

Town of Hingham,
Massachusetts

Comprehensive
Annual Financial
Report

For the Fiscal Year
Ended June 30,
2015



On the Cover: Secretary of Defense, Employer Support Freedom Award

Town Of Hingham News: Town of Hingham has been awarded the 2015 Secretary of Defense Freedom Award!

The Department of Defense announced the 15 recipients of the 2015 Secretary of Defense Employer Support Freedom Award, the highest honor the department gives to employers for support of National Guard and Reserve employees.

The Secretary of Defense Employer Support Freedom Award is the highest recognition given by the U.S. Government to employers for their support of their employees who serve in the Guard and Reserve. Nominations must come from a Guard or Reserve member who is employed by the organization they are nominating, or from a family member.

The award was created to publicly recognize employers who provide exceptional support to their Guard and Reserve employees. It is the highest in a series of employer recognition awards given by the Department of Defense.

Almost one-half of the U.S. military is comprised of the Guard and Reserve. The Department of Defense shares these citizen warriors with their civilian employers, many of whom provide significant support to their employees who serve in the Guard and Reserve. This award recognizes employers who provide the most outstanding support for their Guard and Reserve employees and is presented annually by the Secretary of Defense.



TOWN OF HINGHAM, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

Prepared by:

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

TOWN OF HINGHAM, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2015

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Introductory Section



**Town of Hingham, Massachusetts
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015**

Introductory Section

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TOWN OF HINGHAM
OFFICE OF SELECTMEN

Paul K. Healey, Chairman
Paul J. Gannon
Mary M. Power



Ted C. Alexiades
Town Administrator

Letter of Transmittal

December 10, 2015

To the Citizens of the Town of Hingham, Massachusetts:

The Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2015 for the Town of Hingham, Massachusetts is hereby submitted for your consideration.

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

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

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

The Town of Hingham's financial statements have been audited by Powers & Sullivan, LLC a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Hingham for the year ended June 30, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town of Hingham's financial statements for the year ended June 30, 2015 and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

Profile of the Town of Hingham

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

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

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

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

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

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

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

Factors Affecting Economic and Financial Condition

Unemployment rates in Massachusetts continue to fall below the state and national percentages. The Town traditionally has a more stable employment profile than the state or the nation, and has maintained this consistency over the past decade.

The Town's population has modestly increased in the nineties, after having declined through most of the late eighties, and over the past decade has once again begun modest increases. There is a parallel impact in school enrollment, which declined through the late eighties and then increased 11% during the nineties. Over the past ten years the town's population has increased approximately 7% while school enrollment has increased 16%.

Long-term Financial Planning

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

Major Initiatives

Since the mid 1990's the Town has consistently made capital expenditures a high priority. Due to current economic conditions and budget restraints the amount of capital spending has been reduced from normal levels of \$2-\$3 million annually. The Town expects to be able to appropriate capital spending in the \$1-\$2 million range for 2016.

Financial Information

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

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

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

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

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

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

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

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

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

Other Information

Certificate of Achievement for Excellence in Financial Reporting. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Hingham for its CAFR for the year ended June 30, 2014. This was the eighteenth consecutive year that the government has achieved this prestigious award. In order to be awarded the Certificate of Achievement, a governmental unit (state, county, district, or town) must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards established by the Government Finance Officers Association of the United States and Canada (GFOA). Such reports must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Independent Audit. The financial statements for the year ended June 30, 2015 were audited by the public accounting firm of Powers & Sullivan, LLC. The financial statements have received an "unmodified opinion" from the auditors. An "unmodified opinion" is the best opinion which a governmental unit can receive. It indicates that the financial statements were prepared in accordance with generally accepted accounting principles and that they are fairly presented in all material aspects.

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

Acknowledgments

A special gratitude is owed to Michael Nelligan and James Powers, partners at Powers & Sullivan, LLC, whose attention to the 2015 financial statements was invaluable.

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

Cordially yours,



Ted C. Alexiades, CPFO
Town Administrator/Finance Director



Susan M. Nickerson
Town Accountant



Government Finance Officers Association

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

Presented to

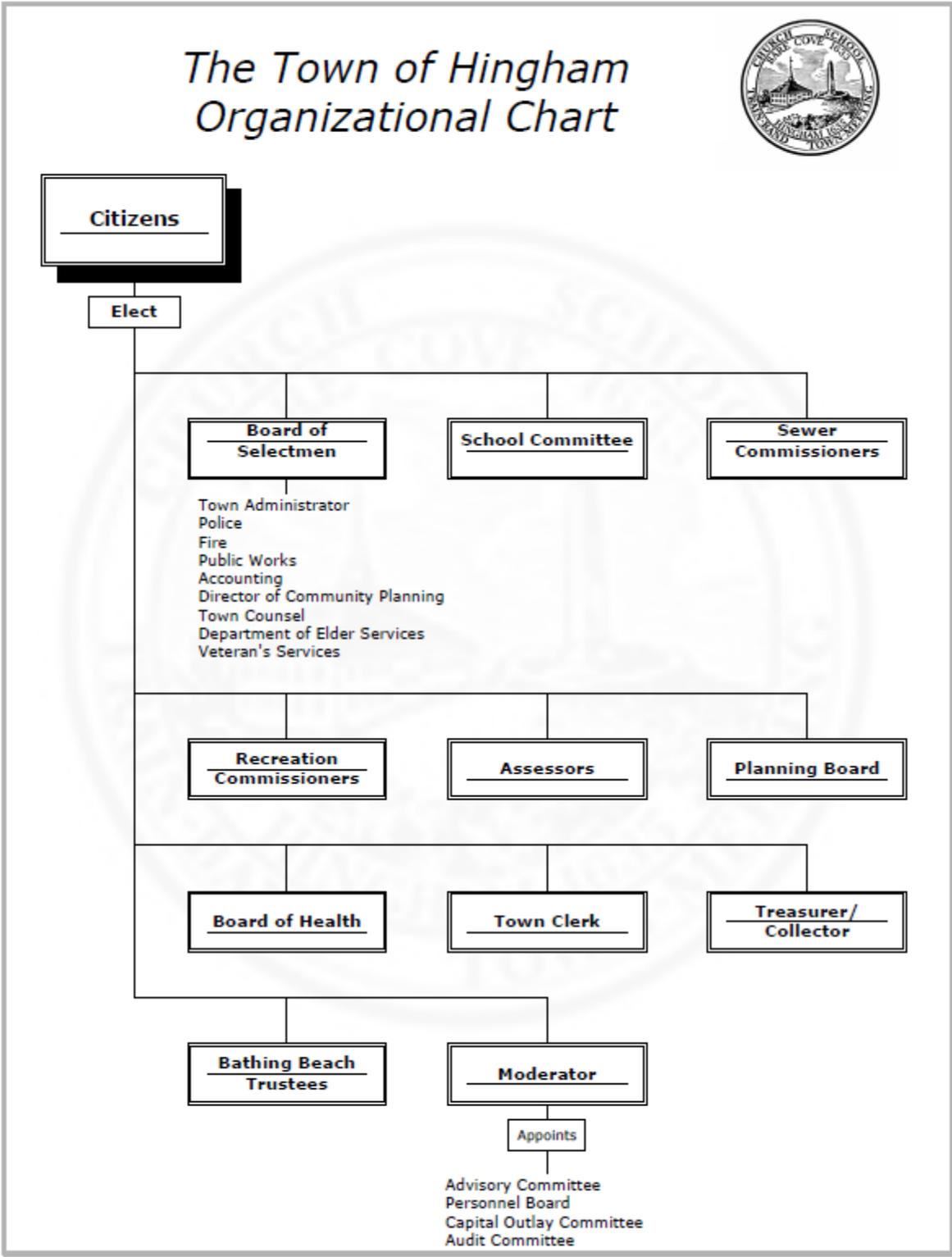
**Town of Hingham
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

The Town of Hingham Organizational Chart



Elected Officials

		<u>Term Expires</u>
MODERATOR	Michael J. Puzo	2016
BOARD OF SELECTMEN	Paul K. Healey, Chairman Paul J. Gannon Mary M. Power	2016 2017 2018
TOWN CLERK	Eileen A. McCracken	2018
BOARD OF ASSESSORS (3 Year Term)	Stuart Gregory Hall, Chairman Harold S. Goldstein Michael P. Shaughnessy	2017 2016 2018
BOARD OF HEALTH (3 Year Term)	Peter B. Bickford, Chairman Kirk J. Shilts Stephan J. White	2018 2016 2017
SCHOOL COMMITTEE (3 Year Term)	Andrew A. Shafter, Chairman Elizabeth O'Reilly Raymond C. Estes Cynthia W. Galko Aylene M. Calnan Carol M. Falvey Edward J. Schreier	2016 2016 2016 2018 2018 2017 2017
PLANNING BOARD (5 Year Term)	Gary S. Tondorf-Dick, Chairman Judith S. Sneath William C. Ramsey Sarah H. Corey Walter Sullivan Jr.	2016 2017 2020 2018 2019
SEWER COMMISSIONERS (3 Year Term)	Robert M. Higgins Edmund Demko Eric P. Gondveer	2018 2016 2017

Administrative Staff

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

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Financial Section



**Town of Hingham, Massachusetts
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015**

Financial Section

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100 Quannapowitt Parkway
Suite 101
Wakefield, MA 01880
T. 781-914-1700
F. 781-914-1701
www.powersandsullivan.com

Independent Auditor's Report

To the Audit Committee
Town of Hingham, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Hingham, Massachusetts, as of and for the year ended June 30, 2015 (except for the Hingham Contributory Retirement System and Lincoln Apartments, LLC which are as of and for the year ended December 31, 2014), and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hingham Municipal Lighting Plant as of December 31, 2014, which is both a major fund and represents 83%, 82%, and 94%, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the business-type activities of the Hingham Municipal Lighting Plant, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Hingham, Massachusetts, as of June 30, 2015 (except for the Hingham Municipal Lighting Plant, the Hingham Contributory Retirement System, and Lincoln Apartments, LLC which are as of December 31, 2014), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2015, on our consideration of the Town of Hingham, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Hingham's internal control over financial reporting and compliance.

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

December 10, 2015

Management's Discussion and Analysis

Management's Discussion and Analysis

This analysis, prepared by the Finance Director and the Town Accountant, offers readers of the Town's financial statements a narrative overview and analysis of the financial activities of the Town of Hingham for the year ended June 30, 2015. This is the thirteenth year our financial statements have been prepared under the Government Accounting Standards Board Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. We encourage readers to consider the information presented in this report in conjunction with additional information that we have furnished in our letter of transmittal.

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

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

Financial Highlights

- The government-wide assets and deferred outflows of the Town of Hingham exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$94.3 million and \$47.4 million (net position) for governmental activities and business-type activities, respectively.
- At the close of the current year, the Town of Hingham's general fund reported an ending fund balance of \$31.4 million, including \$2.2 million set aside in stabilization funds, an increase of \$5.7 million over the prior year. Total fund balance represents 32.6% of total general fund expenditures. Approximately \$23.5 million of this total amount is available for appropriation at the Town's discretion.
- In 2015, the Town implemented GASB Statement #67, *Financial Reporting for Pension Plans*; GASB Statement #68, *Accounting and Financial Reporting for Pensions*; and GASB Statement #71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Financial statement changes include the recognition of a \$36.6 million net pension liability and related pension expense as well as deferred outflows of resources related to pensions. The financial statements also recognized a revision of beginning net position to reflect the net pension liability at the beginning of the year. The notes to the basic financial statements and the required supplementary information were expanded to include additional required schedules and disclosures.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Proprietary funds. The Town maintains one proprietary fund type.

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Hingham, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$141.6 million at the close of 2015.

Government-wide net position of \$126.9 million reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town of Hingham's net position, \$16.4 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position resulted in a deficit of \$1.7 million mainly related to the cumulative effects of recording pension and other postemployment liabilities.

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

Governmental activities. The governmental activities net position increased by \$3.9 million during the current year as compared to an increase in net position of \$14.8 million during the prior year. The change was affected by capital grants of approximately \$9 million received in the prior year from the Massachusetts School Building Authority who is providing contract assistance for the Middle School building project and positive budgetary results.

Governmental Activities Condensed Statement of Net Position

	2015	2014 (As Revised**)
Assets:		
Current assets.....	\$ 51,154,764	\$ 53,466,173
Noncurrent assets (excluding capital).....	9,549,677	11,406,514
Capital assets, non depreciable.....	15,241,899	66,993,536
Capital assets, net of accumulated depreciation.....	<u>160,117,869</u>	<u>106,566,025</u>
Total assets.....	<u>236,064,209</u>	<u>238,432,248</u>
Total deferred outflows of resources.....	694,703	-
Liabilities:		
Current liabilities (excluding debt).....	6,468,206	7,815,002
Noncurrent liabilities (excluding debt).....	45,570,699	44,633,259
Current debt.....	11,376,066	50,516,797
Noncurrent debt.....	<u>78,975,997</u>	<u>45,044,958</u>
Total liabilities.....	<u>142,390,968</u>	<u>148,010,016</u>
Total deferred inflows of resources.....	102,056	97,693
Net Position:		
Net investment in capital assets.....	95,609,007	94,286,033
Restricted.....	3,725,202	4,539,617
Unrestricted.....	<u>(5,068,321)</u>	<u>(8,501,111)</u>
Total net position.....	<u>\$ 94,265,888</u>	<u>\$ 90,324,539</u>

**The 2014 noncurrent liabilities and beginning net position have been revised by \$35,109,735 to reflect the implementation of GASB Statements #67, #68, and #71 and the associated net pension liability.

The Town moved the Middle School construction project from in-process to depreciable and the prior year short-term debt was converted to long-term.

Governmental Activities Condensed Statement of Activities

	2015	2014 (As Revised)
Program revenues:		
Charges for services.....	\$ 10,803,100	\$ 10,587,335
Operating grants and contributions.....	17,624,819	22,491,387
Capital grants and contributions.....	2,221,806	10,184,444
General Revenues:		
Real estate, personal property taxes, and motor vehicle and other excise taxes.....	79,846,398	74,831,789
Penalties & interest	269,223	398,883
Nonrestricted grants, contributions, and other.....	1,685,759	1,809,955
Unrestricted investment income.....	117,884	155,149
Other miscellaneous revenue.....	1,000	14,082
Total revenues.....	112,569,989	120,473,024
Expenses:		
General government.....	7,084,511	7,298,422
Public safety.....	17,979,243	17,188,102
Education.....	62,771,088	63,626,844
Public works.....	13,596,602	11,099,791
Human services.....	1,339,016	1,319,950
Culture and recreation.....	3,700,943	3,344,603
Community preservation.....	432,954	134,873
Interest.....	2,051,283	2,177,845
Total expenses.....	108,955,640	106,190,430
Excess before transfers.....	3,614,349	14,282,594
Transfers.....	327,000	500,989
Change in net position.....	3,941,349	14,783,583
Net position - beginning of year (as revised).....	90,324,539	75,540,956
Net position - end of year.....	\$ 94,265,888	\$ 90,324,539

Other financial notes related to governmental activities:

- Charges for services represented 9.6% 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 15.7% 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 2% of the governmental activities resources. These mainly consist of state grants for the new Middle School.
- Property and other excise taxes are by far the most significant revenue source for the Town's governmental activities. They comprised 70.9% of current resources.
- All other revenues comprised a total of 1.8% percent of the governmental activities resources. These primarily include penalties & interest and unrestricted contributions.

