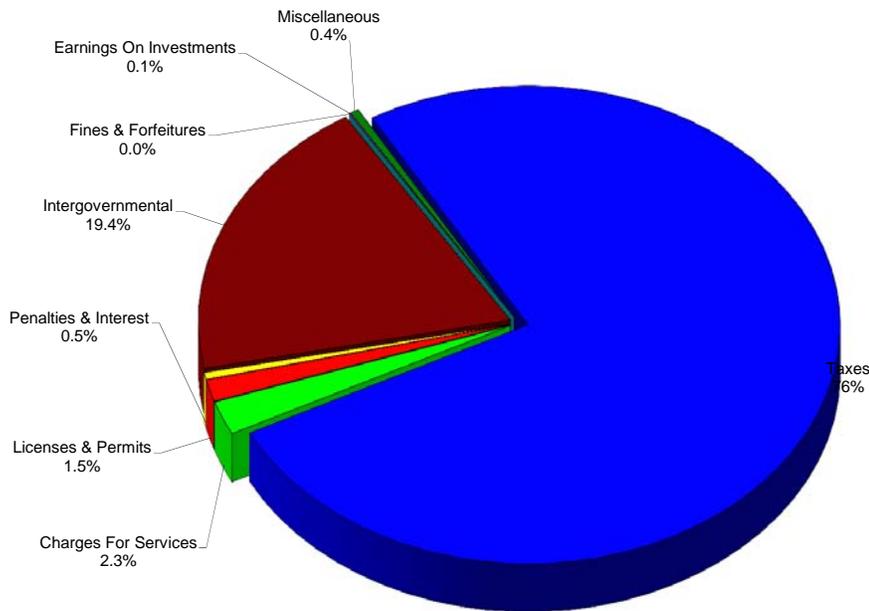
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>REVENUES</b>										
Taxes.....	\$ 42,913,930	\$ 45,732,781	\$ 48,094,223	\$ 51,523,864	\$ 53,645,306	\$ 57,314,221	\$ 59,269,620	\$ 64,449,558	\$ 64,070,863	\$ 70,205,364
Licenses and fees.....	783,112	1,841,699	2,443,941	2,306,958	1,629,756	1,606,900	-	-	-	-
Intergovernmental.....	13,922,750	14,258,972	16,143,996	16,178,632	17,999,121	19,916,398	30,325,931	22,445,941	26,057,658	26,472,612
Charges for services.....	3,558,155	3,825,415	4,092,192	4,018,802	3,622,749	4,344,359	3,802,150	4,161,968	4,173,594	4,451,604
Investment income.....	382,018	249,899	570,971	982,239	1,297,867	1,008,741	445,427	128,168	92,048	89,498
Other revenues.....	2,112,186	2,273,472	2,395,302	3,425,582	4,159,838	4,891,394	5,460,915	6,033,277	6,539,941	6,768,709
<b>Total Revenues.....</b>	<b>63,672,151</b>	<b>68,182,238</b>	<b>73,740,625</b>	<b>78,436,077</b>	<b>82,354,637</b>	<b>89,082,013</b>	<b>99,304,043</b>	<b>97,218,912</b>	<b>100,934,104</b>	<b>107,987,787</b>
<b>EXPENDITURES</b>										
General government.....	2,835,805	3,216,032	3,118,360	2,741,008	4,892,360	3,693,535	12,120,424	3,938,343	3,598,765	4,388,371
Public safety.....	8,241,068	8,493,836	9,223,025	10,095,403	10,482,700	10,823,407	11,198,838	10,856,492	12,557,453	13,240,642
Education.....	32,487,154	34,055,595	37,097,463	39,934,182	41,652,980	46,096,435	65,455,163	44,968,570	42,437,085	45,757,078
Public works.....	6,470,061	5,862,837	6,544,382	6,437,669	6,783,898	8,849,401	14,941,072	8,143,631	9,036,226	9,807,486
Human services.....	815,610	808,487	986,998	889,787	926,127	986,568	1,020,889	912,482	818,590	883,629
Culture and recreation.....	410,732	1,666,566	1,727,611	1,847,199	1,991,870	2,215,516	2,301,559	3,781,741	2,292,205	2,183,380
Pension benefits.....	2,125,349	2,206,705	2,290,770	2,587,077	2,667,706	2,725,478	2,827,885	2,862,331	2,967,933	3,532,879
Group health insurance.....	2,085,192	2,502,730	2,752,529	3,289,713	3,317,028	3,430,971	4,148,112	6,112,888	8,070,819	8,963,822
Community preservation.....	-	-	-	-	-	-	2,972,916	1,240,212	164,410	342,411
Miscellaneous.....	1,848,032	2,677,031	3,122,050	2,065,175	6,509,842	5,890,864	3,134,332	1,147,657	1,684,829	1,135,085
Intergovernmental.....	1,521,000	1,656,636	1,926,044	2,193,591	2,611,818	2,677,907	7,345,883	7,721,843	8,174,736	8,635,341
Debt service										
Principal.....	2,971,730	2,983,590	2,985,566	3,000,003	2,974,348	2,940,669	3,167,071	5,393,592	5,378,828	5,489,462
Interest.....	2,401,441	2,377,001	2,207,571	2,088,551	1,961,172	2,015,523	2,197,932	2,501,206	2,663,727	2,337,998
<b>Total expenditures.....</b>	<b>64,213,174</b>	<b>68,507,046</b>	<b>73,982,369</b>	<b>77,169,358</b>	<b>86,771,849</b>	<b>92,346,274</b>	<b>132,832,076</b>	<b>99,580,988</b>	<b>99,845,606</b>	<b>106,697,584</b>
Excess of revenues over (under) expenditures.....	(541,023)	(324,808)	(241,744)	1,266,719	(4,417,212)	(3,264,261)	(33,528,033)	(2,362,076)	1,088,498	1,290,203
<b>Other Financing Sources (Uses)</b>										
Issuance of bonds and notes.....	201,950	-	-	479,200	-	5,008,862	38,325,991	240,000	-	-
Premium from issuance of bonds...	-	-	-	-	-	-	-	1,927,101	1,582,913	111,917
Issuance of refunding bonds.....	-	-	-	-	-	-	-	3,700,000	19,080,000	-
Payments to refunding bonds escrow	-	-	-	-	-	-	-	(3,660,000)	(20,662,913)	-
Sale of capital assets.....	-	-	-	-	-	-	-	-	1,250,000	-
Transfers in.....	1,429,151	2,502,617	2,005,661	2,380,023	3,981,380	2,639,179	1,076,766	1,095,419	572,502	841,908
Transfers out.....	(2,406,347)	(2,313,667)	(1,820,261)	(2,089,053)	(3,871,795)	(2,842,829)	(1,076,766)	(612,852)	(35,945)	(594,079)
<b>Total other financing sources (uses).....</b>	<b>(775,246)</b>	<b>188,950</b>	<b>185,400</b>	<b>770,170</b>	<b>109,585</b>	<b>4,805,212</b>	<b>38,325,991</b>	<b>2,689,668</b>	<b>1,786,557</b>	<b>359,746</b>
<b>Net change in fund balances.....</b>	<b>\$ (1,316,269)</b>	<b>\$ (135,858)</b>	<b>\$ (56,344)</b>	<b>\$ 2,036,889</b>	<b>\$ (4,307,627)</b>	<b>\$ 1,540,951</b>	<b>\$ 4,797,958</b>	<b>\$ 327,592</b>	<b>\$ 2,875,055</b>	<b>\$ 1,649,949</b>
Ratio of Annual Debt Service to Non-Capital Expenditures.....	8.90%	8.60%	7.80%	7.20%	6.70%	6.30%	6.14%	8.45%	8.28%	7.79%

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

<b>Fiscal Year Ended June 30,</b>	<b>Taxes (3)</b>	<b>Charges For Services</b>	<b>Licenses &amp; Permits</b>	<b>Inter-Governmental</b>	<b>Penalties &amp; Interest</b>	<b>Fines &amp; Forfeitures</b>	<b>Earnings On Investments</b>	<b>Misc.</b>	<b>Total</b>
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
2008	\$ 57,314	\$ 1,073	\$ 1,607	\$ 15,980	\$ 226	\$ 78	\$ 946	\$ 630	\$ 77,854
2009	\$ 58,374	\$ 1,580	\$ 1,082	\$ 15,988	\$ 209	\$ -	\$ 413	\$ 580	\$ 78,226
2010	\$ 63,406	\$ 2,035	\$ 1,380	\$ 16,139	\$ 286	\$ -	\$ 116	\$ 234	\$ 83,596
2011	\$ 63,735	\$ 1,876	\$ 1,434	\$ 17,278	\$ 336	\$ -	\$ 85	\$ 276	\$ 85,020
2012	\$ 69,774	\$ 2,101	\$ 1,364	\$ 17,833	\$ 432	\$ -	\$ 64	\$ 410	\$ 91,978

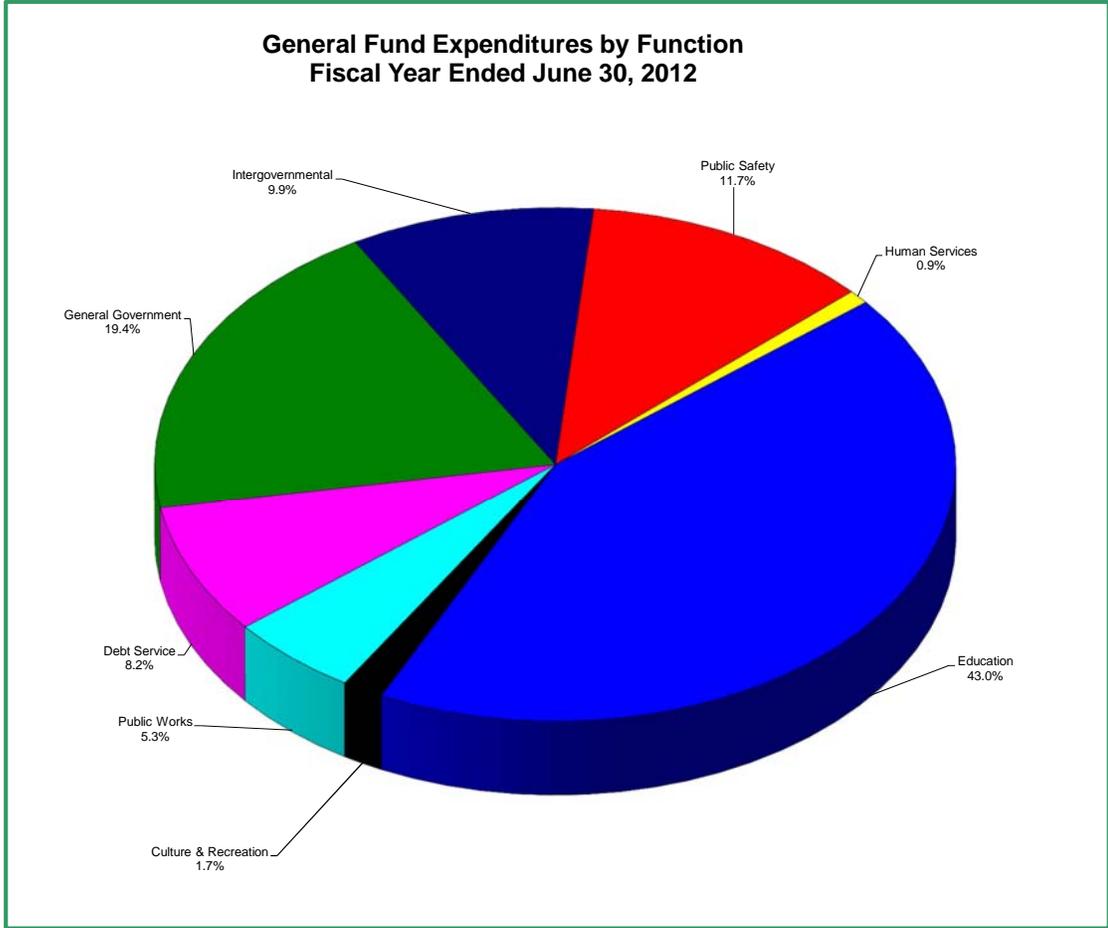
**General Fund Revenues by Source (1)(2)  
Fiscal Year Ended June 30, 2012**



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

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

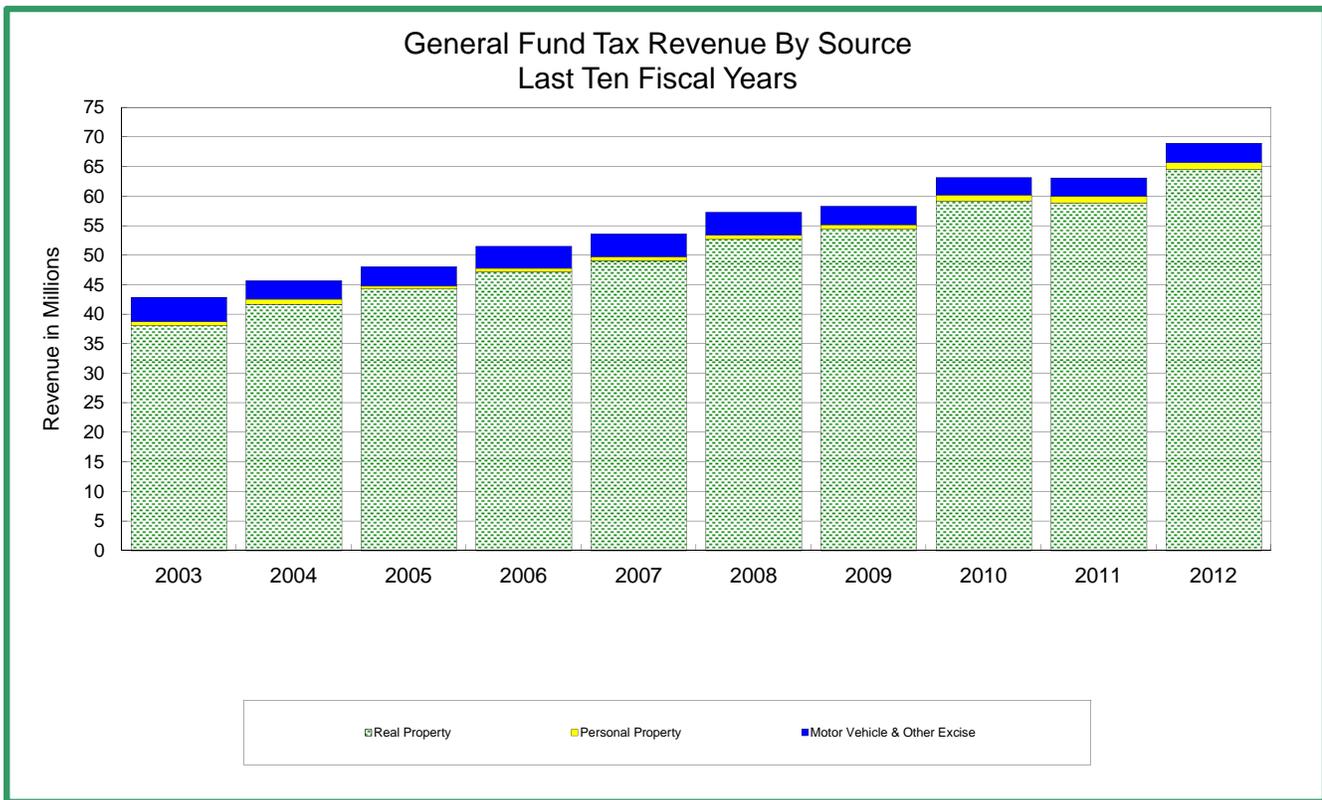
Fiscal Year Ended June 30,	General Government(2)	Public Safety	Education	Public Works	Human Services	Culture & Recreation(3)	Inter-Governmental	Debt Services	Total
2003	\$ 7,615	\$ 7,954	\$ 30,054	\$ 4,308	\$ 596	\$ 172	\$ 1,521	\$ 5,272	\$ 57,491
2004	\$ 8,030	\$ 7,996	\$ 31,204	\$ 4,050	\$ 594	\$ 1,344	\$ 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
2008	\$ 10,698	\$ 10,061	\$ 40,751	\$ 4,947	\$ 754	\$ 1,685	\$ 2,678	\$ 4,809	\$ 76,383
2009	\$ 13,303	\$ 10,416	\$ 35,130	\$ 5,682	\$ 816	\$ 1,632	\$ 7,346	\$ 5,234	\$ 79,559
2010	\$ 13,346	\$ 10,061	\$ 36,155	\$ 4,535	\$ 792	\$ 1,422	\$ 7,722	\$ 7,309	\$ 81,342
2011	\$ 16,047	\$ 10,165	\$ 35,910	\$ 5,062	\$ 721	\$ 1,476	\$ 8,175	\$ 7,374	\$ 84,930
2012	\$ 16,980	\$ 10,279	\$ 37,702	\$ 4,624	\$ 759	\$ 1,449	\$ 8,635	\$ 7,193	\$ 87,621



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

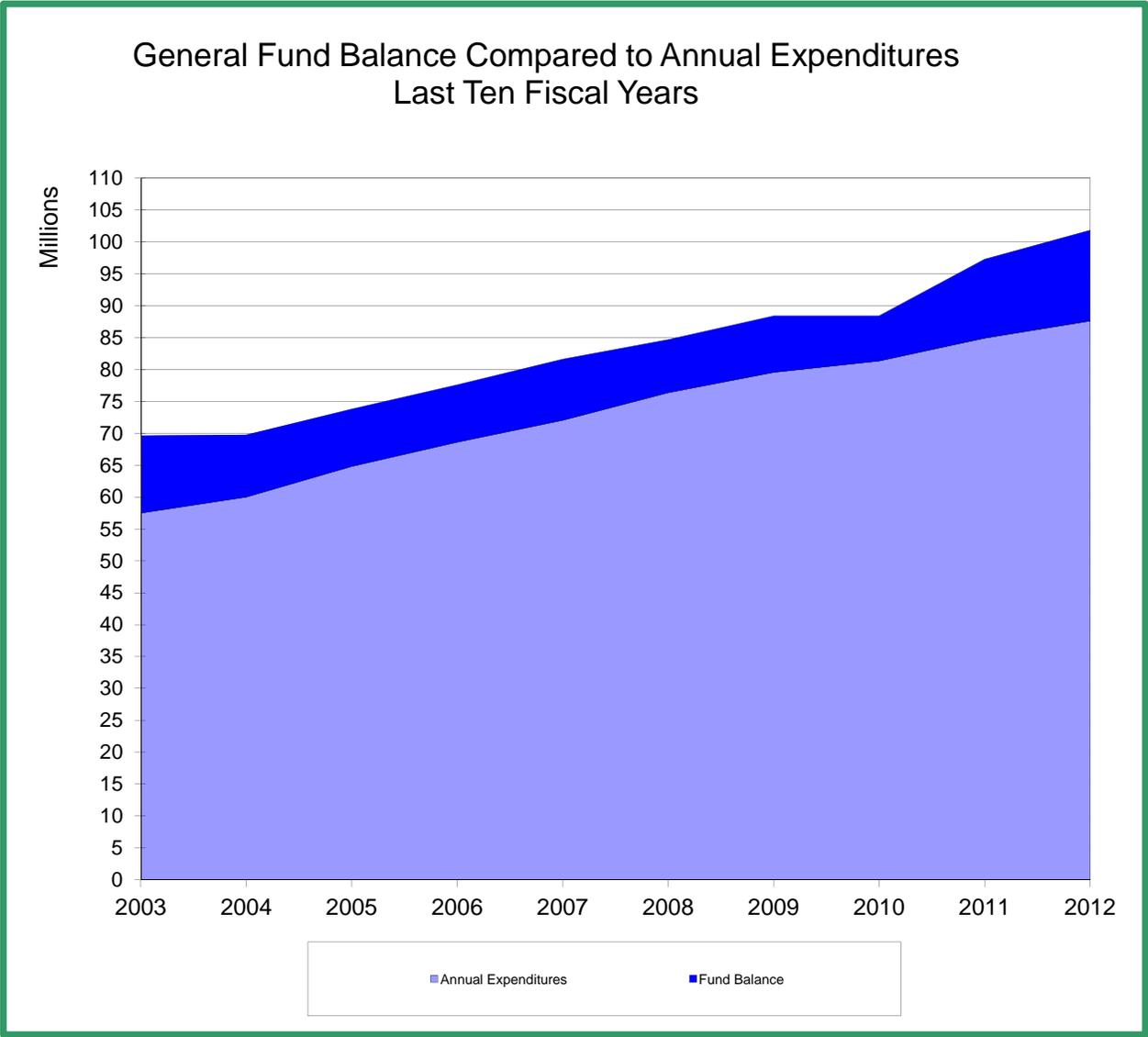
## GENERAL FUND TAX REVENUE BY SOURCE LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Real Property	Personal Property	Motor Vehicle & Other Excise	Total
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
2008	\$ 52,729,826	\$ 690,885	\$ 3,893,511	\$ 57,314,222
2009	\$ 54,420,366	\$ 773,283	\$ 3,130,199	\$ 58,323,848
2010	\$ 59,177,275	\$ 1,043,711	\$ 2,974,353	\$ 63,195,339
2011	\$ 58,881,164	\$ 1,091,352	\$ 3,159,591	\$ 63,132,107
2012	\$ 64,567,393	\$ 1,151,269	\$ 3,287,665	\$ 69,006,327