- Education is by far the largest governmental activity of the Town. After subtracting \$18.2 million of program revenues (charges for services and operating and capital grants) as shown on the Statement of Activities, approximately \$44.6 million in taxes and other revenue were needed to cover its 2015 net operating expenses. A pension contribution of approximately \$4.8 million made by the State on-behalf of Hingham teachers was recorded as an expense and grant revenue. The State changed their methodology to calculate this contribution this year. The 2014 amount was \$9.9 million which accounts for the drop in education expense and operating grants and contributions in 2015.
- Public safety and public works are the second and third largest activities of the Town. Approximately \$15.1 million and \$9.1 million, respectively, of taxes and other revenue were needed to cover their 2015 operating expenses.

Business-type activities. Business-type activities, consisting of the South Shore Country Club and the Hingham Municipal Lighting Plant, increased the Town's net position by \$2.6 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 and deferred outflows exceeded liabilities and deferred inflows of resources by \$47.4 million at the close of 2015. Net investment in capital assets was \$31.3 million (66%), net position restricted for depreciation was \$12.7 million (27%), and unrestricted net position was \$3.4 million (7%).

Business-Type Activities Condensed Statement of Net Position

	2015	2014 (As Revised**)
Assets:		
Current assets.....	\$ 24,851,339	\$ 20,647,291
Noncurrent assets (excluding capital).....	1,571,609	1,541,186
Capital assets, non depreciable.....	8,731,750	7,788,342
Capital assets, net of accumulated depreciation.....	23,492,704	25,283,867
Total assets.....	58,647,402	55,260,686
Total deferred outflows of resources.....	9,150	-
Liabilities:		
Current liabilities (excluding debt).....	4,237,794	3,871,471
Non-current liabilities (excluding debt).....	2,095,149	2,092,954
Current debt.....	202,856	341,418
Noncurrent debt.....	643,562	655,000
Total liabilities.....	7,179,361	6,960,843
Total deferred inflows of resources.....	4,098,355	3,486,930
Net Position:		
Net investment in capital assets.....	31,335,098	31,991,194
Restricted.....	12,651,262	10,129,197
Unrestricted.....	3,392,476	2,692,522
Total net position.....	\$ 47,378,836	\$ 44,812,913

**The 2014 noncurrent liabilities and beginning net position have been revised by \$462,438 to reflect the implementation of GASB Statements #67, #68, and #71 and the associated net pension liability for the South Shore County Club only. The Hingham Municipal Light Plant has a calendar year-end and the implementation of these GASB statements won't occur until their next year-end of December 31, 2015.

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

The South Shore Country Club includes facilities for golf, bowling, tennis, swimming, and dining. Total revenues amounted to \$1.9 million as compared to \$2 million in 2014, expenses increased by \$122,000 and the Country Club's net position decreased by \$149,000 for the year.

The Hingham Municipal Lighting Plant provides electricity to Hingham residents. Total revenues amounted to \$31.5 million as compared to \$29.5 million in the prior year. Expenses increased by \$2.2 million, and after transferring \$500,000 to the general fund the Lighting Plant's net position increased by \$2.7 million for the year.

Business-Type Activities Condensed Statement of Activities

	2015	2014 (As Revised)
Program revenues:		
Charges for services - South Shore Country Club.....	\$ 1,928,182	\$ 2,048,677
Charges for services - Electric Lighting.....	31,468,866	29,473,287
General Revenues:		
Unrestricted investment income.....	64,325	54,782
Total revenues.....	33,461,373	31,576,746
Expenses:		
South Shore Country Club.....	2,250,244	2,128,067
Electric Lighting.....	28,318,206	26,115,318
Total expenses.....	30,568,450	28,243,385
Excess before transfers.....	2,892,923	3,333,361
Transfers.....	(327,000)	(500,989)
Change in net position.....	2,565,923	2,832,372
Net position - beginning of year (as revised).....	44,812,913	41,980,541
Net position - end of year.....	\$ 47,378,836	\$ 44,812,913

Financial Analysis of the Government's Major Funds

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

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

As of the end of the current year, governmental funds reported a combined ending fund balance of \$37.4 million, an increase of \$40.6 million for the year. This is mainly related to the issuance of \$39 million of long-term debt used to permanently finance the Middle School and various other projects which were funded with Bond Anticipation Notes.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current year, the unassigned fund balance of the general fund was \$25.2 million, while the total fund balance was \$31.4 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 26.2% of total general fund expenditures, while the total fund balance represents 32.6% of that same amount.

The fund balance of the General Fund increased by \$5.7 million during the current year from revenue surpluses in virtually all categories, and by monitoring expenditures against the budget. The general fund also issued \$1.2 million of long-term debt that was used to purchase fire department vehicles and a \$2.4 million premium was received related to the long-term debt issuances.

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 issued \$32.2 million of general obligation bonds, received grant reimbursements of \$1.5 million from the MSBA, and expended approximately \$4 million for construction. The fund ended the year with a deficit of \$355,000.

Recreation Drive Major Fund

Recreation Drive is a capital project fund used to account for land acquisition and other recreational activities. To date the Town has financed these activities with Bond Anticipation Notes totaling \$3.8 million and the fund has a deficit fund balance of \$3.7 million at the end of 2015.

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

General Fund Budgetary Highlights

The final budget increased from the original budget by approximately \$3.2 million for legal services, fire equipment, snow removal, and various special articles.

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

Total expenditures and carryovers were less than budgeted amounts by approximately \$1.5 million. The largest savings were from school department expenses; however virtually every Town department contributed to the savings.

Capital Assets and Debt Management

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

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

Major capital assets are funded primarily by the issuance of long-term debt and at times from the receipt of capital grants. For capital assets acquired through debt, the effect on net position during the construction phase of the project is neutral since the Town increases its assets and associated liabilities by the same amount. For capital assets acquired through capital grants, the effect on net position is positive since the Town does not use its own resources to acquire the assets. In subsequent years the net position will be reduced through depreciation and will be increased by the revenues raised to support the debt principal payments. Outstanding long-term debt of the general government, as of June 30, 2015, totaled \$86.4 million, an increase of \$36.2 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 \$846,000 in Country Club debt used to install an irrigation system and to purchase mowers for the golf course.

The Town's major capital projects have been related to school construction, Department of Public Works building construction, land acquisition, and Affordable Housing.

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

Pension Trust Fund

The Pension Trust Fund (System) realized an increase in net position of \$5.4 million for the year. Contributions of \$6.9 million and investment income and other additions of \$6.4 million were offset by \$7.8 million of benefits and other deductions. Total net position of the System amounted to \$97.1 million at December 31, 2014.

Other Postemployment Benefits

The Town and the Municipal Lighting Plant implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)*, as of June 30, 2009 and December 31, 2008, respectively. The governmental-activities have accumulated a liability for other postemployment benefits in the amount of \$8.8 million at June 30, 2015 and have pre-funded future obligations in the amount of approximately \$5.2 million. The business-type activities (Municipal Lighting Plant) have pre-funded benefits in the amount of \$1.5 million which has created an OPEB asset in the amount of \$1.4 million at December 31, 2014. The total assets set aside in trust for future benefits amounted to approximately \$9.0 million at year-end.

Discretely Presented Component Units

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

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Susan M. Nickerson, Town Accountant, 210 Central Street, Hingham, MA 02043.

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Hingham Public Library	Lincoln Apartments, LLC (December 31, 2014)
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 43,113,386	\$ 19,485,024	\$ 62,598,410	\$ 18,748	\$ 275,264
Investments.....	362,050	-	362,050	1,846,987	-
Receivables, net of allowance for uncollectibles:					
Real estate, personal property and tax deferrals.....	1,329,524	-	1,329,524	-	-
Tax liens.....	887,700	-	887,700	-	-
Motor vehicle and other excise taxes.....	264,919	-	264,919	-	-
User charges.....	334,171	2,495,484	2,829,655	-	-
Departmental and other.....	350,275	203,902	554,177	-	24,609
Special assessments.....	125,217	-	125,217	-	-
Intergovernmental.....	4,046,528	-	4,046,528	-	-
Tax foreclosures.....	159,763	-	159,763	-	-
Assets held for resale.....	159,981	-	159,981	-	-
Inventory.....	-	774,561	774,561	-	-
Purchased power advance deposits.....	-	873,829	873,829	-	-
Other assets.....	-	1,039,789	1,039,789	-	294,356
Internal balances.....	21,250	(21,250)	-	-	-
Total Current Assets.....	51,154,764	24,851,339	76,006,103	1,865,735	594,229
NONCURRENT:					
Receivables, net of allowance for uncollectibles:					
Special assessments.....	859,764	-	859,764	-	-
Intergovernmental.....	8,689,913	-	8,689,913	-	-
Investment in Hydro Quebec.....	-	176,875	176,875	-	-
Other postemployment benefits asset.....	-	1,394,734	1,394,734	-	-
Capital assets, non depreciable.....	15,241,899	8,731,750	23,973,649	154,036	113,059
Capital assets, net of accumulated depreciation.....	160,117,869	23,492,704	183,610,573	-	176,823
Total Noncurrent Assets.....	184,909,445	33,796,063	218,705,508	154,036	289,882
TOTAL ASSETS.....	236,064,209	58,647,402	294,711,611	2,019,771	884,111
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources related to pensions.....	694,703	9,150	703,853	-	-
LIABILITIES					
CURRENT:					
Warrants payable.....	1,178,732	2,745,121	3,923,853	428	11,880
Accrued liabilities.....	3,655,061	1,421,442	5,076,503	-	282,253
Advance collections - fees.....	381,674	-	381,674	-	11,893
Capital lease obligations.....	-	42,938	42,938	-	-
Compensated absences.....	970,131	28,293	998,424	-	-
Workers' compensation.....	282,608	-	282,608	-	-
Notes payable.....	3,938,889	-	3,938,889	-	-
Bonds payable.....	7,437,177	202,856	7,640,033	-	-
Total Current Liabilities.....	17,844,272	4,440,650	22,284,922	428	306,026
NONCURRENT:					
Compensated absences.....	339,752	-	339,752	-	-
Workers' compensation.....	271,525	-	271,525	-	-
Customer deposits.....	-	1,619,411	1,619,411	-	-
Other postemployment benefits.....	8,839,936	-	8,839,936	-	-
Bonds payable.....	78,975,997	643,562	79,619,559	-	-
Net pension liability.....	36,119,486	475,738	36,595,224	-	-
Total Noncurrent Liabilities.....	124,546,696	2,738,711	127,285,407	-	-
TOTAL LIABILITIES.....	142,390,968	7,179,361	149,570,329	428	306,026
DEFERRED INFLOWS OF RESOURCES					
Rate stabilization reserve.....	-	4,098,355	4,098,355	-	-
Advance collections - taxes.....	102,056	-	102,056	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	102,056	4,098,355	4,200,411	-	-
NET POSITION					
Net investment in capital assets.....	95,609,007	31,335,098	126,944,105	154,036	289,882
Restricted for:					
Depreciation.....	-	12,651,262	12,651,262	-	-
Permanent funds:					
Expendable.....	64,281	-	64,281	-	-
Nonexpendable.....	35,000	-	35,000	-	-
Grants and gifts.....	1,848,121	-	1,848,121	-	-
Community preservation.....	1,777,800	-	1,777,800	-	-
Unrestricted.....	(5,068,321)	3,392,476	(1,675,845)	1,865,307	288,203
TOTAL NET POSITION.....	\$ 94,265,888	\$ 47,378,836	\$ 141,644,724	\$ 2,019,343	\$ 578,085

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 7,084,511	\$ 2,474,151	\$ 734,252	\$ -	\$ (3,876,108)
Public safety.....	17,979,243	1,472,816	1,087,311	343,027	(15,076,089)
Public education.....	62,771,088	2,786,563	13,885,827	1,505,761	(44,592,937)
Public works.....	13,596,602	2,796,747	1,336,177	356,018	(9,107,660)
Human services.....	1,339,016	229,334	51,661	-	(1,058,021)
Culture and recreation.....	3,700,943	1,043,489	1,101	-	(2,656,353)
Community preservation.....	432,954	-	273,191	17,000	(142,763)
Interest.....	2,051,283	-	255,299	-	(1,795,984)
Total Governmental Activities.....	108,955,640	10,803,100	17,624,819	2,221,806	(78,305,915)
<i>Business-Type Activities:</i>					
South Shore Country Club.....	2,250,244	1,928,182	-	-	(322,062)
Hingham Municipal Lighting Plant.....	28,318,206	31,468,866	-	-	3,150,660
Total Business-Type Activities.....	30,568,450	33,397,048	-	-	2,828,598
Total Primary Government.....	\$ 139,524,090	\$ 44,200,148	\$ 17,624,819	\$ 2,221,806	\$ (75,477,317)
Component Units:					
Hingham Public Library.....	\$ 1,969,834	\$ 111,805	\$ 100,510	\$ -	\$ (1,757,519)
Lincoln Apartments, LLC.....	1,113,451	308,588	829,650	-	24,787
Total Component Units.....	\$ 3,083,285	\$ 420,393	\$ 930,160	\$ -	\$ (1,732,732)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Hingham Public Library	Lincoln Apartments, LLC (December 31, 2014)
Changes in net position:					
Net (expense) revenue from previous page.....	\$ (78,305,915)	\$ 2,828,598	\$ (75,477,317)	\$ (1,757,519)	\$ 24,787
<i>General revenues:</i>					
Real estate and personal property taxes, net of tax refunds.....	74,034,710	-	74,034,710	-	-
Tax liens.....	51,041	-	51,041	-	-
Motor vehicle and other excise taxes.....	4,102,987	-	4,102,987	-	-
Local meals tax.....	724,151	-	724,151	-	-
Community preservation tax.....	933,509	-	933,509	-	-
Penalties and interest on taxes.....	269,223	-	269,223	-	-
Grants and contributions not restricted to specific programs.....	1,685,759	-	1,685,759	-	-
Unrestricted investment income.....	117,884	64,325	182,209	166,173	426
Payments from the Town of Hingham.....	-	-	-	1,691,391	-
Other miscellaneous revenue.....	1,000	-	1,000	-	-
<i>Transfers, net</i>	327,000	(327,000)	-	-	-
Total general revenues and transfers.....	82,247,264	(262,675)	81,984,589	1,857,564	426
Change in net position.....	3,941,349	2,565,923	6,507,272	100,045	25,213
<i>Net Position:</i>					
Beginning of year (as revised).....	90,324,539	44,812,913	135,137,452	1,919,298	552,872
End of year.....	\$ <u>94,265,888</u>	\$ <u>47,378,836</u>	\$ <u>141,644,724</u>	\$ <u>2,019,343</u>	\$ <u>578,085</u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2015

	General	Middle School Building Project	Recreation Drive	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 32,093,062	\$ -	\$ 16,143	\$ 11,004,181	\$ 43,113,386
Investments.....	-	-	-	362,050	362,050
Receivables, net of uncollectibles:					
Real estate, personal property and tax deferrals	1,329,524	-	-	-	1,329,524
Tax liens.....	887,700	-	-	-	887,700
Motor vehicle and other excise taxes.....	264,919	-	-	-	264,919
Departmental and other.....	343,806	-	-	6,469	350,275
User charges.....	-	-	-	334,171	334,171
Special assessments.....	984,981	-	-	-	984,981
Intergovernmental.....	10,362,780	971,068	-	1,402,593	12,736,441
Tax foreclosures.....	159,763	-	-	-	159,763
Due from other funds.....	2,773,481	-	-	-	2,773,481
Assets held for resale.....	-	-	-	159,981	159,981
TOTAL ASSETS.....	\$ 49,200,016	\$ 971,068	\$ 16,143	\$ 13,269,445	\$ 63,456,672
LIABILITIES					
Warrants payable.....	\$ 641,447	\$ 155,807	\$ -	\$ 381,479	\$ 1,178,733
Accrued payroll.....	2,142,452	-	-	-	2,142,452
Other liabilities.....	1,107,702	-	-	-	1,107,702
Advance collections - fees.....	-	-	-	381,674	381,674
Due to other funds.....	-	1,170,484	-	1,581,747	2,752,231
Notes payable.....	-	-	3,750,000	188,889	3,938,889
TOTAL LIABILITIES.....	3,891,601	1,326,291	3,750,000	2,533,789	11,501,681
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	13,835,562	-	-	573,642	14,409,204
Advance collections - taxes.....	102,056	-	-	-	102,056
TOTAL DEFERRED INFLOWS OF RESOURCES.....	13,937,618	-	-	573,642	14,511,260
FUND BALANCES					
Nonspendable.....	-	-	-	35,000	35,000
Restricted.....	1,250,000	-	-	10,996,682	12,246,682
Committed.....	1,428,425	-	-	-	1,428,425
Assigned.....	3,488,503	-	-	-	3,488,503
Unassigned.....	25,203,869	(355,223)	(3,733,857)	(869,668)	20,245,121
TOTAL FUND BALANCES.....	31,370,797	(355,223)	(3,733,857)	10,162,014	37,443,731
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 49,200,016	\$ 971,068	\$ 16,143	\$ 13,269,445	\$ 63,456,672

See notes to basic financial statements.

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

JUNE 30, 2015

Total governmental fund balances.....		\$ 37,443,731
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		175,359,768
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		14,409,204
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions.....		694,703
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(404,906)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable.....	(86,413,174)	
Compensated absences.....	(1,309,883)	
Workers' compensation.....	(554,133)	
Other postemployment benefits.....	(8,839,936)	
Net pension liability.....	(36,119,486)	
Net effect of reporting long-term liabilities.....		(133,236,612)
Net position of governmental activities.....		\$ 94,265,888

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2015

	General	Middle School Building Project	Recreation Drive	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 73,893,064	\$ -	\$ -	\$ -	\$ 73,893,064
Tax liens.....	51,041	-	-	-	51,041
Motor vehicle and other excise taxes.....	4,082,934	-	-	-	4,082,934
Local meals tax.....	724,151	-	-	-	724,151
Penalties and interest.....	269,223	-	-	-	269,223
Charges for services.....	2,132,713	-	-	2,611,422	4,744,135
Intergovernmental.....	10,294,808	1,495,761	-	6,809,757	18,600,326
State grant for teachers pension.....	4,792,053	-	-	-	4,792,053
Departmental and other.....	1,597,518	-	-	4,232,471	5,829,989
Community preservation tax.....	-	-	-	933,872	933,872
Contributions.....	-	-	-	527,523	527,523
Investment income.....	93,960	-	-	23,924	117,884
Miscellaneous revenue.....	1,000	-	-	-	1,000
TOTAL REVENUES.....	97,932,465	1,495,761	-	15,138,969	114,567,195
EXPENDITURES:					
Current:					
General government.....	4,527,899	-	-	817,272	5,345,171
Public safety.....	13,088,533	-	-	1,304,335	14,392,868
Public education.....	44,027,565	4,020,056	-	5,327,446	53,375,067
Public works.....	6,892,789	-	-	5,160,286	12,053,075
Human services.....	882,166	-	-	136,111	1,018,277
Culture and recreation.....	1,813,391	-	-	1,167,443	2,980,834
Community preservation.....	-	-	-	922,202	922,202
Teachers pension benefits - state funded.....	4,792,053	-	-	-	4,792,053
Town pension.....	3,845,487	-	-	-	3,845,487
Property and liability insurance.....	569,312	-	-	-	569,312
Employee benefits.....	8,338,761	-	-	-	8,338,761
State and county charges.....	811,030	-	-	-	811,030
Debt service:					
Principal.....	4,630,065	-	-	355,000	4,985,065
Interest.....	1,995,198	-	-	198,400	2,193,598
TOTAL EXPENDITURES.....	96,214,249	4,020,056	-	15,388,495	115,622,800
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	1,718,216	(2,524,295)	-	(249,526)	(1,055,605)
OTHER FINANCING SOURCES (USES):					
Issuance of long-term bonds.....	1,200,000	32,233,333	-	5,518,965	38,952,298
Premium from issuance of bonds.....	2,415,918	-	-	-	2,415,918
Transfers in.....	500,000	-	-	388,500	888,500
Transfers out.....	(173,000)	-	-	(388,500)	(561,500)
TOTAL OTHER FINANCING SOURCES (USES).....	3,942,918	32,233,333	-	5,518,965	41,695,216
NET CHANGE IN FUND BALANCES.....	5,661,134	29,709,038	-	5,269,439	40,639,611
FUND BALANCES AT BEGINNING OF YEAR.....	25,709,663	(30,064,261)	(3,733,857)	4,892,575	(3,195,880)
FUND BALANCES AT END OF YEAR.....	\$ 31,370,797	\$ (355,223)	\$ (3,733,857)	\$ 10,162,014	\$ 37,443,731

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds.....		\$ 40,639,611
<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.....	7,515,094	
Donated capital assets.....	10,000	
Depreciation expense.....	<u>(5,724,887)</u>	
Net effect of reporting capital assets.....		1,800,207
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		(2,007,206)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Issuance of long-term bonds.....	(38,952,298)	
Premium from issuance of bonds.....	(2,415,918)	
Amortization of bond premiums.....	192,532	
Debt service principal payments.....	<u>4,985,065</u>	
Net effect of reporting long-term debt.....		(36,190,619)
<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.....	(76,789)	
Net change in other postemployment benefits accrual.....	(38,576)	
Net change in accrued interest on long-term debt.....	(50,217)	
Net change in workers' compensation accrual.....	179,986	
Net change in deferred outflow/(inflow) of resources related to pensions.....	694,703	
Net change in net pension liability.....	<u>(1,009,751)</u>	
Net effect of recording long-term liabilities.....		<u>(300,644)</u>
Change in net position of governmental activities.....		\$ <u><u>3,941,349</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2015

	Business-type Activities - Enterprise Funds		
	South Shore Country Club	Hingham Municipal Lighting Plant (December 31, 2014)	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ -	\$ 19,485,024	\$ 19,485,024
Receivables, net of allowance for uncollectibles:			
User charges.....	-	2,495,484	2,495,484
Departmental and other.....	29,254	174,648	203,902
Inventory.....	-	774,561	774,561
Purchased power advance deposits.....	-	873,829	873,829
Other assets.....	-	1,039,789	1,039,789
Total current assets.....	29,254	24,843,335	24,872,589
NONCURRENT:			
Investment in Hydro Quebec.....	-	176,875	176,875
Other postemployment benefits asset.....	-	1,394,734	1,394,734
Capital assets, nondepreciable.....	7,008,200	1,723,550	8,731,750
Capital assets, net of accumulated depreciation.....	2,809,919	20,682,785	23,492,704
Total noncurrent assets.....	9,818,119	23,977,944	33,796,063
TOTAL ASSETS.....	9,847,373	48,821,279	58,668,652
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions....	9,150	-	9,150
LIABILITIES			
CURRENT:			
Warrants payable.....	18,084	2,727,037	2,745,121
Due to other funds.....	21,250	-	21,250
Accrued liabilities.....	-	1,172,806	1,172,806
Accrued interest.....	7,642	-	7,642
Other liabilities.....	-	240,994	240,994
Capital lease obligations.....	42,938	-	42,938
Compensated absences.....	28,293	-	28,293
Bonds payable.....	202,856	-	202,856
Total current liabilities.....	321,063	4,140,837	4,461,900
NONCURRENT:			
Customer deposits.....	-	1,619,411	1,619,411
Bonds payable.....	643,562	-	643,562
Net pension liability.....	475,738	-	475,738
Total noncurrent liabilities.....	1,119,300	1,619,411	2,738,711
TOTAL LIABILITIES.....	1,440,363	5,760,248	7,200,611
DEFERRED INFLOWS OF RESOURCES			
Rate stabilization reserve.....	-	4,098,355	4,098,355
NET POSITION			
Net investment in capital assets.....	8,928,763	22,406,335	31,335,098
Restricted for depreciation.....	-	12,651,262	12,651,262
Unrestricted.....	(512,603)	3,905,079	3,392,476
TOTAL NET POSITION.....	\$ 8,416,160	\$ 38,962,676	\$ 47,378,836

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds		
	South Shore Country Club	Hingham Municipal Lighting Plant (December 31, 2014)	Total
OPERATING REVENUES:			
Charges for services	\$ 1,928,182	\$ 31,288,843	\$ 33,217,025
Other	-	180,023	180,023
TOTAL OPERATING REVENUES	1,928,182	31,468,866	33,397,048
OPERATING EXPENSES:			
Program expenses.....	36,636	23,197,917	23,234,553
Administrative and general salaries and wages.....	911,693	170,501	1,082,194
Grounds and custodial expenses.....	755,617	708,751	1,464,368
Facility expenses.....	144,736	382,749	527,485
Other administrative expenses.....	-	1,395,438	1,395,438
Depreciation.....	372,676	2,461,445	2,834,121
TOTAL OPERATING EXPENSES	2,221,358	28,316,801	30,538,159
OPERATING INCOME (LOSS).....	(293,176)	3,152,065	2,858,889
NONOPERATING REVENUES (EXPENSES):			
Investment income.....	44	64,281	64,325
Interest expense.....	(28,886)	(1,405)	(30,291)
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(28,842)	62,876	34,034
INCOME BEFORE TRANSFERS.....	(322,018)	3,214,941	2,892,923
TRANSFERS:			
Transfers in.....	173,000	-	173,000
Transfers out.....	-	(500,000)	(500,000)
TOTAL TRANSFERS.....	173,000	(500,000)	(327,000)
CHANGE IN NET POSITION.....	(149,018)	2,714,941	2,565,923
NET POSITION AT BEGINNING OF YEAR (AS REVISED)....	8,565,178	36,247,735	44,812,913
NET POSITION AT END OF YEAR.....	\$ 8,416,160	\$ 38,962,676	\$ 47,378,836

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds		
	South Shore Country Club	Hingham Municipal Lighting Plant (December 31, 2014)	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users.....	\$ 1,901,278	\$ 32,125,080	\$ 34,026,358
Payments to vendors.....	(1,127,699)	(23,225,437)	(24,353,136)
Payments to employees.....	(913,411)	(2,701,262)	(3,614,673)
NET CASH FROM OPERATING ACTIVITIES.....	(139,832)	6,198,381	6,058,549
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in.....	173,000	-	173,000
Transfers out.....	-	(500,000)	(500,000)
Advances from other funds.....	21,250	-	21,250
Pre-funding transfer for OPEB benefits.....	-	(30,423)	(30,423)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	194,250	(530,423)	(336,173)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the issuance of bonds and notes.....	191,418	-	191,418
Acquisition and construction of capital assets.....	(82,906)	(1,903,460)	(1,986,366)
Principal payments on bonds and notes.....	(341,418)	-	(341,418)
Principal payments on capital lease obligations.....	(41,659)	-	(41,659)
Interest expense.....	(30,636)	(1,405)	(32,041)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(305,201)	(1,904,865)	(2,210,066)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income.....	44	64,281	64,325
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(250,739)	3,827,374	3,576,635
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	250,739	15,657,650	15,908,389
CASH AND CASH EQUIVALENTS, END OF YEAR.....	\$ -	\$ 19,485,024	\$ 19,485,024
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH			
FROM OPERATING ACTIVITIES:			
Operating income (loss).....	\$ (293,176)	\$ 3,152,065	\$ 2,858,889
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation.....	372,676	2,461,445	2,834,121
Deferred (outflows)/inflows related to pensions.....	(9,150)	-	(9,150)
Changes in assets and liabilities:			
User charges.....	-	(241,336)	(241,336)
Department and other receivables.....	(26,904)	227,455	200,551
Inventory.....	-	28,401	28,401
Other assets.....	-	56,624	56,624
Purchased power advance deposits.....	-	(692,903)	(692,903)
Warrants payable.....	(194,860)	411,091	216,231
Accrued liabilities.....	-	125,444	125,444
Rate stabilization reserve.....	-	611,425	611,425
Customer deposits.....	-	31,833	31,833
Other liabilities.....	-	26,837	26,837
Compensated absences.....	(1,718)	-	(1,718)
Net pension liability.....	13,300	-	13,300
Total adjustments.....	153,344	3,046,316	3,199,660
NET CASH FROM OPERATING ACTIVITIES.....	\$ (139,832)	\$ 6,198,381	\$ 6,058,549

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2015

	Pension Trust Fund (as of December 31, 2014)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Fund
ASSETS				
Cash and cash equivalents.....	\$ 739,382	\$ 43,037	\$ 47,620	\$ 592,644
Investments:				
Equity securities.....	-	224,462	-	-
Equity mutual funds.....	-	287,631	4,351,700	-
Fixed income mutual funds.....	-	411,165	-	-
Debt securities.....	-	765,113	-	-
PRIT funds.....	96,290,973	7,231,500	-	-
Receivables, net of allowance for uncollectibles:				
Departmental and other receivables.....	112,697	-	-	-
TOTAL ASSETS.....	97,143,052	8,962,908	4,399,320	592,644
LIABILITIES				
Accrued liabilities.....	14,215	-	49	-
Liabilities due depositors.....	-	-	-	592,644
TOTAL LIABILITIES.....	14,215	-	49	592,644
NET POSITION				
Restricted for pension.....	97,128,837	-	-	-
Held in trust for OPEB benefits and other purposes.....	-	8,962,908	4,399,271	-
TOTAL NET POSITION.....	\$ 97,128,837	\$ 8,962,908	\$ 4,399,271	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2015

	Pension Trust Fund (as of December 31, 2014)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS:			
Contributions:			
Employer.....	\$ 4,182,459	\$ 1,090,196	\$ -
Plan members.....	2,672,455	11,024	-
Private donations.....	-	-	38,265
Total contributions.....	<u>6,854,914</u>	<u>1,101,220</u>	<u>38,265</u>
Net investment income:			
Net change in fair value of investments.....	3,755,128	66,581	195,513
Interest.....	1,628,591	195,998	-
Dividends.....	1,063,445	-	-
Total investment income.....	<u>6,447,164</u>	<u>262,579</u>	<u>195,513</u>
Less: investment expense.....	<u>(352,286)</u>	<u>(44,664)</u>	<u>-</u>
Net investment income.....	<u>6,094,878</u>	<u>217,915</u>	<u>195,513</u>
Intergovernmental.....	118,858	-	-
Transfers from other systems.....	151,854	-	-
TOTAL ADDITIONS.....	<u>13,220,504</u>	<u>1,319,135</u>	<u>233,778</u>
DEDUCTIONS:			
Administration.....	132,768	-	-
Transfers to other systems.....	425,776	1,963	-
Retirement benefits and refunds.....	7,252,489	-	-
Educational scholarships.....	-	-	231,879
TOTAL DEDUCTIONS.....	<u>7,811,033</u>	<u>1,963</u>	<u>231,879</u>
CHANGE IN NET POSITION.....	5,409,471	1,317,172	1,899
NET POSITION AT BEGINNING OF YEAR.....	<u>91,719,366</u>	<u>7,645,736</u>	<u>4,397,372</u>
NET POSITION AT END OF YEAR.....	<u>\$ 97,128,837</u>	<u>\$ 8,962,908</u>	<u>\$ 4,399,271</u>

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

In the Fiduciary Funds:

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

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

- (2) The Hingham Public Library is a private non-profit corporation that operates a library for the Town of Hingham residents. The Board of Trustees for the Hingham Public Library consists of the members of the corporation, the superintendent of schools of the Town, the treasurer of the Town, a member of the Board of Selectmen, and five residents of which three are appointed by the Board of Selectmen and two are appointed by the Town Moderator. The library is financially accountable to the Town as a result of fiscal dependency and a financial burden relationship since the Town provides substantial financial support each year. The Town has the authority to approve and modify the budget of the library.