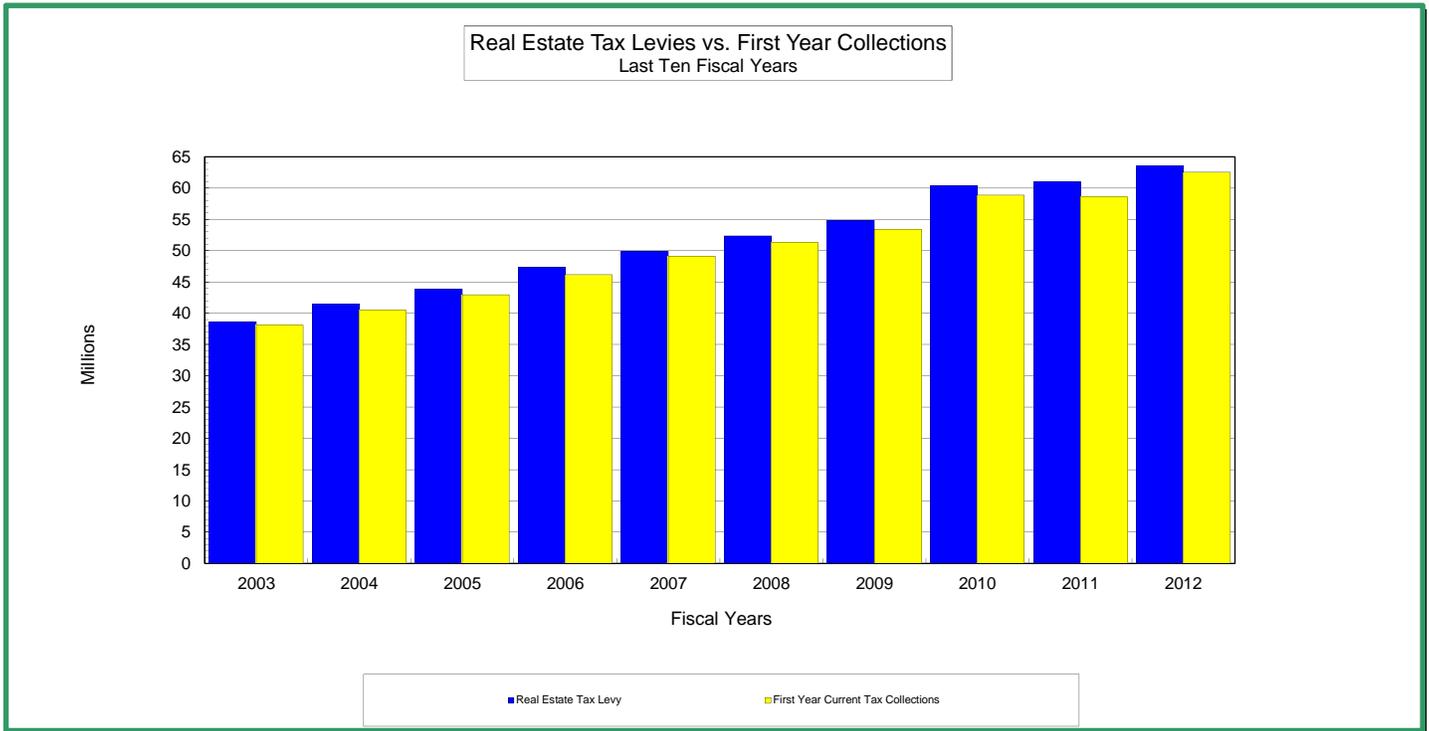
## GENERAL FUND BALANCE COMPARED TO ANNUAL EXPENDITURES LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Fund Balance	Annual Expenditures	Balance as % of Expenditures
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	\$ 8,332,050	\$ 72,043,499	11.57%
2008	\$ 8,884,711	\$ 76,382,718	11.63%
2009	\$ 7,099,935	\$ 79,559,960	8.92%
2010	\$ 12,378,466	\$ 81,342,054	15.22%
2011	\$ 14,219,824	\$ 84,929,680	16.74%
2012	\$ 18,652,801	\$ 87,621,170	21.29%



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

<b>Fiscal Year Ended June 30,</b>	<b>Real Estate Tax Levy (1)</b>	<b>First Year Current Tax Collections (2)</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Levy Tax Collections</b>	<b>Total Tax Collections To Date</b>	<b>Percent of Levy Collected</b>
2003	\$ 38,634,634	\$ 38,052,681	98.5%	\$ 48,423	\$ 38,101,104	98.6%
2004	\$ 41,411,391	\$ 40,475,483	97.7%	\$ 109,179	\$ 40,584,662	98.0%
2005	\$ 43,844,609	\$ 42,972,135	98.0%	\$ 66,592	\$ 43,038,727	98.2%
2006	\$ 47,394,032	\$ 46,131,746	97.3%	\$ 149,541	\$ 46,281,287	97.7%
2007	\$ 49,861,711	\$ 49,102,357	98.5%	\$ 186,020	\$ 49,288,377	98.9%
2008	\$ 52,379,293	\$ 51,298,580	97.9%	\$ 65,279	\$ 51,363,859	98.1%
2009	\$ 54,789,488	\$ 53,444,778	97.5%	\$ 450,008	\$ 53,894,786	98.4%
2010	\$ 60,378,356	\$ 58,855,173	97.5%	\$ 655,856	\$ 59,511,029	98.6%
2011	\$ 60,970,038	\$ 58,567,611	96.1%	\$ 2,309,316	\$ 60,876,927	99.8%
2012	\$ 63,559,312	\$ 62,540,324	98.4%	\$ -	\$ 62,540,324	98.4%

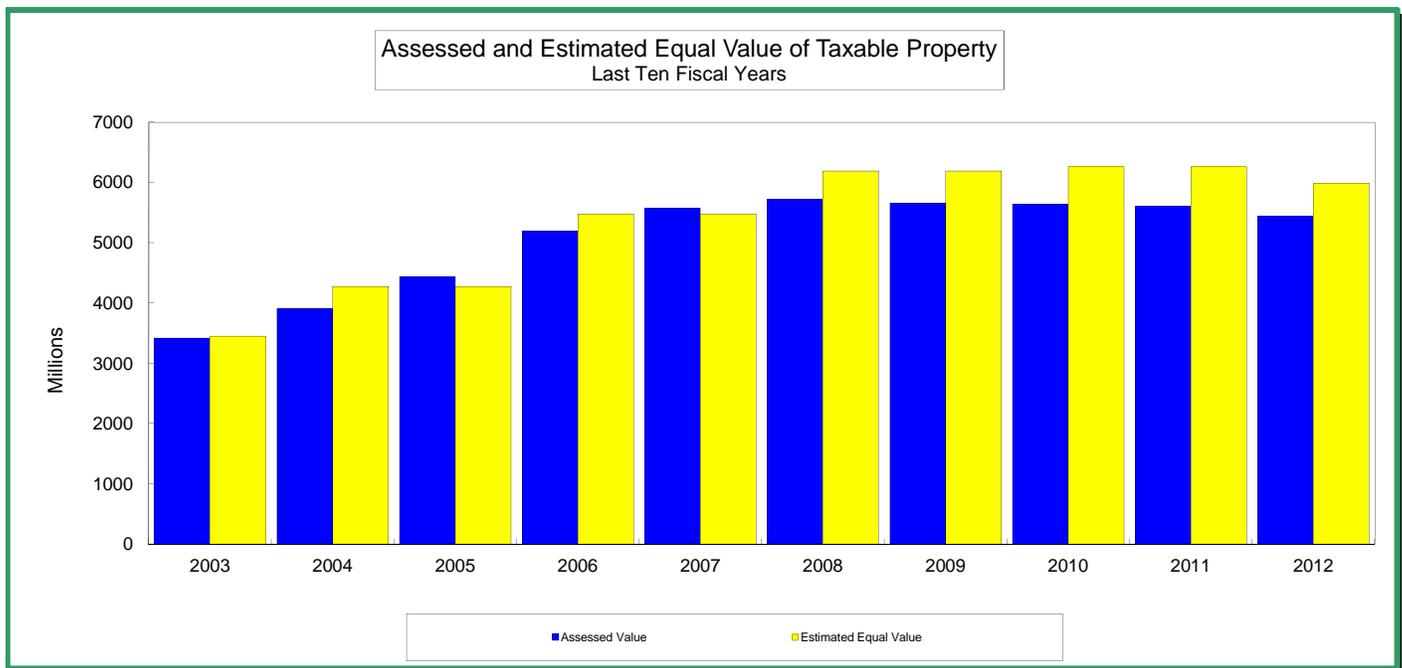


(1) Real Estate Tax Levy net of allowance for abatements and refunds.