- (3) The Lincoln Apartments, LLC, a Massachusetts limited liability company, is owned by its sole member, the Town of Hingham, through the Hingham Affordable Housing Trust. The Board of Selectmen appoints all trustees. The LLC 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. The LLC is financially accountable to the Town through the appointment of the trustees, the Town is the sole owner of the LLC and the LLC is responsible to pay rent equal to the debt service on the bonds.

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

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

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

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

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

Joint Venture – The Town has entered into a joint venture for the South Shore Regional Emergency Communications Center (SSRECC) along with the Towns of Cohasset, Hull, and Norwell to pool resources and share costs, risks, and rewards of operating a regional 911 call center. The Center became operational as of January 1, 2012, and the Town's 2015 assessment totaled \$775,368. Since the assets of the SSRECC were acquired with State grants there is currently no significant equity interest accruing to the member communities. The annual assessments are based on and equal to the operating costs of the Center. The SSRECC issues a publicly available financial report that includes its financial statements. Copies of these financial statements may be obtained by writing to the SSRECC's Executive Director, 210 Central Street, Hingham, MA 02043.

B. Government-Wide and Fund-Level Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation*Government-Wide Financial Statements*

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

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

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

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

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

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

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

The *recreation drive fund* is a capital project fund used to account for recreational land acquisition and improvements.

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

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

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

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

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

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

The following major proprietary funds are reported:

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

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

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

The following fiduciary fund types are reported:

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

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

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

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

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

E. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

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

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

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

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

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

Motor Vehicle Excise

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

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

User Charges

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

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

Departmental and Other

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

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

Special Assessments

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

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

Intergovernmental

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

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

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

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

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

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

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

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

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

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

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

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

Governmental Fund Financial Statements

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

H. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town has reported deferred outflows of resources related to pensions in this category.

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

Governmental Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents amounts that have been recorded in the governmental fund financial statements but the revenue is not

available and so will *not* be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue and advance tax collections as deferred inflows of resources in the governmental funds balance sheet.

I. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

J. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Unearned and Unavailable Revenue

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

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting, i.e. receivables that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

L. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

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

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

Net position has been “restricted for” the following:

“Depreciation” – represents amounts restricted in the Electric department for the statutory reserve for funded depreciation.

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

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

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

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

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

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Town Meeting is the highest level of decision making authority that can, by Town Meeting vote of a Special Article, commit funds for a

specific purpose. Once voted, the limitation imposed of the Special Article remains in place until the funds are used for their intended purpose or a vote is taken to rescind the commitment.

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

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

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

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

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of both the Hingham Contributory Retirement System and the Massachusetts Teachers Retirement System and additions to/deductions from the System’s fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

O. 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.

P. 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.

Q. Individual Fund Deficits

Several individual fund deficits exist at June 30, 2015, within the Special Revenue and Capital Project Funds. These deficits will be funded through grants, bond proceeds, and other available funds in future years.

R. Use of Estimates*Government-Wide and Fund Financial Statements*

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

S. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 – AFFORDABLE HOUSING TRUST

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

In 2013, the Town borrowed \$200,000 to contribute to Lincoln Apartments, LLC's property replacement reserve account. This amount will be repaid in future years as additional rent under the terms of the agreement.

NOTE 3 – CASH AND INVESTMENTS

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

Statutes authorize the investment in obligations of the U. S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth. The Town Treasurer is responsible for adhering to these statutes, and at June 30, 2015 the Town is in compliance with these requirements.

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

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

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

The effective weighted duration rate for PRIT investments ranged from 1.33 to 21.81 years.

Custodial Credit Risk – Deposits

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

At year-end the carrying amount (book value) of the Town's deposits totaled \$39,149,908 and the bank balances totaled \$40,360,864. Of the bank balance, \$2,500,000 was covered by Federal Depository Insurance, \$2,192,047 was covered by the Depositors Insurance Fund, \$2,329,826 was collateralized, and \$33,338,991 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2014 the carrying amount (book value) of the Retirement System's deposits totaled \$739,382 and the bank balance totaled \$983,733. The bank balance was fully covered by Federal Depository Insurance.

As of June 30, 2015 the Town had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				<u>Rating</u>
		<u>Under 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>Over 10 Years</u>	
<u>Debt Securities</u>						
U.S. Government Treasuries.....	\$ 377,677	\$ 50,797	\$ 226,264	\$ 100,616	\$ -	Aaa - AAA
Corporate Bonds.....	1,700,632	40,958	551,459	1,037,540	70,675	NR - AAA
Total Debt Securities.....	2,078,309	\$ 91,755	\$ 777,723	\$ 1,138,156	\$ 70,675	
<u>Other Investments</u>						
Equity Mutual Funds.....	3,688,185					Not Rated
Fixed Income Mutual Funds.....	411,165					A - AAA
Equity Securities.....	224,462					Not Rated
PRIT Core Fund.....	7,231,500					Not Rated
Money Market Mutual Funds.....	197,971					Not Rated
MMDT.....	23,933,832					Not Rated
Total Investments.....	\$ 37,765,424					

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

As of December 31, 2014, the Retirement System had investments in the following segmented portfolios:

<u>PRIT Investment</u>	<u>Fair Value</u>
Core Fixed Income.....	\$ 18,490,574
Core Real Estate.....	9,892,844
Domestic Equity.....	26,747,109
Emerging Markets Equity.....	10,836,372
General Allocation Acct.....	1,734,165
Hedge Funds.....	4,823,813
International Equity.....	13,788,775
Private Equity Vintage Year 2011.....	426,426
Private Equity Vintage Year 2012.....	250,579
Private Equity Vintage Year 2013.....	73,003
Private Equity Vintage Year 2014.....	185,292
PRIM Value Added Fixed Income.....	9,021,991
Cash Fund.....	20,030
Total Investments.....	\$ 96,290,973

Custodial Credit Risk – Investments

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

The Town investments of \$1,700,632 and \$224,462 in corporate bonds and equity securities, respectively, are subject to custodial credit risk exposure because the related securities are uninsured, unregistered and held by the counterparty.

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

At December 31, 2014, the System's \$96.3 million investment in PRIT is not subject to custodial credit risk exposure because it is not evidenced by securities that exist in physical or book-entry form.

Interest Rate Risk

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

Credit Risk

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

The Town has disclosed the credit ratings of its investments in accordance with GASB Statement No. 40. At June 30, 2015 the Town's investments in corporate bonds and fixed income mutual funds were proportionally rated between NR (not rated) and AAA. The credit ratings for the money market mutual funds and for MMDT are not available.

Concentration of Credit Risk

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

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

NOTE 4 – RECEIVABLES

At June 30, 2015, receivables for the individual major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,350,060	\$ (20,536)	\$ 1,329,524
Tax liens.....	887,700	-	887,700
Motor vehicle and other excise taxes.....	394,685	(129,766)	264,919
User fees.....	334,171	-	334,171
Departmental and other.....	509,095	(158,820)	350,275
Special assessments.....	984,981	-	984,981
Intergovernmental.....	12,736,441	-	12,736,441
Total.....	<u>\$ 17,197,133</u>	<u>\$ (309,122)</u>	<u>\$ 16,888,011</u>

At December 31, 2014 and June 30, 2015, 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.....	\$ 2,545,484	\$ (50,000)	\$ 2,495,484
Departmental and other.....	174,648	-	174,648
<i>South Shore Country Club</i>			
Departmental and other.....	29,254	-	29,254
Total.....	<u>\$ 2,749,386</u>	<u>\$ (50,000)</u>	<u>\$ 2,699,386</u>

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

	General Fund	Nonmajor Governmental Funds	Total
<u>Receivables and other asset types:</u>			
Real estate and personal property taxes.....	\$ 890,133	\$ -	\$ 890,133
Tax liens.....	887,700	-	887,700
Motor vehicle and other excise taxes.....	265,688	-	265,688
User charges.....	-	334,173	334,173
Departmental and other.....	340,452	6,469	346,921
Special assessments.....	981,427	-	981,427
Intergovernmental.....	10,347,450	233,000	10,580,450
Tax foreclosures.....	122,712	-	122,712
Total.....	<u>\$ 13,835,562</u>	<u>\$ 573,642</u>	<u>\$ 14,409,204</u>

NOTE 5 – CAPITAL ASSETS

A summary of changes in capital asset activity for the year ended June 30, 2015, is as follows:

Governmental Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 14,113,460	\$ 38,851	\$ -	\$ 14,152,311
Construction in progress.....	<u>52,880,076</u>	<u>650,158</u>	<u>(52,440,646)</u>	<u>1,089,588</u>
Total capital assets not being depreciated.....	<u>66,993,536</u>	<u>689,009</u>	<u>(52,440,646)</u>	<u>15,241,899</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	8,374,640	144,669	-	8,519,309
Buildings.....	150,243,466	57,056,608	-	207,300,074
Machinery and equipment.....	14,178,714	2,075,454	(390,212)	15,863,957
Infrastructure.....	<u>50,866,862</u>	<u>-</u>	<u>-</u>	<u>50,866,862</u>
Total capital assets being depreciated.....	<u>223,663,682</u>	<u>59,276,731</u>	<u>(390,212)</u>	<u>282,550,202</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(504,511)	(98,283)	-	(602,794)
Buildings.....	(76,289,807)	(3,694,821)	-	(79,984,628)
Machinery and equipment.....	(10,922,352)	(801,579)	390,212	(11,333,720)
Infrastructure.....	<u>(29,380,987)</u>	<u>(1,130,204)</u>	<u>-</u>	<u>(30,511,191)</u>
Total accumulated depreciation.....	<u>(117,097,657)</u>	<u>(5,724,887)</u>	<u>390,212</u>	<u>(122,432,333)</u>
Total capital assets being depreciated, net.....	<u>106,566,025</u>	<u>53,551,844</u>	<u>-</u>	<u>160,117,869</u>
Total governmental activities capital assets, net.....	<u>\$ 173,559,561</u>	<u>\$ 54,240,853</u>	<u>\$ (52,440,646)</u>	<u>\$ 175,359,768</u>
Business-Type Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
South Shore Country Club				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 7,008,200	\$ -	\$ -	\$ 7,008,200
<u>Capital assets being depreciated:</u>				
Land improvements.....	2,113,681	42,378	-	2,156,059
Building improvements.....	3,214,483	27,556	-	3,242,039
Machinery and equipment.....	<u>1,389,399</u>	<u>12,972</u>	<u>-</u>	<u>1,402,371</u>
Total capital assets being depreciated.....	<u>6,717,563</u>	<u>82,906</u>	<u>-</u>	<u>6,800,469</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(508,610)	(74,238)	-	(582,848)
Building improvements.....	(2,219,422)	(146,804)	-	(2,366,226)
Machinery and equipment.....	<u>(889,842)</u>	<u>(151,634)</u>	<u>-</u>	<u>(1,041,476)</u>
Total accumulated depreciation.....	<u>(3,617,874)</u>	<u>(372,676)</u>	<u>-</u>	<u>(3,990,550)</u>
Total capital assets being depreciated, net.....	<u>3,099,689</u>	<u>(289,770)</u>	<u>-</u>	<u>2,809,919</u>
Total South Shore Country Club capital assets, net.....	<u>\$ 10,107,889</u>	<u>\$ (289,770)</u>	<u>\$ -</u>	<u>\$ 9,818,119</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Hingham Municipal Lighting Plant				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 434,863	\$ -	\$ -	\$ 434,863
Construction in progress.....	345,279	943,408	-	1,288,687
Total capital assets not being depreciated.....	780,142	943,408	-	1,723,550
<u>Capital assets being depreciated:</u>				
Plant in service.....	49,442,362	960,052	(80,751)	50,321,663
<u>Less accumulated depreciation for:</u>				
Plant in service.....	(27,258,184)	(2,461,445)	80,751	(29,638,878)
Total capital assets being depreciated, net.....	22,184,178	(1,501,393)	-	20,682,785
Total Hingham Municipal Lighting Plant capital assets, net.....	\$ 22,964,320	\$ (557,985)	\$ -	\$ 22,406,335

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

Governmental Activities:

General government.....	\$ 455,563
Public safety.....	719,691
Public education.....	2,676,729
Public works.....	1,560,948
Human services.....	6,716
Culture and recreation.....	305,240

Total depreciation expense - governmental activities..... \$ 5,724,887

Business-Type Activities:

South shore country club.....	\$ 372,676
Hingham municipal light plant.....	2,461,445

Total depreciation expense - business-type activities..... \$ 2,834,121

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables between funds at June 30, 2015, as summarized as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Middle School Building Project	\$ 1,170,484
General Fund	South Shore Country Club	21,250
General Fund	Town Grants	344,598
General Fund	Sewer Capital Projects	8,383
General Fund	New Elementary School	244,738
General Fund	Plymouth River School	236,907
General Fund	High School Field Improvements	241,504
General Fund	South Shore Regional Emergency Communications Center	505,617
		<u>\$ 2,773,481 (1)</u>

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

Interfund transfers for the year ended June 30, 2015, are summarized as follows:

Transfers Out:	Transfers In:			
	General Fund	South Shore Country Club	Nonmajor Governmental Funds	Total
General Fund.....	\$ -	\$ 173,000	\$ -	\$ 173,000 (1)
Nonmajor Governmental Funds.....	-	-	388,500	388,500 (2)
Lighting Plant Enterprise Fund.....	500,000	-	-	500,000 (3)
Total.....	<u>\$ 500,000</u>	<u>\$ 173,000</u>	<u>\$ 388,500</u>	<u>\$ 1,061,500</u>

(1) Represents year-end reserve fund transfers from the General Fund to the South Shore Country Club.