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

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

<b>Fiscal Year Ended June 30,</b>	<b>Assessed Value (1)</b>	<b>Estimated Equal Value (2)</b>	<b>As Of</b>	<b>Assessed Value to Estimated Equal Value</b>	<b>Total Direct Rate</b>
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
2008	\$ 5,725,353,220	\$ 6,190,427,500	01/01/2008	92.5%	\$ 9.20
2009	\$ 5,653,800,660	\$ 6,190,427,500	01/01/2008	91.3%	\$ 9.75
2010	\$ 5,636,105,233	\$ 6,257,344,000	01/01/2010	90.1%	\$ 10.77
2011	\$ 5,599,519,350	\$ 6,257,344,000	01/01/2010	89.5%	\$ 11.08
2012	\$ 5,438,188,940	\$ 5,984,621,300	01/01/2012	90.9%	\$ 11.89



Source: Assessors Department, Town of Hingham

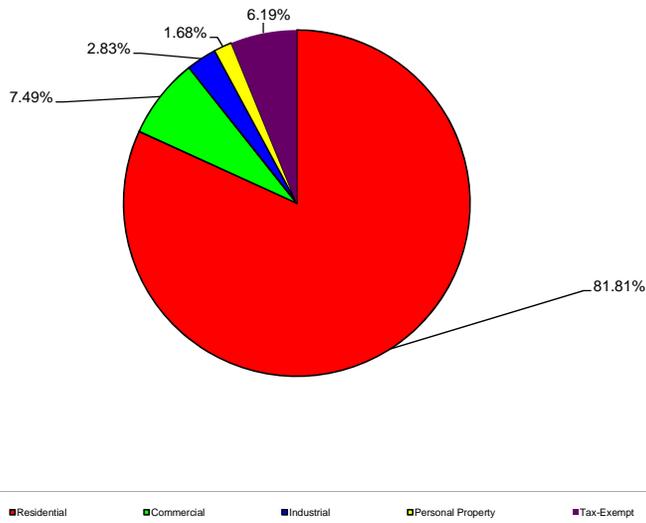
(1) Assessed valuations are determined annually as of January 1 and used for the fiscal year beginning on the next July 1. Taxable property in this chart refers only to real estate.

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

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

<b>Fiscal Year Ended June 30, (2)</b>	<b>Residential Valuation</b>	<b>Commercial Valuation</b>	<b>Industrial Valuation</b>	<b>Personal Property Valuation</b>	<b>Less: Tax-Exempt Property</b>	<b>Total Valuation</b>
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
2008	\$ 5,001,557,821	\$ 463,240,322	\$ 191,314,157	\$ 69,240,920	\$ 384,268,700	\$ 5,341,084,520
2009	\$ 4,902,896,684	\$ 473,771,299	\$ 186,915,617	\$ 90,217,060	\$ 392,792,200	\$ 5,261,008,460
2010	\$ 4,883,302,232	\$ 475,224,448	\$ 182,626,233	\$ 94,952,320	\$ 392,792,200	\$ 5,243,313,033
2011	\$ 4,839,160,498	\$ 481,235,961	\$ 182,314,541	\$ 96,808,350	\$ 405,665,200	\$ 5,193,854,150
2012	\$ 4,742,405,100	\$ 434,205,900	\$ 164,218,200	\$ 97,359,740	\$ 358,700,200	\$ 5,079,488,740
10 yr. average	\$ <u>4,416,975,876</u>	\$ <u>385,614,345</u>	\$ <u>176,832,825</u>	\$ <u>77,427,291</u>	\$ <u>354,300,190</u>	\$ <u>4,702,550,146</u>

**Assessed Value of Taxable Property By Classification  
Fiscal Year Ended June 30, 2012**



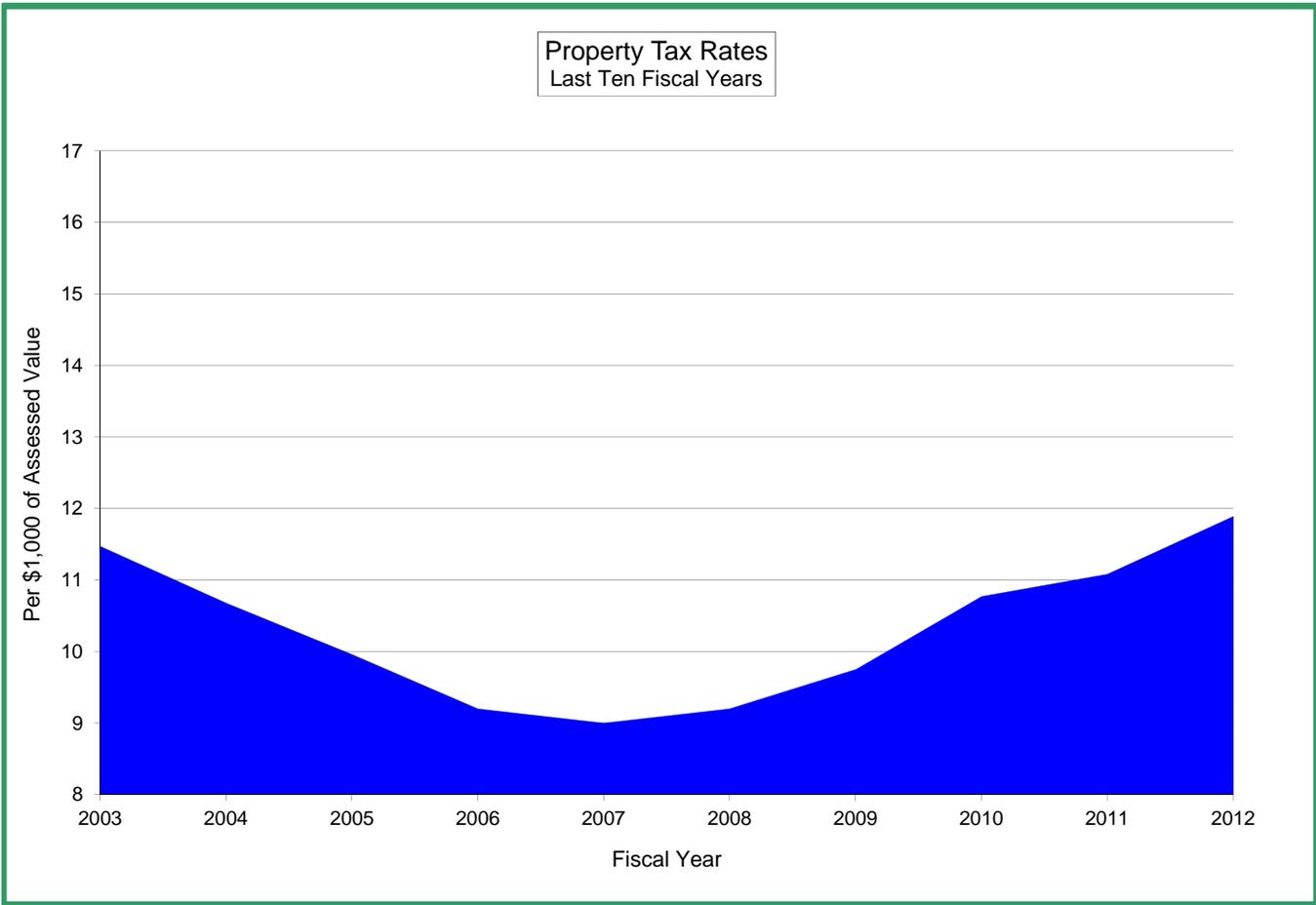
Source: Assessors Department, Town of Hingham

(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; 2005, 2008 and 2011.

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

Fiscal Year Ended June 30,	Residential		Commercial (2)		Industrial (2)		Personal	
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
2008	\$	9.20	\$	9.20	\$	9.20	\$	9.20
2009	\$	9.75	\$	9.75	\$	9.75	\$	9.75
2010	\$	10.77	\$	10.77	\$	10.77	\$	10.77
2011	\$	11.08	\$	11.08	\$	11.08	\$	11.08
2012	\$	11.89	\$	11.89	\$	11.89	\$	11.89

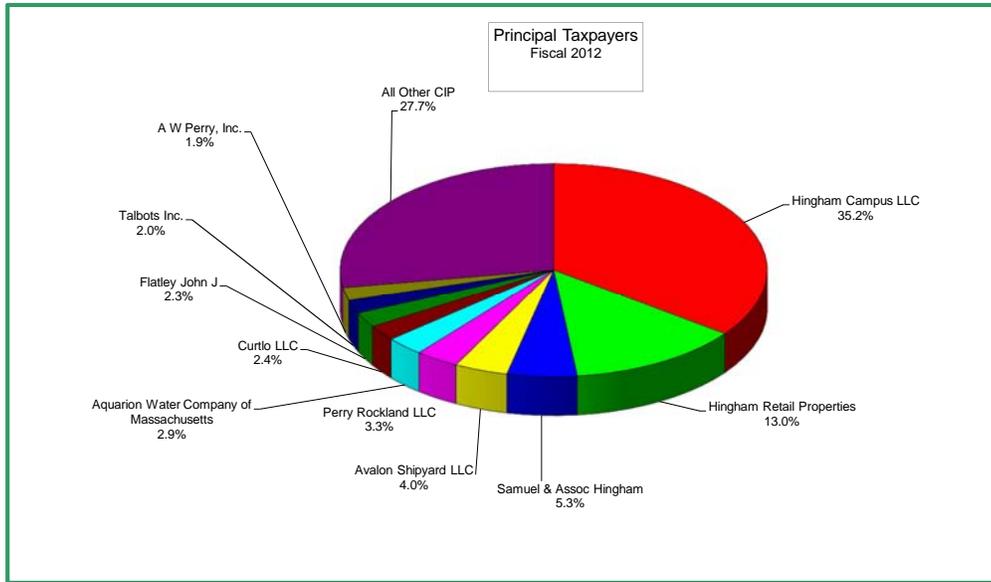


SOURCE: Assessor's Department, Town of Hingham

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

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

Name	Nature of Business	2012				2003	
		Assessed Valuation	Rank	Percentage of CIP(2)	Percentage of Total Tax Levy(3)	Assessed Valuation	Rank
Hingham Campus LLC	Housing	\$245,045,900	1	35.2%	4.5%	-	
Hingham Retail Properties	Mall	\$90,545,700	2	13.0%	1.7%	\$11,397,400	6
Samuel & Assoc Hingham	Commercial	\$36,802,700	3	5.3%	0.7%	\$56,927,770	1
Avalon Shipyard LLC	Apartments	\$28,099,300	4	4.0%	0.5%	-	
Perry Rockland LLC	Land & Building	\$22,919,400	5	3.3%	0.4%	-	
Aquarion Water Company of Massachusetts	Utilities	\$20,033,400	6	2.9%	0.4%	\$16,319,000	4
Curtlo LLC	Mall	\$16,478,900	7	2.4%	0.3%	-	
Flatley John J.	Land Comm. & Ind. Bldg.	\$15,693,700	8	2.3%	0.3%	\$11,002,000	8
Talbots Inc.	Retail Clothing	\$14,227,300	9	2.0%	0.3%	-	
A W Perry, Inc.	Land & Building	\$13,432,600	10	1.9%	0.2%	\$21,511,390	3
Hingham Resources	Industrial Park	-		-	-	\$26,675,000	2
Thomas J. Flatley	Shopping Center	-		-	-	\$13,049,000	5
Verizon	Shopping Center	-		-	-	\$11,275,100	7
Bare Cove Realty Trust	Real Estate	-		-	-	\$10,636,200	9
Hewetts Cove	Real Estate	-		-	-	\$9,693,400	10
		<b>\$ 503,278,900</b>		<b>72.3%</b>	<b>9.3%</b>	<b>\$ 188,486,260</b>	



(1) SOURCE: Assessor's Department, Town of Hingham  
(2) Total Commercial, Industrial & Personal Property (CIP) valuation \$695,783,840.  
(3) Total valuation of all property \$5,438,188,940.

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

Fiscal Year Ended June 30,	Governmental Activities							
	Population	Personal Income	Assessed Value	General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2003	20,898	\$ 871,509,294	\$ 3,416,302,980	\$ 50,486,385	-	\$ 2,416	5.79%	1.48%
2004	20,720	\$ 864,086,160	\$ 3,897,620,840	\$ 47,439,157	-	\$ 2,290	5.49%	1.22%
2005	20,872	\$ 870,425,016	\$ 4,436,551,270	\$ 44,388,652	-	\$ 2,127	5.10%	1.00%
2006	21,095	\$ 879,724,785	\$ 5,192,463,730	\$ 41,850,720	-	\$ 1,984	4.76%	0.81%
2007	21,275	\$ 887,231,325	\$ 5,572,597,140	\$ 38,788,259	-	\$ 1,823	4.37%	0.70%
2008	21,978	\$ 916,548,534	\$ 5,725,353,220	\$ 40,741,181	-	\$ 1,854	4.45%	0.71%
2009	21,589	\$ 900,326,067	\$ 5,653,800,660	\$ 75,318,162	-	\$ 3,489	8.37%	1.33%
2010	22,322	\$ 930,894,366	\$ 5,636,105,233	\$ 70,204,570	-	\$ 3,145	7.54%	1.25%
2011	22,157	\$ 924,013,371	\$ 5,599,519,350	\$ 64,670,742	-	\$ 2,919	7.00%	1.15%
2012	21,065	\$ 1,213,638,910	\$ 5,438,188,940	\$ 59,181,279	-	\$ 2,809	4.88%	1.09%

Fiscal Year Ended June 30,	Business-type Activities (1)		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2003	\$ 1,000,000	\$ -	\$ 51,486,385	\$ 2,464	5.91%	1.51%
2004	\$ 2,075,000	\$ -	\$ 49,514,157	\$ 2,390	5.73%	1.27%
2005	\$ 600,000	\$ -	\$ 44,988,652	\$ 2,155	5.17%	1.01%
2006	\$ 400,000	\$ -	\$ 42,250,720	\$ 2,003	4.80%	0.81%
2007	\$ 200,000	\$ 767,370	\$ 39,755,629	\$ 1,869	4.48%	0.71%
2008	\$ 1,585,000	\$ 861,570	\$ 43,187,751	\$ 1,965	4.71%	0.75%
2009	\$ 1,465,000	\$ 541,814	\$ 77,324,976	\$ 3,582	8.59%	1.37%
2010	\$ 1,340,000	\$ 357,375	\$ 71,901,945	\$ 3,221	7.72%	1.28%
2011	\$ 1,215,000	\$ 373,806	\$ 66,259,548	\$ 2,990	7.17%	1.18%
2012	\$ 1,085,000	\$ 164,232	\$ 60,430,511	\$ 2,869	4.98%	1.11%

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

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

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Equalized value established January 1 by Comm. of Massachusetts.....	\$ 3,449,880	\$ 4,273,600	\$ 4,273,600	\$ 5,479,433	\$ 5,479,433	\$ 6,190,427	\$ 6,190,427	\$ 6,257,344	\$ 6,257,344	\$ 5,984,621
Debt limit.....	\$ 172,494	\$ 213,680	\$ 213,680	\$ 273,972	\$ 273,972	\$ 309,521	\$ 309,521	\$ 312,867	\$ 312,867	\$ 299,231
Less:										
Total net debt applicable to limit.....	\$ 52,910	\$ 49,642	\$ 46,883	\$ 44,430	\$ 41,629	\$ 43,976	\$ 43,976	\$ 71,545	\$ 66,185	\$ 60,267
Legal debt margin.....	\$ 119,584	\$ 164,038	\$ 166,797	\$ 229,542	\$ 232,343	\$ 265,545	\$ 265,545	\$ 241,322	\$ 246,682	\$ 238,964
Total net debt applicable to the limit as a percentage of debt limit.....	30.67%	23.23%	21.94%	16.22%	15.19%	14.21%	14.21%	22.87%	21.15%	20.14%

(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, 2011 the most recent valuation was as of Jan 1, 2010. 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.

**COMPUTATION OF OVERLAPPING DEBT  
As of June 30, 2012**

<u>Fiscal Year Ended June 30</u>	<u>Outstanding Long Term Debt</u>	<u>Hingham's Estimated Share (1)</u>	<u>2012 Dollar Assessment (2)</u>
Plymouth County (3).....	\$ -	N/A	\$ 111,408
MWRA (4).....	\$ 4,027,396,000	0.0352%	\$ 1,417,643
Town direct debt.....			\$ 59,181,279
Town direct and overlapping debt.....	<u>\$ 4,027,396,000</u>		<u>\$ 60,710,330</u>

(1) Estimated share based upon operating expenses.

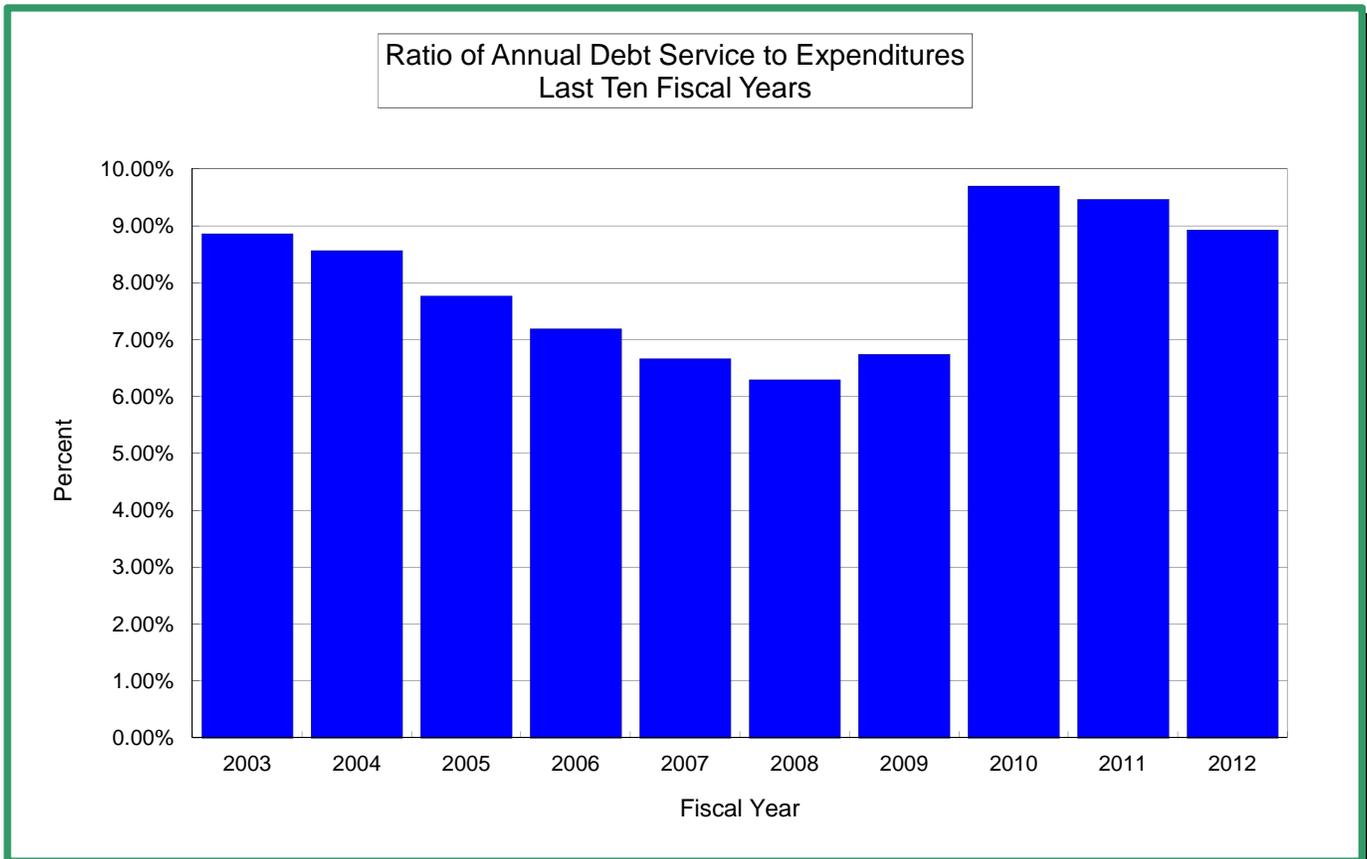
(2) Estimated dollar assessment based upon total net operating expenses, inclusive, where applicable, of debt service.

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

(4) Source: Massachusetts Water Resources Authority (MWRA). Sewer debt only as of June 30, 2012. The MWRA provides water and sewer services to its member towns. Hingham is not a member of the MWRA water division as Hingham receives water from a private company.