(2) Represents budgeted transfers from the Community Preservation Fund to the Hingham Affordable Housing Trust and Conservation Funds.

(3) 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 five-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>(795,887)</u>
Total.....	<u>\$ 179,669</u>

Future minimum lease payments under capitalized leases consist of the following at June 30, 2015:

<u>Years Ending June 30,</u>	<u>Governmental Activities</u>
2016.....	\$ <u>44,256</u>
Total minimum lease payments.....	44,256
Less: amounts representing interest.....	<u>(1,318)</u>
Present value of minimum lease payments.....	<u>\$ 42,938</u>

Operating Leases

The Town leases school buses under noncancelable operating leases that expire in 2020. The cost of the leases for the year ended June 30, 2015, \$417,525, and is reported as an educational expenditure of the general fund.

The future minimum lease payments are as follows at June 30, 2015:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2016.....	\$ 453,817
2017.....	465,162
2018.....	<u>476,790</u>
Total.....	<u>\$ 1,395,769</u>

NOTE 8 – SHORT-TERM FINANCING

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

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

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

Details related to short term debt activity for the year ended June 30, 2015, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2014	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2015
Governmental Funds							
BAN	Municipal Purpose.....	0.75%	05/22/15	\$ 45,339,200	\$ -	\$ 45,339,200	\$ -
BAN	Municipal Purpose.....	1.50%	05/21/16	-	3,938,889	-	3,938,889
Total.....				\$ 45,339,200	\$ 3,938,889	\$ 45,339,200	\$ 3,938,889

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2014	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2015
Enterprise Funds							
BAN	Municipal Purpose.....	0.75%	05/22/15	\$ 191,418	\$ -	\$ 191,418	\$ -

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, 2015, and the debt service requirements are as follows:

Governmental Activities

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2014	Issued	Redeemed	Outstanding at June 30, 2015
Municipal Purpose GOB of 1998 - Refunding Debt.....	2019	\$ 3,700,000	2.0 - 3.0	\$ 1,730,000	\$ -	\$ 400,000	\$ 1,330,000
Municipal Purpose GOB of 2002 - Refunding Debt.....	2021	19,080,000	2.0 - 4.0	14,405,000	-	2,145,000	12,260,000
2007 Multi Purpose Bonds.....	2027	4,929,750	4.0	3,480,000	-	245,000	3,235,000
MCWT - 1998 Bonds.....	2019	2,505,200	0.0	1,039,300	-	195,700	843,600
MCWT- 2001 Bonds.....	2019	97,838	0.0	27,170	-	5,434	21,736
MCWT - 2006 Bonds.....	2027	400,000	2.0	278,257	-	18,931	259,326
Municipal Purpose Bonds of 2010.....	2029	38,565,991	3.0 - 5.0	27,915,000	-	1,975,000	25,940,000
Municipal Purpose Bonds of 2015.....	2037	38,952,298	3.0 - 5.0	-	38,952,298	-	38,952,298
Total general obligation indebtedness.....				48,874,727	38,952,298	4,985,065	82,841,960
Unamortized Premium on Bonds.....				1,347,828	2,415,918	192,532	3,571,214
Total Long-Term Debt.....				\$ 50,222,555	\$ 41,368,216	\$ 5,177,597	\$ 86,413,174

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

Year	Principal	Interest	Total
2016.....	\$ 7,077,307	\$ 3,306,285	\$ 10,383,592
2017.....	7,045,083	3,052,175	10,097,258
2018.....	6,891,582	2,767,028	9,658,610
2019.....	6,683,288	2,461,896	9,145,184
2020.....	6,250,922	2,182,787	8,433,709
2021.....	6,221,345	1,893,560	8,114,905
2022.....	4,251,776	1,635,057	5,886,833
2023.....	4,257,216	1,445,365	5,702,581
2024.....	4,262,664	1,255,468	5,518,132
2025.....	4,138,122	1,085,109	5,223,231
2026.....	4,138,589	920,244	5,058,833
2027.....	4,144,066	755,065	4,899,131
2028.....	3,760,000	595,826	4,355,826
2029.....	1,850,000	463,376	2,313,376
2030.....	1,490,000	404,274	1,894,274
2031.....	1,490,000	357,712	1,847,712
2032.....	1,490,000	309,288	1,799,288
2033.....	1,480,000	259,000	1,739,000
2034.....	1,480,000	209,050	1,689,050
2035.....	1,480,000	157,250	1,637,250
2036.....	1,480,000	105,450	1,585,450
2037.....	1,480,000	53,650	1,533,650
Total.....	\$ <u>82,841,960</u>	\$ <u>25,674,915</u>	\$ <u>108,516,875</u>

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$217,000 and interest costs for \$69,000. Thus, net MCWT loan repayments, including interest, are scheduled to be \$950,000. The principal subsidies are guaranteed and therefore a \$217,000 intergovernmental receivable and corresponding revenue have been reported in the Sewer fund. Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. In 2015, the Town was subsidized for principal in the amount of \$50,000 and interest in the amount of \$34,000.

The Town is receiving school construction assistance through the Massachusetts School Building Authority (MSBA) on bonded projects completed in prior years. The MSBA provides resources for eligible construction costs and related debt interest and borrowing costs. During 2015, approximately \$1.8 million of such assistance was received. Approximately \$10.2 million is expected to be received in future years. Of this amount, \$150,000 represents reimbursement of long-term interest costs, and \$10.1 million represents reimbursement of approved construction costs. Accordingly, a \$10.1 million intergovernmental receivable and corresponding deferred inflow have been reported in the governmental fund financial statements. The deferred inflow for the entire grant has been recognized as revenue in the conversion to the government-wide financial statements in prior years.

In addition, the MSBA offers a construction grant program which pays the Town the State's share of approved school construction costs and therefore eliminates the need for the Town to fund the State's share through long-term debt. The Hingham Middle School project is being funded by this grant program. The total grant received by

the Town is expected to be approximately \$25.6 million. During the year, the Town received \$524,693 and recorded a receivable for \$971,068 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, 2015, the Town had the following authorized and unissued debt:

Purpose	Amount
Sewer Construction.....	\$ 40,000
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.....	59,678
Wastewater Treatment Facility / Engineer & Permit.....	190,000
High School Fields Improvement Project.....	75,000
School Buildings / New Middle School.....	4,474,981
Heritage Museum.....	1,100,000
Design & Engineering/North Fire Station.....	500,000
Total.....	\$ 7,863,388

Business-Type Activities

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2014	Issued	Redeemed	Outstanding at June 30, 2015
SSCC - Irrigation.....	2019	\$ 1,585,000	4.0	\$ 805,000	\$ -	\$ 150,000	\$ 655,000
Municipal Purpose Bonds of 2015 (Mowers).....	2019	191,418	5.0	-	191,418	-	191,418
Total Long-Term Debt.....				\$ 805,000	\$ 191,418	\$ 150,000	\$ 846,418

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

Year	Principal	Interest	Total
2016.....	\$ 202,856	\$ 32,511	\$ 235,367
2017.....	207,854	23,978	231,832
2018.....	212,854	15,086	227,940
2019.....	222,854	5,892	228,746
Total.....	\$ 846,418	\$ 77,467	\$ 923,885

Calculation of the Net Investment in Capital Assets

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Capital assets, net of accumulated depreciation.....	\$ 175,359,768	\$ 32,224,454
Outstanding principal of related debt:		
Bonds payable.....	(86,413,174)	(846,418)
Notes payable.....	(3,938,889)	-
Capital lease obligations.....	-	(42,938)
Less:		
Unspent proceeds of capital debt.....	471,124	-
Non capital-related debt (1).....	<u>10,130,178</u>	<u>-</u>
Net investment in capital assets.....	<u>\$ 95,609,007</u>	<u>\$ 31,335,098</u>

(1) School construction grant financing.

Changes in Long-term Liabilities

During the year ended June 30, 2015, the following changes occurred in long-term liabilities:

	June 30, 2014 (As revised)	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Balance June 30, 2015	Due Within One Year
Governmental Activities:							
Bonds payable.....	\$ 48,874,727	\$ 38,952,298	\$ (4,985,065)	\$ -	\$ -	\$ 82,841,960	\$ 7,077,307
Unamortized bond premium.....	1,347,828	-	-	2,415,918	(192,532)	3,571,214	359,870
Workers' compensation.....	734,119	-	-	194,397	(374,383)	554,133	282,608
Compensated absences.....	1,233,094	-	-	947,455	(870,666)	1,309,883	970,131
Other postemployment benefits....	8,801,360	-	-	4,423,133	(4,384,557)	8,839,936	-
Net pension liability.....	<u>35,109,735</u>	<u>-</u>	<u>-</u>	<u>1,009,751</u>	<u>-</u>	<u>36,119,486</u>	<u>-</u>
Total governmental activity long-term liabilities.....	<u>\$ 96,100,863</u>	<u>\$ 38,952,298</u>	<u>\$ (4,985,065)</u>	<u>\$ 8,990,654</u>	<u>\$ (5,822,138)</u>	<u>\$ 133,236,612</u>	<u>\$ 8,689,916</u>
Business-Type Activities:							
Bonds payable.....	\$ 805,000	\$ 191,418	\$ (150,000)	\$ -	\$ -	\$ 846,418	\$ 202,856
Compensated absences.....	30,011	-	-	28,293	(30,011)	28,293	28,293
Capital lease obligations.....	84,597	-	-	-	(41,659)	42,938	42,938
Customer deposits.....	1,587,578	-	-	31,833	-	1,619,411	-
Net pension liability.....	<u>462,438</u>	<u>-</u>	<u>-</u>	<u>13,300</u>	<u>-</u>	<u>475,738</u>	<u>-</u>
Total business-type activity long-term liabilities.....	<u>\$ 2,969,624</u>	<u>\$ 191,418</u>	<u>\$ (150,000)</u>	<u>\$ 73,426</u>	<u>\$ (71,670)</u>	<u>\$ 3,012,798</u>	<u>\$ 274,087</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 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, 2015, approximately \$2.2 million 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, 2015, the governmental fund balances consisted of the following:

	General	Middle School Building Project	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances				
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 35,000	\$ 35,000
Restricted for:				
Town gift funds.....	-	-	597,880	597,880
School gift funds.....	-	-	21,550	21,550
School state grant funds.....	-	-	718,463	718,463
School federal grant funds.....	-	-	323,178	323,178
Affordable housing trust.....	-	-	588,373	588,373
School revolving funds.....	-	-	2,468,926	2,468,926
Town revolving funds.....	-	-	779,880	779,880
Town trust funds.....	-	-	187,050	187,050
Town other funds.....	-	-	478,669	478,669
Community preservation.....	-	-	1,777,800	1,777,800
Preservation projects.....	-	-	1,519,319	1,519,319
Conservation.....	-	-	111,500	111,500
Sewer inflow/infiltration.....	-	-	525,754	525,754
Sewer maintenance.....	-	-	223,271	223,271
Landfill.....	-	-	2,449	2,449
Harbor dredging.....	-	-	444,247	444,247
Central fire station.....	-	-	89,756	89,756
DPW building.....	-	-	29,601	29,601
Foster school.....	-	-	33,187	33,187
Middle school additions.....	-	-	9,242	9,242
Other capital project funds.....	-	-	2,306	2,306
Conservation permanent fund.....	-	-	64,049	64,049
Town permanent funds.....	-	-	232	232
Proceeds from the sale of the Hersey House.....	1,250,000	-	-	1,250,000
Committed to:				
Harbor maintenance.....	1,255,863	-	-	1,255,863
Special articles.....	172,562	-	-	172,562
Assigned for carryover encumbrances to:				
General government.....	408,540	-	-	408,540
Public safety.....	440,352	-	-	440,352
Public education.....	653,868	-	-	653,868
Public works.....	231,071	-	-	231,071
Culture and recreation.....	143,572	-	-	143,572
Subsequent year expenditures.....	1,611,100	-	-	1,611,100
Unassigned.....	<u>25,203,869</u>	<u>(355,223)</u>	<u>(4,603,525)</u>	<u>20,245,121</u>
Total Fund Balances.....	<u>\$ 31,370,797</u>	<u>\$ (355,223)</u>	<u>\$ 6,428,157</u>	<u>\$ 37,443,731</u>

NOTE 11 – RISK FINANCING

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

The Town participates in premium-based health care plans for its active employees and retirees. The Town is self-insured for workers' compensation and unemployment benefits, and also self-insures property coverage over a group of vacant buildings given to them by the federal government. The Town maintains liability coverage on these respective buildings. The Town records an estimated liability for workers' compensation claims based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported based on historical experience. At June 30, 2015, the estimated liability for workers' compensation claims totaled \$554,133.

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

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2014.....	\$ 486,507	\$ 285,376	\$ (37,764)	734,119
2015.....	734,119	(82,270)	(97,716)	554,133

Any liability for unemployment claims at June 30, 2015 is considered to be immaterial for these financial statements.

NOTE 12 - PENSION PLAN

Plan Descriptions

The Town is a member of the Hingham Contributory Retirement System (HCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 3 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System is a component unit and is reported as a pension trust fund in the fiduciary fund financial statements.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2014. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$4,792,053 is reported in the general fund as intergovernmental

revenue and pension benefits in the current fiscal year. The portion of the Commonwealth’s collective net pension liability associated with the Town is \$68,975,411 as of the measurement date.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The Systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth’s state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

There have no changes in benefit terms as of December 31, 2014.

At December 31, 2014, the HCRS membership consists of the following:

Active members.....	657
Inactive members.....	111
Retirees and beneficiaries currently receiving benefits.....	<u>300</u>
 Total.....	 <u><u>1,068</u></u>

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the HCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2014 was \$4,182,459, 15.5% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town’s proportionate share of the required contribution was \$4,092,386, which equaled its actual contribution.

Pension Liabilities

The components of the net pension liability of the participating member units at June 30, 2015 were as follows:

Total pension liability.....	\$	136,930,828
The pension plan's fiduciary net position.....		<u>(97,128,837)</u>
The net pension liability.....	\$	<u>39,801,991</u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....		70.93%

At June 30, 2015, the Town reported a liability of \$36,595,224 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2014, the Town's proportion was 97.85%, which did not change from its proportion measured at December 31, 2013.

Pension Expense

For the year ended June 30, 2015, the Town recognized pension expense of \$4,164,685. At June 30, 2015, the Town reported deferred outflows of resources related to pensions of \$703,853, from the net difference between projected and actual investment earnings on pension plan investments. Since the System performs an actuarial valuation bi-annually, there are no reported differences between expected and actual experience or changes of assumptions as of December 31, 2014.

The deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016.....	\$	175,963
2017.....		175,963
2018.....		175,963
2019.....		<u>175,964</u>
Total.....	\$	<u>703,853</u>

Actuarial Assumptions

The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2014:

Valuation date.....	January 1, 2014
Investment rate of return/Discount rate.....	7.75%, net of pension plan investment expense, including inflation
Projected salary increases.....	4% per year, including longevity
Inflation rate.....	Not explicitly assumed
Cost of living adjustments.....	3.0% of the first \$12,000 of retirement income
Mortality Rates.....	RP-2000 Mortality Table projected to 2014 with Scale AA. RP-2000 Mortality Table set forward two years for disabled members
Actuarial cost method.....	Individual Entry Age Normal
Amortization method.....	Increasing dollar amount at 4% to reduce the Unfunded Actuarial Accrued Liability to zero on or before June 30, 2038
Remaining amortization period.....	23 years from July 1, 2014
Asset valuation method.....	The Actuarial Value of Assets is the market value of assets as of the valuation date reduced by the sum of: <ul style="list-style-type: none"> a.) 80% of gains and losses of the prior year, b.) 60% of gains and losses of the second prior year, c.) 40% of gains and losses of the third prior year and, d.) 20% of gains and losses of the fourth prior year.

Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial valuation of assets is further constrained to be not less than 90% or more than 110% of market value

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established by PRIT. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2014 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Long-Term Expected Asset Allocation
Domestic equity.....	7.80%	24.00%
International equity.....	8.40%	12.00%
International emerging markets equity.....	11.10%	12.00%
Core fixed income.....	2.70%	17.00%
Value-Added Fixed Income.....	6.40%	10.00%
Real estate.....	9.60%	10.00%
Hedge funds.....	6.50%	5.00%
Private equity.....	5.60%	10.00%

Rate of return

For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.68%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount (7.75%)	1% Increase (8.75%)
The Town's proportionate share of the net pension liability.....	\$ 53,079,243	\$ 38,944,815	\$ 26,831,346
HCRS total net pension liability.....	\$ 54,247,518	\$ 39,801,991	\$ 27,421,904

The Town’s proportionate share of the net pension liability of \$38.9 million presented above includes \$2.3 million for the Hingham Municipal Light Plant that will not be recorded until their calendar year-end of December 31, 2015.

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Fiscal year 2009 and calendar year 2008, respectively, were the initial years that the Town and the 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 OPEB obligation at zero at the beginning of the transition years and have applied the measurement and recognition requirements of GASB 45 on a prospective basis.

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

Plan Description – The Town maintains a single employer defined benefit healthcare plan (“The Other Postemployment Benefit Plan”), which the HMLP participates in. The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the Plan. The plan provides the benefits by participating in the Mayflower Municipal Health Group. Medical and prescription drug benefits are provided to all eligible retirees through a plan offered by Blue Cross Blue Shield of Massachusetts. 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 OPEB Plan does not issue a publicly available financial report.

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

Based on the June 30, 2015 actuarial valuation, the Plan's memberships consisted of the following:

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

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 \$3.3 million and \$93,945, respectively, during 2015 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 2015, the Town pre-funded future OPEB liabilities in the amount of \$1.1 million.

Annual OPEB Cost and Net OPEB Obligation – The annual 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.....\$	4,270,988	\$ 63,522
Interest on net OPEB obligation.....	680,336	-
Adjustments to annual required contribution.....	<u>(528,191)</u>	<u>-</u>
Annual OPEB cost/expense.....	4,423,133	63,522
Contributions made.....	<u>(4,384,557)</u>	<u>(93,945)</u>
Increase in net OPEB obligation.....	38,576	(30,423)
Net OPEB obligation - beginning of year.....	<u>8,801,360</u>	<u>(1,364,311)</u>
Net OPEB obligation/(asset) - end of year.....\$	<u><u>8,839,936</u></u>	<u><u>(1,394,734)</u></u>

(1) The Business-Type Activities consist of the Hingham Municipal Lighting Plant as of December 31, 2014.

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)
6/30/2015	\$ 4,486,655	99.82%	\$ 7,445,202
6/30/2014	4,354,138	98.97%	7,437,049
6/30/2013	4,635,357	95.30%	7,392,125

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

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

Actual valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the

plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

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

NOTE 14 – COMMITMENTS

The Town has been authorized to borrow approximately \$7.9 million to cover various projects throughout the Town.

The HMLP has various power purchase commitments as more fully described in Note 15.

NOTE 15 – POWER PURCHASE COMMITMENTS

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

The HMLP has entered into a contract with Braintree Electric Lighting Department as a 10% entitlement owner to the Watson Power Plant. This purchase power contract is effective from 2009 thru 2029. Watson Units 1 and 2’s entitle HMLP to 11.4 MWs. They are natural gas fired. The average 2014 energy price for Watson was \$0.27891/kWh. HMLP is a 2.3% entitlement owner to Potter 2 CC which is a life of unit contract. Potter 2 CC entitles HMLP to 2.1 MW. The average 2014 energy price for Potter was \$4.21/kWh. Potter’s per kWh price was so high because it barely ran in 2014. HMLP only purchased 41k kWh last year.

In 2013 HMLP bought 308.7k kWh. The average 2013 energy price for Potter was \$0.51511/kWh. Because the capacity charges for HMLP associated with Potter are the same regardless of how often a plant runs (or not), \$123.8k/annually, the average per kWh gets skewed if there are so few kWh hours to work into the formula. It can run on either oil or natural gas.

HMLP is a .5% entitlement owner in the Seabrook nuclear power plant and is entitled to almost 6MW. The average 2014 energy price for Seabrook was \$0.07252/kWh. This contract is a life of unit contract.

HMLP is a .1% entitlement owner in the Millstone nuclear power plant and is entitled to almost 1 ¼ MW. The average 2014 energy price for Millstone was \$0.08661/kWh. This contract is a life of unit contract.

HMLP is a 6% entitlement owner in the Miller Hydro plant for hydroelectric renewable energy and is entitled to almost 1 MW. The Lighting Plant entered into a six year contract with Miller Hydro expiring in 2016. The average 2014 energy price for Miller Hydro was \$0.05339/kWh.

HMLP has entered into a fifteen year contract through 2026 with Spruce Mountain Wind Farm for renewable wind energy. They have an ownership entitlement of 9% with a commitment to purchase almost 2 MW. The average 2014 energy price for Spruce Mountain Wind was \$.03703/kWh.

HMLP was a 2 ¾% entitlement owner in Taunton's Cleary power plant which can burn either oil or natural gas. The contract was for the life of the unit. HMLP's contract with TMLP allowed them to no longer buy power from their Cleary plant if certain conditions came to fruition. Those conditions were met and HMLP informed TMLP that effective March 2014 they would no longer buy power from them.

HMLP has entered into a contract running until 2017 with Granby Landfill. They are entitled to .5MWH of renewable energy and have an ownership entitlement of about 17%. The average 2014 energy price for Granby Landfill is \$0.04648/kWh.

HMLP is an entitlement owner in the Stony Brook Intermediate (4%) and Peaking (5 1/3%) units. The Intermediate units can run on either gas or oil while the peaking unit runs on oil. Units 1A, B and C of the Intermediate entitle HMLP to a total of 14MW. Units 2A and B of the Peaking units entitle HMLP to a total of 9.2MW. The contracts are for the life of the units. The average 2014 energy price for the Intermediate units is \$0.18021/kWh.

HMLP is a 2% entitlement owner in the NYPA Hydro Base and Peaking plants for hydroelectric renewable energy. The contracts are life of unit contracts. The average 2014 energy price for the NYPA units is \$0.04521/kWh.

HMLP has contracts with NextEra and Shell Energy North America which allows HMLP to buy energy when various price points come into play. HMLP's per kWh for NextEra was \$.07231 and for Shell was \$.1219.

MMWEC Contingencies and Liabilities

The Lighting Plant also participates in certain Projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC).

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

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

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

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

Total capital expenditures for MMWEC's Projects amounted to \$1.6 billion, of which \$63.7 million represents the amount associated with the Lighting Plant's share of the Projects in which it participates, although such amount is not allocated to the Lighting Plant. MMWEC's debt outstanding for the Projects includes Power Supply Project Revenue Bonds totaling \$167.1 million, of which \$6.4 million 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, 2014, MMWEC's total future debt service requirement on outstanding bonds issued for the Projects is \$152.7 million, of which \$5.9 million is anticipated to be billed to the Lighting Plant in the future.

In addition, under the PSAs, the Lighting Plant is required to pay to MMWEC its share of the Operation and Maintenance (O&M) costs of the Projects in which it participates. The Lighting Plant's total O&M costs including debt service under the PSAs were \$6.4 million and \$6.3 million for the years ended December 31, 2014 and 2013, respectively.

HMLP's annual energy costs related to its long-term power purchase commitments as of December 31, 2014 are approximately as follows:

For Years Ended December 31,

	<u>MMWEC</u>	<u>ENE</u>	<u>Watson</u>	<u>Total</u>
2015.....	\$ 2,283,000	\$ 5,103,355	\$ 1,557,541	\$ 8,943,896
2016.....	2,139,000	3,514,587	1,544,352	7,197,939
2017.....	1,054,000	2,980,005	1,543,653	5,577,658
2018.....	226,000	2,501,619	1,542,805	4,270,424
2019.....	188,000	2,345,429	1,541,522	4,074,951
2020-2024.....	-	9,672,325	7,597,062	17,269,387
2025-2029.....	-	2,192,287	5,721,554	7,913,841
Total.....	\$ <u>5,890,000</u>	\$ <u>28,309,607</u>	\$ <u>21,048,489</u>	\$ <u>55,248,096</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, 2015, 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, 2015, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2015.

NOTE 17 – CHANGES IN NET POSITION

Beginning net position of governmental activities, business-type activities and each applicable enterprise fund has been revised to reflect the implementation of GASB Statements #67, #68 and #71. The revised balances are summarized in the following table:

Description	6/30/2014 Previously Reported Balances	Implementation of GASB's 67, 68, & 71	6/30/2014 Revised Balances
Government-Wide Financial Statements			
Governmental activities.....	\$ 125,434,274	\$ (35,109,735)	\$ 90,324,539
Business-type activities.....	45,275,351	(462,438)	44,812,913
Total.....	\$ <u>170,709,625</u>	\$ <u>(35,572,173)</u>	\$ <u>135,137,452</u>
Proprietary Fund Financial Statements			
South Shore Country Club.....	\$ <u>9,027,616</u>	\$ <u>(462,438)</u>	\$ <u>8,565,178</u>

NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 10, 2015, which is the date the financial statements were available to be issued.

NOTE 19 – FUTURE IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2015, the following GASB pronouncements were implemented:

- GASB Statement #67, *Financial Reporting for Pension Plans*; GASB Statement #68, *Accounting and Financial Reporting for Pensions*; and GASB Statement #71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Financial statement changes include the recognition of a net pension liability, pension expense and deferred outflows/inflows of resources depending on the nature of the change each year. The financial statements also recognized a revision of the beginning net position to reflect the net pension liability at the beginning of the year. The notes to the basic financial statements and the required supplementary information were expanded to include additional required schedules and disclosures.

The HMLP will implement these new standards for its calendar year-end of December 31, 2015.

- GASB Statement #69, *Governmental Combinations and Disposals of Government Operations*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in future:

- The GASB issued Statement #72, *Fair Value Measurement and Application*, which is required to be implemented in 2016.
- The GASB issued Statement #73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The provisions of this Statement are effective for 2016-except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which are effective for 2017.
- The GASB issued Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in 2017.
- The GASB issued Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in 2018.
- The GASB issued Statement #76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is required to be implemented in 2016.
- The GASB issued Statement #77, *Tax Abatement Disclosures*, which is required to be implemented in 2017.

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

Required Supplementary Information

Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 73,749,055	\$ 73,749,055	\$ 73,885,490	\$ -	\$ 136,435
Tax liens.....	-	-	51,041	-	51,041
Motor vehicle and other excise taxes.....	3,220,000	3,220,000	4,082,934	-	862,934
Local meals tax.....	620,000	620,000	724,151	-	104,151
Charges for services.....	1,790,674	1,790,674	2,132,713	-	342,039
Penalties and interest on taxes.....	250,000	250,000	269,223	-	19,223
Intergovernmental.....	9,940,711	9,940,711	10,244,379	-	303,668
Departmental and other.....	1,200,000	1,200,000	1,573,997	-	373,997
Investment income.....	50,000	50,000	90,135	-	40,135
Miscellaneous.....	-	-	1,000	-	1,000
TOTAL REVENUES.....	90,820,440	90,820,440	93,055,063	-	2,234,623
EXPENDITURES:					
Selectmen:					
Payroll.....	441,017	475,000	473,983	-	1,017
Expenditures.....	36,477	36,477	27,643	-	8,834
New Equipment.....	50,000	50,000	-	50,000	-
	<u>527,494</u>	<u>561,477</u>	<u>501,626</u>	<u>50,000</u>	<u>9,851</u>
Advisory Committee:					
Reserve Fund.....	550,000	112,687	-	-	112,687
Town Accountant:					
Payroll.....	367,487	374,784	366,307	-	8,477
Expenditures.....	24,505	24,505	16,026	412	8,067
New Equipment.....	327,317	327,317	266,047	57,919	3,351
Audit.....	55,000	55,000	55,000	-	-
	<u>774,309</u>	<u>781,606</u>	<u>703,380</u>	<u>58,331</u>	<u>19,895</u>
Information Technology.....	216,527	216,527	160,949	6,733	48,845
Assessors:					
Payroll.....	212,192	218,501	218,501	-	-
Expenditures.....	11,587	11,197	6,428	-	4,769
Revaluation.....	114,800	112,990	98,311	-	14,679
Maintenance of Maps.....	12,000	12,000	11,991	-	9
	<u>350,579</u>	<u>354,688</u>	<u>335,231</u>	<u>-</u>	<u>19,457</u>
Treasurer / Collector:					
Payroll.....	315,832	322,883	322,883	-	-
Expenditures.....	44,308	43,911	41,566	-	2,345
Tax Titles.....	16,085	16,085	11,878	4,207	-
	<u>376,225</u>	<u>382,879</u>	<u>376,327</u>	<u>4,207</u>	<u>2,345</u>
Legal Services:					
Expenditures.....	247,000	477,000	412,722	51,476	12,802
Town Meetings:					
Payroll.....	2,692	2,692	207	-	2,485
Expenditures.....	28,300	28,300	24,086	-	4,214
	<u>30,992</u>	<u>30,992</u>	<u>24,293</u>	<u>-</u>	<u>6,699</u>
Town Clerk:					
Payroll.....	165,723	169,026	168,535	-	491
Expenditures.....	7,866	7,866	5,177	1,600	1,089
	<u>173,589</u>	<u>176,892</u>	<u>173,712</u>	<u>1,600</u>	<u>1,580</u>
Elections and Registers:					
Payroll.....	16,350	16,350	14,227	-	2,123
Expenditures.....	18,645	18,645	16,761	-	1,884
	<u>34,995</u>	<u>34,995</u>	<u>30,988</u>	<u>-</u>	<u>4,007</u>
Community Planning:					
Payroll.....	657,702	658,088	654,048	-	4,040
Expenditures.....	70,099	85,963	82,433	1,050	2,480
	<u>727,801</u>	<u>744,051</u>	<u>736,481</u>	<u>1,050</u>	<u>6,520</u>