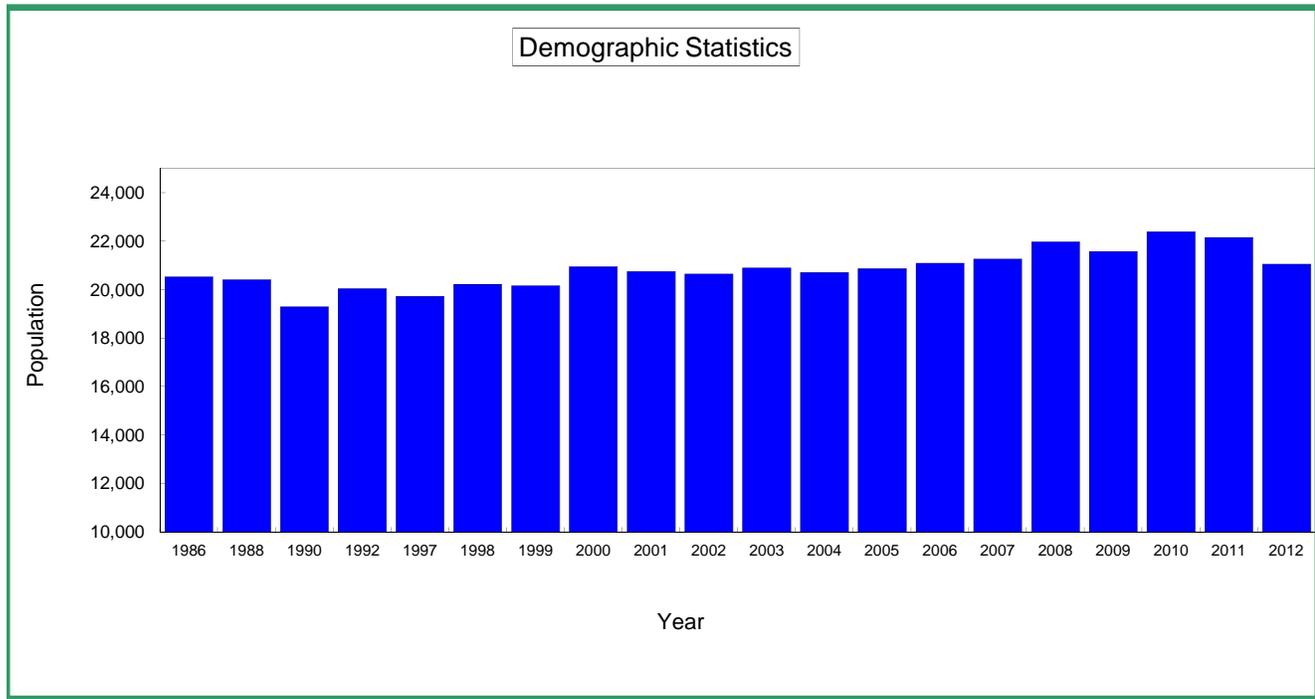
**RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT  
TO TOTAL GENERAL FUND EXPENDITURES  
LAST TEN FISCAL YEARS**

Fiscal Year Year Ended Ended June 30,	Annual Debt Service	Total General Fund Expenditures	Ratio of Annual Debt Service to Expenditures
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%
2008	\$ 4,809,000	\$ 76,382,718	6.3%
2009	\$ 5,365,003	\$ 79,559,960	6.7%
2010	\$ 7,894,798	\$ 81,342,054	9.7%
2011	\$ 8,042,555	\$ 84,929,680	9.5%
2012	\$ 7,827,460	\$ 87,621,170	8.9%



## DEMOGRAPHIC STATISTICS

Year	Town of Hingham Population (1)	Plymouth County Population (2)	Commonwealth of Massachusetts Population (2)
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
2008	21,978	490,258	6,449,755
2009	21,589	492,066	6,497,967
2010	22,394	498,344	6,593,587
2011	22,157	495,780	6,557,254
2012	21,065	497,579	6,587,536

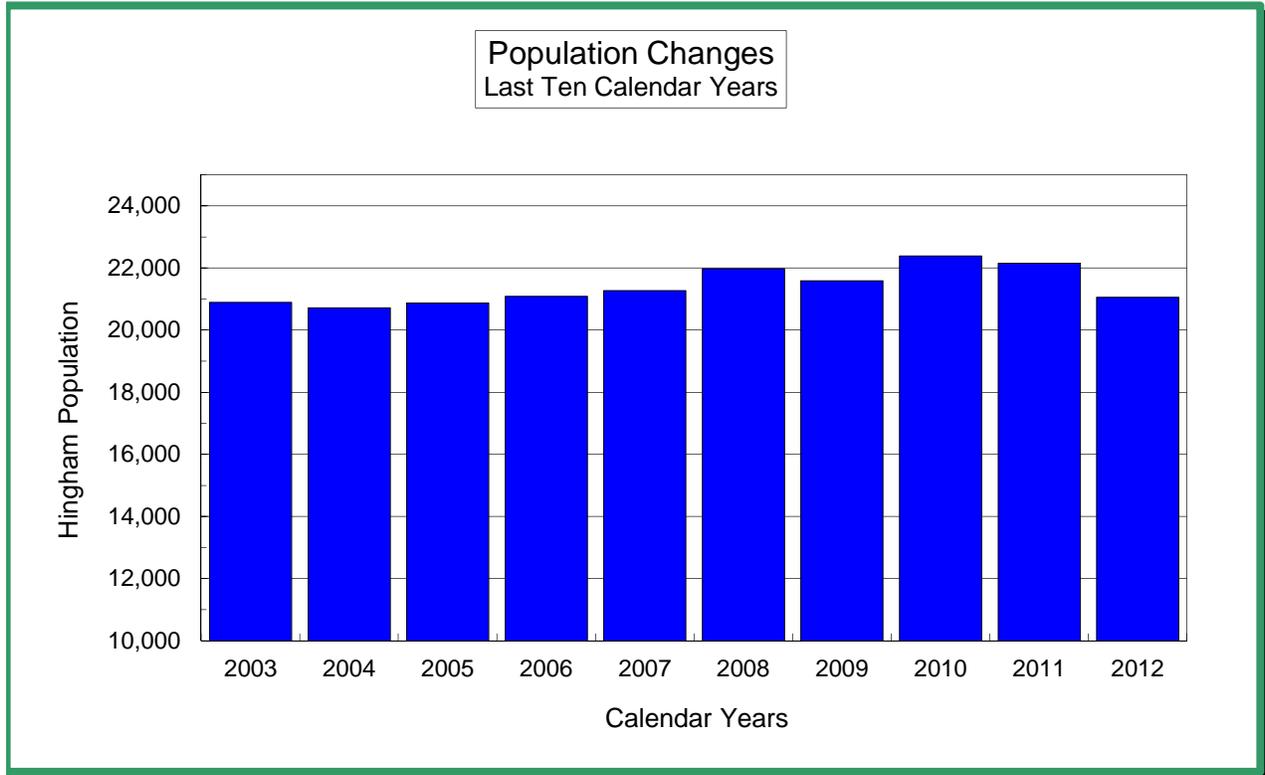


(1) Source: Hingham Town Clerk's Office.

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

## POPULATION CHANGES LAST TEN CALENDAR YEARS

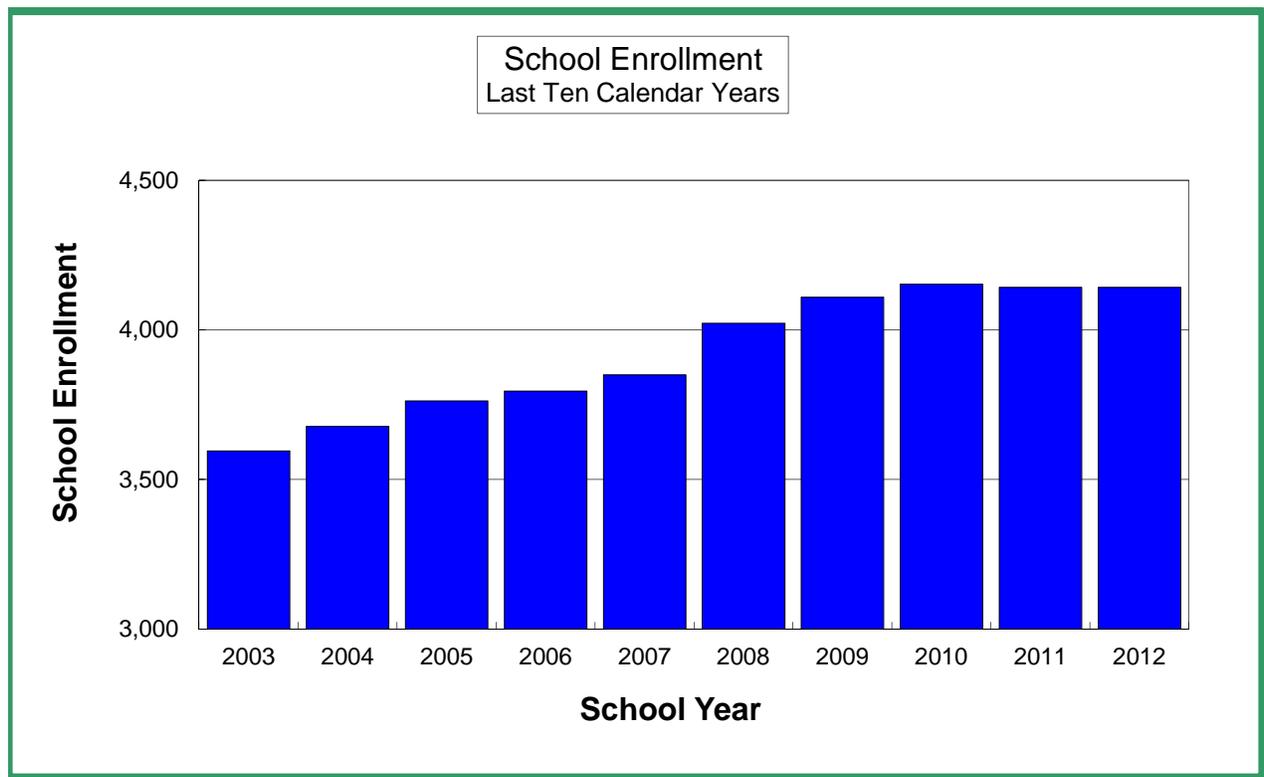
Year	Population	Increase (Decrease)
2003	20,898	244
2004	20,720	(178)
2005	20,872	152
2006	21,095	223
2007	21,275	180
2008	21,978	703
2009	21,589	(389)
2010	22,394	805
2011	22,157	(237)
2012	21,065	(1,092)