(Continued)

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

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Bare Cove Park:					
Payroll.....	16,558	16,889	16,852	-	37
Expenditures.....	7,833	7,833	3,247	4,586	-
	<u>24,391</u>	<u>24,722</u>	<u>20,099</u>	<u>4,586</u>	<u>37</u>
Town Office Building:					
Payroll.....	212,412	216,633	216,537	-	96
Expenditures.....	384,087	401,837	380,140	21,697	-
New Equipment.....	221,750	221,750	53,388	168,362	-
	<u>818,249</u>	<u>840,220</u>	<u>650,065</u>	<u>190,059</u>	<u>96</u>
GAR Hall:					
Expenditures.....	15,134	12,589	11,464	625	500
New Equipment.....	65,000	67,545	27,663	39,873	9
	<u>80,134</u>	<u>80,134</u>	<u>39,127</u>	<u>40,498</u>	<u>509</u>
Total General Government.....	<u>4,932,285</u>	<u>4,818,870</u>	<u>4,165,000</u>	<u>408,540</u>	<u>245,330</u>
Public Safety and Protective Services - Police:					
Payroll.....	4,704,377	4,908,932	4,908,902	-	30
Expenditures.....	330,900	342,700	339,156	2,000	1,544
New Equipment.....	333,000	333,000	248,073	84,837	90
	<u>5,368,277</u>	<u>5,584,632</u>	<u>5,496,131</u>	<u>86,837</u>	<u>1,664</u>
Public Safety and Protective Services - Fire:					
Payroll.....	4,429,231	4,596,010	4,560,147	-	35,863
Expenditures.....	404,375	432,375	382,331	40,897	9,147
New Equipment.....	178,164	1,398,164	1,176,417	221,109	638
	<u>5,011,770</u>	<u>6,426,549</u>	<u>6,118,895</u>	<u>262,006</u>	<u>45,648</u>
Public Safety and Protective Services - All Other:					
Payroll.....	183,826	187,410	187,318	-	92
Expenditures.....	1,360,585	1,385,954	1,286,189	91,509	8,256
	<u>1,544,411</u>	<u>1,573,364</u>	<u>1,473,507</u>	<u>91,509</u>	<u>8,348</u>
Total Protection of Persons and Property.....	<u>11,924,458</u>	<u>13,584,545</u>	<u>13,088,533</u>	<u>440,352</u>	<u>55,660</u>
School Department:					
Payroll.....	35,924,118	35,924,118	35,789,227	-	134,891
Expenditures.....	8,368,354	8,612,577	7,750,972	653,868	207,737
Capital Budget.....	648,674	648,674	487,366	-	161,308
	<u>44,941,146</u>	<u>45,185,369</u>	<u>44,027,565</u>	<u>653,868</u>	<u>503,936</u>
Project Engineering:					
Payroll.....	231,822	236,436	236,436	-	-
Expenditures.....	46,514	63,024	42,021	21,002	1
New Equipment.....	112,000	112,000	13,687	98,312	1
Road Building/Construction.....	307,010	300,000	299,002	-	998
	<u>697,346</u>	<u>711,460</u>	<u>591,146</u>	<u>119,314</u>	<u>1,000</u>
Department of Public Works:					
Payroll.....	1,869,083	1,905,805	1,895,067	-	10,738
Expenditures.....	449,392	449,392	385,598	40,000	23,794
New Equipment.....	466,800	466,800	425,908	26,100	14,792
Snow Removal.....	504,325	1,916,282	1,916,282	-	-
Resurfacing.....	301,400	301,400	301,291	-	109
	<u>3,591,000</u>	<u>5,039,679</u>	<u>4,924,146</u>	<u>66,100</u>	<u>49,433</u>
Landfill/Recycling:					
Payroll.....	460,823	469,981	453,433	-	16,548
Expenditures.....	896,768	896,768	854,723	30,000	12,045
New Equipment.....	85,000	85,000	69,342	15,657	1
	<u>1,442,591</u>	<u>1,451,749</u>	<u>1,377,498</u>	<u>45,657</u>	<u>28,594</u>
Total Public Works and Facilities.....	<u>5,730,937</u>	<u>7,202,888</u>	<u>6,892,790</u>	<u>231,071</u>	<u>79,027</u>
Health Department:					
Payroll.....	296,870	302,769	281,593	-	21,176
Expenditures.....	23,143	23,143	18,812	-	4,331
	<u>320,013</u>	<u>325,912</u>	<u>300,405</u>	<u>-</u>	<u>25,507</u>

(Continued)

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

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Elder Services:					
Payroll.....	198,625	202,562	197,672	-	4,890
Expenditures.....	21,983	21,983	19,317	-	2,666
Senior Workoff Program.....	60,000	60,000	35,360	-	24,640
	<u>280,608</u>	<u>284,545</u>	<u>252,349</u>	<u>-</u>	<u>32,196</u>
Veteran's Services:					
Payroll.....	83,474	85,940	85,939	-	1
Expenditures.....	4,437	4,437	4,095	-	342
Benefits.....	378,350	378,350	227,378	-	150,972
	<u>466,261</u>	<u>468,727</u>	<u>317,412</u>	<u>-</u>	<u>151,315</u>
Plymouth County Rape Crisis Center.....	5,000	5,000	5,000	-	-
South Shore Women's Center.....	7,000	7,000	7,000	-	-
Total Human Services.....	1,078,882	1,091,184	882,166	-	209,018
Library:					
Payroll.....	1,225,880	1,250,398	1,240,347	-	10,051
Expenditures.....	285,860	285,860	250,252	15,480	20,128
New Equipment.....	346,028	346,028	200,790	94,441	50,797
	<u>1,857,768</u>	<u>1,882,286</u>	<u>1,691,389</u>	<u>109,921</u>	<u>80,976</u>
Recreation:					
Payroll.....	84,337	86,024	86,015	-	9
Trustees of Bathing Beach:					
Payroll.....	17,035	17,689	17,688	-	1
Expenditures.....	8,425	12,925	7,585	45	5,295
New Equipment.....	34,372	34,372	1,365	33,006	1
	<u>59,832</u>	<u>64,986</u>	<u>26,638</u>	<u>33,051</u>	<u>5,297</u>
Celebrations.....	11,063	11,063	9,349	600	1,114
Total Culture & Recreation.....	2,013,000	2,044,359	1,813,391	143,572	87,396
Debt Service:					
Principal.....	4,905,980	4,795,980	4,630,065	-	165,915
Interest.....	2,157,883	1,999,052	1,995,198	-	3,854
	<u>7,063,863</u>	<u>6,795,032</u>	<u>6,625,263</u>	<u>-</u>	<u>169,769</u>
Town Pension.....	3,845,487	3,845,487	3,845,487	-	-
Property and Liability Insurance.....	500,000	569,312	569,312	-	-
Employee Benefits.....	8,390,101	8,384,544	8,276,659	-	107,885
State and County Charges.....	813,681	813,681	811,030	-	2,651
Special Articles.....	899,638	1,022,910	835,560	172,562	14,788
TOTAL EXPENDITURES.....	92,133,478	95,358,181	91,832,756	2,049,965	1,475,460
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,313,038)	(4,537,741)	1,222,307	(2,049,965)	3,710,083
OTHER FINANCING SOURCES (USES):					
Proceeds from bonds and notes.....	-	1,200,000	1,200,000	-	-
Premium from issuance of bonds.....	-	-	2,415,918	-	2,415,918
Transfers in.....	1,126,629	1,126,629	1,150,150	-	23,521
Transfers out.....	(1,083,033)	(1,083,033)	(1,083,033)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	43,596	1,243,596	3,683,035	-	2,439,439
NET CHANGE IN FUND BALANCE.....	(1,269,442)	(3,294,145)	4,905,342	(2,049,965)	6,149,522
BUDGETARY FUND BALANCE, Beginning of year.....	23,699,612	23,699,612	23,707,186	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 22,430,170	\$ 20,405,467	\$ 28,612,528	\$ (2,049,965)	\$ 6,149,522

See notes to required supplementary information.

(Concluded)

Pension Plan Schedules – Retirement System

The Pension Plan's Schedule of Changes in the Net Pension Liability presents multi-year trend information on the net pension liability and related ratios.

The Pension Plan's Schedule of Contributions presents multi-year trend information on the required and actual contributions to the pension plan and related ratios.

The Pension Plan's Schedule of Investment Return presents multi-year trend information on the money-weighted investment return on retirement assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS**

	December 31, 2014
Total pension liability:	
Service cost.....	\$ 4,139,996
Interest.....	9,818,513
Changes in benefit terms.....	-
Differences between expected and actual experience.....	-
Changes in assumptions.....	-
Benefit payments, including refunds of employee contributions.....	<u>(7,436,340)</u>
Net change in total pension liability.....	6,522,169
Total pension liability, beginning.....	<u>130,408,659</u>
Total pension liability, ending (1)	<u><u>\$ 136,930,828</u></u>
Plan fiduciary net position:	
Employer contributions.....	\$ 4,182,459
Member contributions.....	2,672,455
Net investment income (loss).....	6,123,665
Benefit payments, including refunds of employee contributions.....	(7,436,340)
Administrative expenses.....	(132,768)
Other additions.....	-
Federal grant reimbursement.....	<u>-</u>
Net increase (decrease) in fiduciary net position.....	5,409,471
Fiduciary net position at beginning of year.....	<u>91,719,366</u>
Fiduciary net position at end of year (2)	<u><u>\$ 97,128,837</u></u>
Net pension liability - ending (1) - (2)	<u><u>\$ 39,801,991</u></u>
Plan fiduciary net position as a percentage of the total pension liability.....	70.93%
Covered-employee payroll.....	\$ 27,037,796
Net pension liability as a percentage of covered-employee payroll.....	147.21%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for
which information is available.

See notes to required supplementary information.

SCHEDULE OF CONTRIBUTIONS

	December 31, 2014
Actuarially determined contribution (a).....	\$ 4,182,459
Contributions in relation to the actuarially determined contribution.....	4,182,459
Contribution deficiency (excess).....	\$ -
Covered-employee payroll.....	\$ 27,037,796
Contributions as a percentage of covered- employee payroll.....	15.47%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those
years for which information is available.

(a) Based on the results of the January 1, 2014 actuarial
valuation (including assumptions and methods) which
determined budgeted appropriations for fiscal 2015.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURN

December 31,
2014

Annual money-weighted rate of return, net of investment expense.....	6.68%
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Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those
years for which information is available.

The annual money-weighted rate of return has been calculated by
the Pension Reserves Investment Management Board (PRIM).

See notes to required supplementary information.

Pension Plan Schedules - Town

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of Town's Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
HINGHAM CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014
Town's proportion of the net pension liability (asset).....	97.85%
Town's proportionate share of the net pension liability (asset)..... \$	38,944,815
Town's covered employee payroll..... \$	26,456,483
Net pension liability as a percentage of covered-employee payroll.....	147.20%
Plan fiduciary net position as a percentage of the total pension liability.....	70.93%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for
which information is available.

See notes to required supplementary information.

SCHEDULE OF TOWN'S CONTRIBUTIONS
HINGHAM CONTRIBUTORY RETIREMENT SYSTEM

	December 31, 2014
Actuarially determined contribution (a).....	\$ 4,092,386
Contributions in relation to the actuarially determined contribution.....	4,092,386
Contribution deficiency (excess).....	\$ -
Covered-employee payroll	\$ 26,456,483
Contributions as a percentage of covered- employee payroll.....	15.47%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those
years for which information is available.

(a) Based on the results of the January 1, 2014 actuarial
valuation (including assumptions and methods) which
determined budgeted appropriations for fiscal 2015.

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS
OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

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

<u>Fiscal Year</u>	<u>Commonwealth's 100% Share of the Net Pension Liability Associated with the Town</u>	<u>Town's Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2015.....	\$ 68,975,411	\$ 4,792,053	61.64%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

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

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

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Schedule of Funding Progress

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

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
6/30/2015	\$ 4,334,510	\$ 4,478,502	103.3%
6/30/2014	4,158,629	4,309,214	103.6%
6/30/2013	4,485,567	4,417,434	98.5%
6/30/2012	4,337,467	4,121,822	95.0%
6/30/2011	4,759,734	4,278,531	89.9%
6/30/2010	7,735,851	5,312,116	68.7%
6/30/2009	7,550,842	3,858,586	51.1%

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

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods:

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

Actuarial Assumptions:

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

Plan Membership:

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

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND 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 year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year’s original budget.

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

The original 2015 general fund budget consisted of approximately \$92.4 million in appropriations and other amounts to be raised, including \$2.1 million in amounts carried over from previous years.

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

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2015, is presented below:

Net change in fund balance - budgetary basis.....	\$ 4,905,342
<u>Perspective difference:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	287,229
<u>Basis of accounting differences:</u>	
Net change in recording accrued expenditures.....	468,563
Recognition of revenue for on-behalf payments.....	4,792,053
Recognition of expenditures for on-behalf payments.....	<u>(4,792,053)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 5,661,134</u>

NOTE B – PENSION PLAN***Pension Plan Schedules – Retirement System*****A. Schedule of Changes in the Net Pension Liability and Related Ratios**

The Schedule of Changes in the Net Pension Liability and Related Ratios includes the detailed changes in the systems total pension liability, changes in the systems net position, and the ending net pension liability. It also demonstrates the plan's net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

Since the retirement system performs an actuarial valuation bi-annually, there are no reported amounts for the changes in benefit terms, differences between expected and actual experience and changes in assumptions as of December 31, 2014.

B. Schedule of Contributions

Governmental employers are required to pay an annual appropriation as established by the Public Employee Retirement Administration Commission (PERAC). The total appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The total appropriations are payable on July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual employer contributions may be less than the "total appropriation". The pension fund appropriations are allocated amongst employers based on covered payroll.

C. Schedule of Investment Return

The money weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

Pension Plan Schedules - Town**A. Schedule of the Town's Proportionate Share of the Net Pension Liability**

The Schedule of the Town's Proportionate Share of the Net Pension Liability details the Town's allocated percentage of the net pension liability (asset), the Town's proportionate share of the net pension liability, and the Town's covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

B. Schedule of Town's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The Town's appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July

at a discounted rate. Accordingly, actual contributions may be less than the “total appropriation”. The pension fund appropriation is allocated to the Town based on covered payroll.