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

## SCHOOL ENROLLMENT STATISTICS LAST TEN YEARS

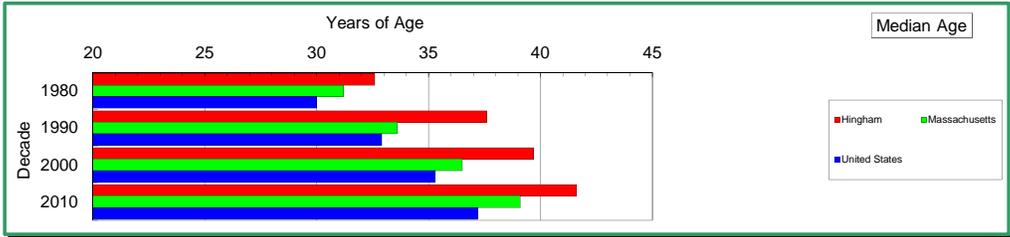
School Year	School Enrollment	Increase (Decrease)
2003	3,596	42
2004	3,678	82
2005	3,763	85
2006	3,796	33
2007	3,850	54
2008	4,023	173
2009	4,110	87
2010	4,154	44
2011	4,143	-11
2012	4,143	0



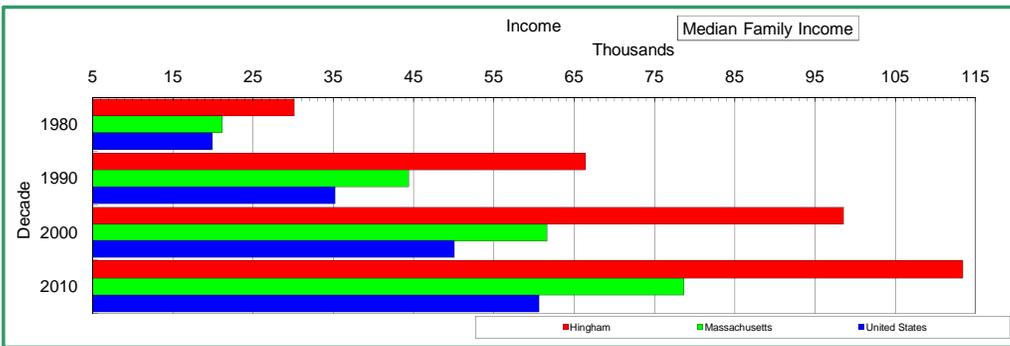
Source: Hingham's School Business Administration Office

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

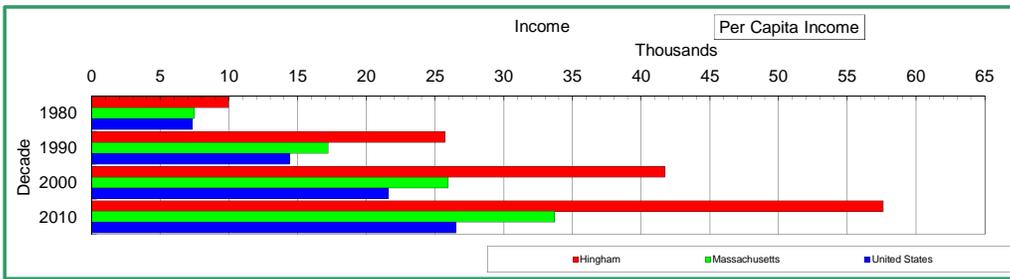
Median Age	Hingham	Massachusetts	United States
1980	32.6	31.2	30.0
1990	37.6	33.6	32.9
2000	39.7	36.5	35.3
2010	41.6	39.1	37.2



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



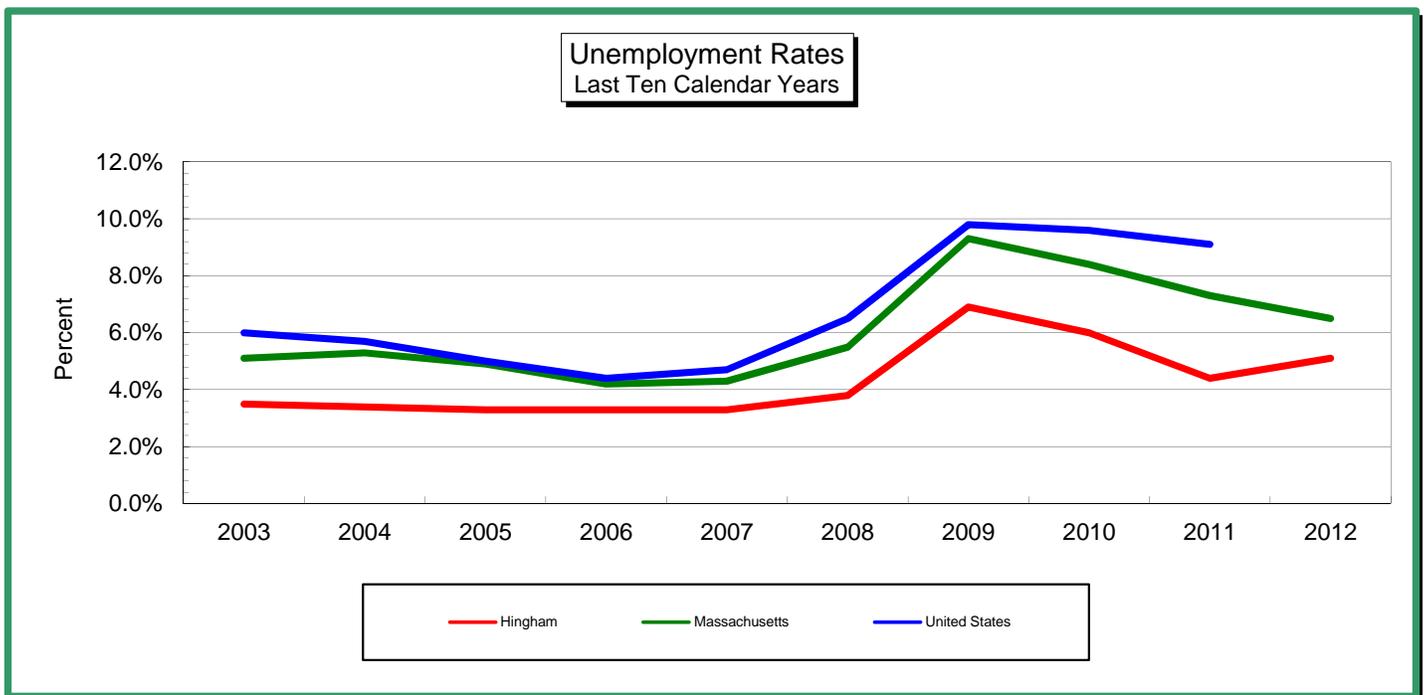
Per Capita Income	Hingham	Massachusetts	United States
1980	\$ 9,949	\$ 7,459	\$ 7,313
1990	\$ 25,726	\$ 17,224	\$ 14,420
2000	\$ 41,703	\$ 25,952	\$ 21,587
2010	\$ 57,614	\$ 33,704	\$ 26,505



Source: Federal Bureau of the Census.

## UNEMPLOYMENT RATES LAST TEN CALENDAR YEARS

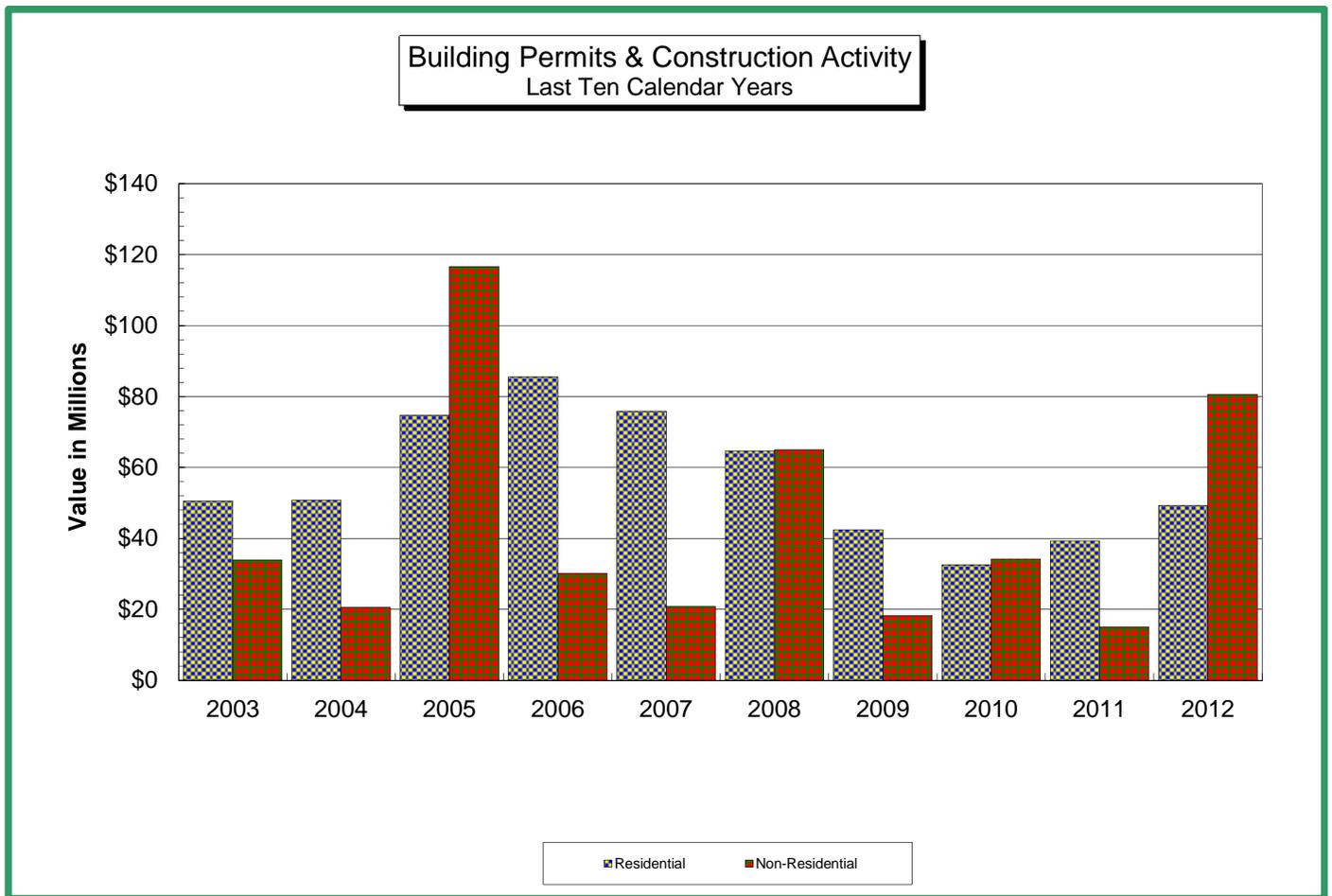
Year	Hingham (1)	Massachusetts (1)	United States (1)
2003	3.5%	5.1%	6.0%
2004	3.4%	5.3%	5.7%
2005	3.3%	4.9%	5.0%
2006	3.3%	4.2%	4.4%
2007	3.3%	4.3%	4.7%
2008	3.8%	5.5%	6.5%
2009	6.9%	9.3%	9.8%
2010	6.0%	8.4%	9.6%
2011	4.4%	7.3%	9.1%
2012	5.1%	6.5%	7.8%



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

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

Year	Residential		Non-Residential		Total
	Number	Value	Number	Value	
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
2008	752	\$ 64,635,923	307	\$ 65,018,772	\$ 129,654,695
2009	579	\$ 42,418,537	290	\$ 18,199,861	\$ 60,618,398
2010	656	\$ 32,593,032	344	\$ 34,203,134	\$ 66,796,166
2011	694	\$ 39,302,563	282	\$ 14,987,870	\$ 54,290,433
2012	716	\$ 49,275,795	331	\$ 80,578,827	\$ 129,854,622



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

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

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

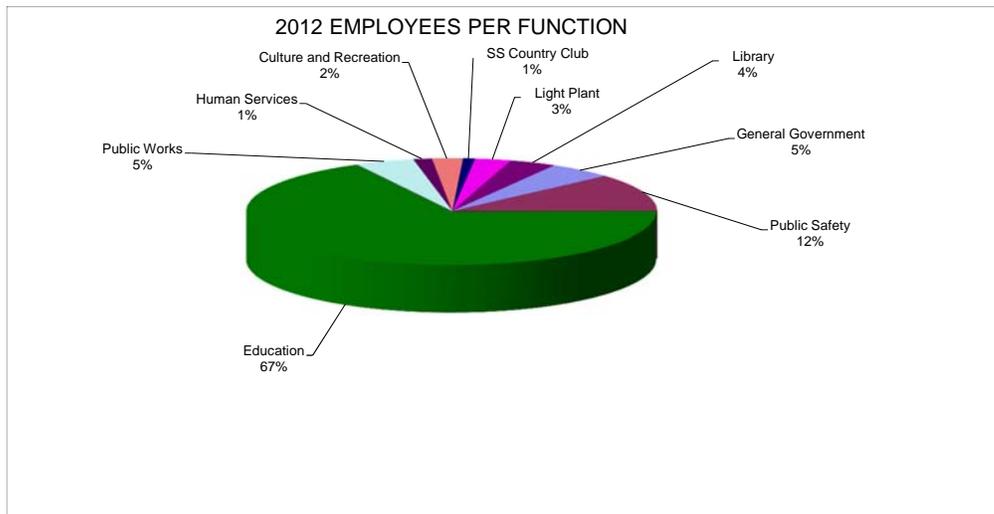
2012				
Employer	Business	Employees	Rank	% of Total Employment
Blue Cross/Blue Shield	Health Care	970	1	7.72%
Town of Hingham	Government	947	2	7.54%
Linden Ponds	Health Care	779	3	6.20%
Serono Laboratories	Bio-Technology	596	4	4.75%
Talbots	Retail Clothing	550	5	4.38%
Russ Electric	Manufacturing	237	6	1.89%
Whole Foods	Retail	225	7	1.79%
Stop & Shop	Retail	200	8	1.59%
Harbor House	Health Care	185	9	1.47%
Eat Well	Restaurant	160	10	1.27%
		4,849		38.62%

2003				
Employer	Business	Employees	Rank	% of Total Employment
Talbots	Retail Clothing	1,100	1	9.70%
Town of Hingham	Government	1,031	2	9.09%
Serono Laboratories	Bio-Technology	400	3	3.53%
Russ Electric	Manufacturing	350	4	3.09%
Stop & Shop	Retail	211	5	1.86%
Eat Well	Restaurant	170	6	1.50%
Harbor House	Health Care	160	7	1.41%
Building #19	Distribution Warehouse	80	8	0.71%
Kohl's	Retail	163	9	1.44%
Best Chevrolet	Auto Dealership	99	10	0.87%
		3,764		33.20%

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

**NUMBER OF EMPLOYEES  
PER FUNCTION OF GOVERNMENT**

Function	2012		2011		2010		2009		2008	
	# of Employees	% of Total Employees	# of Employees	% of Total Employees	# of Employees	% of Total Employees	# of Employees	% of Total Employees	# of Employees	% of Total Employees
<b>Governmental Activities</b>										
General Government	48	5.07%	55	5.68%	47	4.75%	48	4.71%	50	4.90%
Public Safety	109	11.51%	122	12.60%	132	13.35%	135	13.25%	133	13.04%
Education	638	67.37%	634	65.50%	660	66.73%	676	66.34%	670	65.69%
Public Works	44	4.65%	46	4.75%	46	4.65%	47	4.61%	49	4.80%
Human Services	14	1.48%	15	1.55%	13	1.31%	12	1.18%	14	1.37%
Culture and Recreation	23	2.43%	25	2.58%	23	2.33%	26	2.55%	24	2.35%
<b>Business-Type Activities</b>										
SS Country Club	9	0.95%	6	0.62%	6	0.61%	6	0.59%	8	0.78%
Light Plant	27	2.85%	27	2.79%	27	2.73%	29	2.85%	30	2.94%
<b>Component Unit</b>										
Library	35	3.70%	38	3.93%	35	3.54%	40	3.93%	42	4.12%
<b>TOTAL EMPLOYEES</b>	<b>947</b>	<b>100.00%</b>	<b>968</b>	<b>100.00%</b>	<b>989</b>	<b>100.00%</b>	<b>1,019</b>	<b>100.00%</b>	<b>1,020</b>	<b>100.00%</b>



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

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

<b>Function/Program</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
General Government										
Number of Buildings	3	3	3	3	3	3	3	3	4	4
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Fire Station										
Number of Stations	3	3	3	3	3	3	3	3	3	3
Education										
Number of elementary schools	3	3	3	3	3	3	3	4	4	4
Number of middle schools	1	1	1	1	1	1	1	1	1	1
Number of high schools	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets to maintain (approx. miles)	136	136	138	140	140	140	140	139	139	140
Sidewalks to maintain (approx. miles)	62	62	62	60	60	60	60	60	60	60
Tree & Park Division										
Tree Plantings	66	83	84	71	73	103	98	53	22	57
Tree Removals	93	143	157	137	139	138	211	170	96	190
Human Services										
Senior Center Facility	1	1	1	1	1	1	1	1	1	1
Cultural and Recreation										
Number of libraries	1	1	1	1	1	1	1	1	1	1
Parks (acreage)	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750
Playgrounds	8	8	8	8	8	8	8	8	8	8
Public beaches	1	1	1	1	1	1	1	1	1	1
Tennis courts (individual)	25	25	25	25	25	25	25	25	25	25
Basketball courts (inside & outside)	15	15	15	15	15	15	15	15	15	15
Athletic Fields	28	28	28	28	28	28	28	28	32	32
Country Club	1	1	1	1	1	1	1	1	1	1

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

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

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government										
Town Clerk										
Population	20,654	20,898	20,720	20,872	21,095	21,275	21,978	21,589	22,394	21,157
Houses, including condominiums	7,407	7,407	7,325	6,959	6,959	7,012	7,012	7,110	7,110	7,173
Registered voters, Annual Town Election	14,321	14,581	14,337	14,020	14,925	15,056	16,009	15,322	15,731	15,939
Births	254	245	235	237	215	228	228	237	198	221
Marriages	104	90	89	66	80	86	89	82	80	74
Deaths	223	195	243	208	272	237	262	270	286	335
Community Planning										
Building Permits issued	850	895	937	1,062	979	945	1,059	869	1,000	976
Police										
Emergency responses	14,295	15,231	15,436	17,513	19,779	19,450	19,116	20,479	20,632	18,301
Motor vehicle accidents	750	640	647	692	561	1,109	870	873	838	803
Parking tickets issued	685	1,584	810	1,026	834	454	630	420	456	656
Fire										
Emergency responses	3,498	3,349	3,485	3,878	3,594	3,839	3,770	3,713	3,898	3,859
Public Works										
Recycling/tons	1,920	1,522	1,990	1,963	2,498	2,900	2,565	2,320	2,320	2,427
Return bottle program:										
Donated cans	-	-	-	-	185,044	216,631	332,748	269,380	305,080	263,590
Donated bottles	-	-	-	-	5,964	61,570	130,612	55,600	84,385	70,855
Snow & Ice										
Inches of snow	79	87	40	107	40	45	43	57	40	48
Snowplowing operations	3	10	5	14	16	6	7	8	9	12
Sanding operations	15	31	18	44	19	27	31	31	28	28
Council on Aging										
Van trips	4,612	3,175	6,122	7,218	6,094	5,258	4,424	5,801	5,981	5,158
Volunteers	140	162	140	200	200	238	176	174	168	170
Total Volunteer hours	10,000	10,519	10,485	11,746	11,312	14,473	12,064	11,930	10,410	10,369
Health										
Permits issued	1,768	1,867	2,089	2,048	1,209	1,392	1,226	1,135	1,296	1,298
Library										
Number of patrons	-	260,000	280,000	281,000	285,000	281,800	284,000	-	271,419	260,537
Check-out items	419,700	469,728	446,489	439,308	444,600	432,384	430,350	461,489	437,914	427,843
Card holders	-	-	15,116	16,342	15,000	15,101	14,331	-	12,638	14,123
Program attendance	-	5,722	7,200	7,175	7,175	7,175	7,175	6,940	9,250	6,216
Education										
Public school enrollment	3,554	3,596	3,678	3,763	3,796	3,850	4,023	4,110	4,154	4,143
Professional staff	-	-	302	309	360	348	321	-	359	389
Support staff	-	-	143	146	216	222	164	-	233	221
Recreation										
Total program revenue	\$ 264,100	\$ 272,690	\$ 324,634	\$ 325,389	\$ 362,345	\$ 472,171	\$ 548,704	\$ 566,880	\$ 652,834	\$ 645,495
Veteran Services										
Total Veteran's benefits	\$ 116,021	\$ 166,037	\$ 132,219	\$ 117,118	\$ 139,730	\$ 182,740	\$ 201,678	\$ 257,418	\$ 225,087	\$ 176,142
Retirement										
Total membership	682	787	809	830	847	886	910	917	923	944

Source: Annual Town Reports, Town Departments  
2012 data is not available