C. Schedule of the Special Funding Amounts of the Net Pension Liabilities

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

D. Changes in Assumptions: There were no changes in assumptions.

E. Changes in Plan Provisions: There were no changes in plan provisions.

NOTE C – 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 OPEB on a full pre-funded basis. The funded ratio for the primary government (actuarial value of assets expressed as a percentage of the actuarially accrued liability) was 13.12% as of June 30, 2015. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

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

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

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

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Combining Statements

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CAPITAL PROJECT FUNDS

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

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

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

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

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

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

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

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

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

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, 2015

Special Revenue Funds							
	Town Gifts	School Gifts	Town Grants	School State Grants	School Federal Grants	Affordable Housing Trust	School Revolving
ASSETS							
Cash and cash equivalents.....	\$ 605,406	\$ 22,492	\$ -	\$ 711,375	\$ 82,616	\$ 622,350	\$ 2,474,945
Investments.....	-	-	-	-	-	-	-
Receivables, net of uncollectibles:							
Departmental and other.....	-	-	-	-	-	-	-
User charges.....	-	-	-	-	-	-	-
Intergovernmental.....	-	-	375,976	45,898	242,102	-	-
Assets held for resale.....	-	-	-	-	-	159,981	-
TOTAL ASSETS.....	\$ 605,406	\$ 22,492	\$ 375,976	\$ 757,273	\$ 324,718	\$ 782,331	\$ 2,474,945
LIABILITIES							
Warrants payable.....	\$ 7,526	\$ 942	\$ 169,514	\$ 38,810	\$ 1,540	\$ 5,069	\$ 1,664
Advance collections.....	-	-	-	-	-	-	4,355
Due to other funds.....	-	-	344,598	-	-	-	-
Notes payable.....	-	-	-	-	-	188,889	-
TOTAL LIABILITIES.....	7,526	942	514,112	38,810	1,540	193,958	6,019
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue.....	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable.....	-	-	-	-	-	-	-
Restricted.....	597,880	21,550	-	718,463	323,178	588,373	2,468,926
Unassigned.....	-	-	(138,136)	-	-	-	-
TOTAL FUND BALANCES.....	597,880	21,550	(138,136)	718,463	323,178	588,373	2,468,926
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 605,406	\$ 22,492	\$ 375,976	\$ 757,273	\$ 324,718	\$ 782,331	\$ 2,474,945

Special Revenue Funds

Town Revolving	Town Trusts	Town Other	Community Preservation	Preservation Projects	Conservation	Sewer Inflow/Infiltration	Sewer Maintenance	Sub-total
\$ 1,164,592	\$ 187,986	\$ 483,090	\$ 1,871,639	\$ 1,157,269	\$ 111,500	\$ 568,921	\$ 229,931	\$ 10,294,112
-	-	-	-	362,050	-	-	-	362,050
-	-	-	6,469	-	-	-	-	6,469
-	-	-	-	-	-	-	334,171	334,171
-	-	-	233,000	-	-	-	-	896,976
-	-	-	-	-	-	-	-	159,981
<u>\$ 1,164,592</u>	<u>\$ 187,986</u>	<u>\$ 483,090</u>	<u>\$ 2,111,108</u>	<u>\$ 1,519,319</u>	<u>\$ 111,500</u>	<u>\$ 568,921</u>	<u>\$ 564,102</u>	<u>\$ 12,053,759</u>
\$ 7,393	\$ 936	\$ 4,421	\$ 93,839	\$ -	\$ -	\$ 43,167	\$ 6,658	\$ 381,479
377,319	-	-	-	-	-	-	-	381,674
-	-	-	-	-	-	-	-	344,598
-	-	-	-	-	-	-	-	188,889
<u>384,712</u>	<u>936</u>	<u>4,421</u>	<u>93,839</u>	<u>-</u>	<u>-</u>	<u>43,167</u>	<u>6,658</u>	<u>1,296,640</u>
-	-	-	239,469	-	-	-	334,173	573,642
-	-	-	-	-	-	-	-	-
779,880	187,050	478,669	1,777,800	1,519,319	111,500	525,754	223,271	10,321,613
-	-	-	-	-	-	-	-	(138,136)
<u>779,880</u>	<u>187,050</u>	<u>478,669</u>	<u>1,777,800</u>	<u>1,519,319</u>	<u>111,500</u>	<u>525,754</u>	<u>223,271</u>	<u>10,183,477</u>
<u>\$ 1,164,592</u>	<u>\$ 187,986</u>	<u>\$ 483,090</u>	<u>\$ 2,111,108</u>	<u>\$ 1,519,319</u>	<u>\$ 111,500</u>	<u>\$ 568,921</u>	<u>\$ 564,102</u>	<u>\$ 12,053,759</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2015

Capital Projects Funds								
	Landfill	Harbor Dredging	Central Fire Station	DPW Building	Sewer	Foster School	Plymouth River School	Middle School Additions
ASSETS								
Cash and cash equivalents.....	\$ 2,449	\$ 444,247	\$ 89,756	\$ 29,601	\$ -	\$ 33,187	\$ -	\$ 9,242
Investments.....	-	-	-	-	-	-	-	-
Receivables, net of uncollectibles:								
Departmental and other.....	-	-	-	-	-	-	-	-
User charges.....	-	-	-	-	-	-	-	-
Intergovernmental.....	-	-	-	-	-	-	-	-
Assets held for resale.....	-	-	-	-	-	-	-	-
TOTAL ASSETS.....	\$ 2,449	\$ 444,247	\$ 89,756	\$ 29,601	\$ -	\$ 33,187	\$ -	\$ 9,242
LIABILITIES								
Warrants payable.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advance collections.....	-	-	-	-	-	-	-	-
Due to other funds.....	-	-	-	-	8,383	-	236,907	-
Notes payable.....	-	-	-	-	-	-	-	-
TOTAL LIABILITIES.....	-	-	-	-	8,383	-	236,907	-
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue.....	-	-	-	-	-	-	-	-
FUND BALANCES								
Nonspendable.....	-	-	-	-	-	-	-	-
Restricted.....	2,449	444,247	89,756	29,601	-	33,187	-	9,242
Unassigned.....	-	-	-	-	(8,383)	-	(236,907)	-
TOTAL FUND BALANCES.....	2,449	444,247	89,756	29,601	(8,383)	33,187	(236,907)	9,242
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 2,449	\$ 444,247	\$ 89,756	\$ 29,601	\$ -	\$ 33,187	\$ -	\$ 9,242

Capital Projects Funds					Permanent Funds			Total Nonmajor Governmental Funds
New Elementary School	High School Fields Improvements	South Shore Regional Emergency Communications Center	Other	Sub-total	Conservation	Town	Sub-total	
\$ -	\$ -	\$ -	\$ 2,306	\$ 610,788	\$ 84,049	\$ 15,232	\$ 99,281	\$ 11,004,181
-	-	-	-	-	-	-	-	362,050
-	-	-	-	-	-	-	-	6,469
-	-	-	-	-	-	-	-	334,171
-	-	505,617	-	505,617	-	-	-	1,402,593
-	-	-	-	-	-	-	-	159,981
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 505,617</u>	<u>\$ 2,306</u>	<u>\$ 1,116,405</u>	<u>\$ 84,049</u>	<u>\$ 15,232</u>	<u>\$ 99,281</u>	<u>\$ 13,269,445</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 381,479
-	-	-	-	-	-	-	-	381,674
244,738	241,504	505,617	-	1,237,149	-	-	-	1,581,747
-	-	-	-	-	-	-	-	188,889
<u>244,738</u>	<u>241,504</u>	<u>505,617</u>	<u>-</u>	<u>1,237,149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,533,789</u>
-	-	-	-	-	-	-	-	573,642
-	-	-	-	-	20,000	15,000	35,000	35,000
-	-	-	2,306	610,788	64,049	232	64,281	10,996,682
<u>(244,738)</u>	<u>(241,504)</u>	<u>-</u>	<u>-</u>	<u>(731,532)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(869,668)</u>
<u>(244,738)</u>	<u>(241,504)</u>	<u>-</u>	<u>2,306</u>	<u>(120,744)</u>	<u>84,049</u>	<u>15,232</u>	<u>99,281</u>	<u>10,162,014</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 505,617</u>	<u>\$ 2,306</u>	<u>\$ 1,116,405</u>	<u>\$ 84,049</u>	<u>\$ 15,232</u>	<u>\$ 99,281</u>	<u>\$ 13,269,445</u>

(Concluded)

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

YEAR ENDED JUNE 30, 2015

	Special Revenue Funds							
	Town Gifts	School Gifts	Town Grants	School State Grants	School Federal Grants	Affordable Housing Trust	School Revolving	Town Revolving
REVENUES:								
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental.....	3,200	1,218	2,239,011	990,123	1,345,689	-	1,013,423	-
Departmental and other.....	177,231	5,167	4,500	-	-	564,510	1,887,476	1,234,010
Community preservation tax.....	-	-	-	-	-	-	-	-
Contributions.....	479,152	-	-	-	-	-	-	-
Interest income.....	13	-	-	-	-	338	-	-
TOTAL REVENUES.....	659,596	6,385	2,243,511	990,123	1,345,689	564,848	2,900,899	1,234,010
EXPENDITURES:								
Current:								
General government.....	543,899	-	67,770	-	-	25,904	-	-
Public safety.....	13,005	-	408,656	-	-	-	-	170,810
Public education.....	-	12,443	-	1,392,692	1,393,889	-	2,360,299	-
Public works.....	-	-	1,554,059	-	-	-	-	-
Human services.....	17,873	-	62,175	-	-	-	-	50,466
Culture and recreation.....	83,331	-	-	-	-	-	-	929,029
Community preservation.....	-	-	-	-	-	-	-	-
Debt service:								
Principal.....	-	-	-	-	-	355,000	-	-
Interest.....	-	-	-	-	-	198,400	-	-
TOTAL EXPENDITURES.....	658,108	12,443	2,092,660	1,392,692	1,393,889	579,304	2,360,299	1,150,305
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	1,488	(6,058)	150,851	(402,569)	(48,200)	(14,456)	540,600	83,705
OTHER FINANCING SOURCES (USES):								
Issuance of long-term debt.....	-	-	-	-	-	-	-	-
Transfers in.....	-	-	-	-	-	350,000	-	-
Transfers out.....	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)....	-	-	-	-	-	350,000	-	-
NET CHANGE IN FUND BALANCES.....	1,488	(6,058)	150,851	(402,569)	(48,200)	335,544	540,600	83,705
FUND BALANCES AT BEGINNING OF YEAR.....	596,392	27,608	(288,987)	1,121,032	371,378	252,829	1,928,326	696,175
FUND BALANCES AT END OF YEAR.....	\$ 597,880	\$ 21,550	\$ (138,136)	\$ 718,463	\$ 323,178	\$ 588,373	\$ 2,468,926	\$ 779,880

Special Revenue Funds

Town Trusts	Town Other	Community Preservation	Preservation Projects	Conservation	Sewer Inflow/Infiltration	Sewer Maintenance	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,659	\$ 2,473,763	\$ 2,611,422
-	26,198	-	-	-	379,648	-	5,998,510
57,468	202,265	-	-	-	-	28,886	4,161,513
-	-	933,872	-	-	-	-	933,872
1,500	7,472	-	39,399	-	-	-	527,523
1,901	18	-	20,247	86	931	-	23,534
<u>60,869</u>	<u>235,953</u>	<u>933,872</u>	<u>59,646</u>	<u>86</u>	<u>518,238</u>	<u>2,502,649</u>	<u>14,256,374</u>
42,629	133,847	-	-	2,983	-	-	817,032
-	42,884	-	-	-	-	-	635,355
-	6,200	-	-	-	-	-	5,165,523
345	34,209	-	-	-	694,302	2,877,371	5,160,286
-	5,597	-	-	-	-	-	136,111
-	-	-	155,083	-	-	-	1,167,443
-	-	922,202	-	-	-	-	922,202
-	-	-	-	-	-	-	355,000
-	-	-	-	-	-	-	198,400
<u>42,974</u>	<u>222,737</u>	<u>922,202</u>	<u>155,083</u>	<u>2,983</u>	<u>694,302</u>	<u>2,877,371</u>	<u>14,557,352</u>
17,895	13,216	11,670	(95,437)	(2,897)	(176,064)	(374,722)	(300,978)
-	-	-	-	-	-	751,111	751,111
-	-	-	-	38,500	-	-	388,500
-	-	(388,500)	-	-	-	-	(388,500)
-	-	(388,500)	-	38,500	-	751,111	751,111
17,895	13,216	(376,830)	(95,437)	35,603	(176,064)	376,389	450,133
<u>169,155</u>	<u>465,453</u>	<u>2,154,630</u>	<u>1,614,756</u>	<u>75,897</u>	<u>701,818</u>	<u>(153,118)</u>	<u>9,733,344</u>
\$ <u>187,050</u>	\$ <u>478,669</u>	\$ <u>1,777,800</u>	\$ <u>1,519,319</u>	\$ <u>111,500</u>	\$ <u>525,754</u>	\$ <u>223,271</u>	\$ <u>10,183,477</u>

(Continued)

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

YEAR ENDED JUNE 30, 2015

	Capital Projects Funds							
	Landfill	Harbor Dredging	Central Fire Station	DPW Building	Sewer	Foster School	Plymouth River School	Middle School Additions
REVENUES:								
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental.....	-	-	-	-	-	-	-	-
Departmental and other.....	-	-	-	-	-	-	-	-
Community preservation tax.....	-	-	-	-	-	-	-	-
Contributions.....	-	-	-	-	-	-	-	-
Interest income.....	-	-	-	-	-	-	-	-
TOTAL REVENUES.....	-	-	-	-	-	-	-	-
EXPENDITURES:								
Current:								
General government.....	-	-	-	-	-	-	-	-
Public safety.....	-	-	-	-	-	-	-	-
Public education.....	-	-	-	-	-	-	-	77
Public works.....	-	-	-	-	-	-	-	-
Human services.....	-	-	-	-	-	-	-	-
Culture and recreation.....	-	-	-	-	-	-	-	-
Community preservation.....	-	-	-	-	-	-	-	-
Debt service:								
Principal.....	-	-	-	-	-	-	-	-
Interest.....	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES.....	-	-	-	-	-	-	-	77
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	-	-	-	-	-	-	-	(77)
OTHER FINANCING SOURCES (USES):								
Issuance of long-term debt.....	-	-	-	-	-	-	-	-
Transfers in.....	-	-	-	-	-	-	-	-
Transfers out.....	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	-	-	-	-	-	-	-	(77)
FUND BALANCES AT BEGINNING OF YEAR.....	2,449	444,247	89,756	29,601	(8,383)	33,187	(236,907)	9,319
FUND BALANCES AT END OF YEAR.....	\$ 2,449	\$ 444,247	\$ 89,756	\$ 29,601	\$ (8,383)	\$ 33,187	\$ (236,907)	\$ 9,242

Capital Projects Funds					Permanent Funds			Total Nonmajor Governmental Funds
New Elementary School	High School Fields Improvements	South Shore Regional Emergency Communications Center	Other	Sub-total	Conservation	Town	Sub-total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,611,422
-	-	811,247	-	811,247	-	-	-	6,809,757
-	70,958	-	-	70,958	-	-	-	4,232,471
-	-	-	-	-	-	-	-	933,872
-	-	-	-	-	-	-	-	527,523
-	291	-	-	291	84	15	99	23,924
-	71,249	811,247	-	882,496	84	15	99	15,138,969
-	-	-	-	-	240	-	240	817,272
-	-	668,980	-	668,980	-	-	-	1,304,335
-	161,846	-	-	161,923	-	-	-	5,327,446
-	-	-	-	-	-	-	-	5,160,286
-	-	-	-	-	-	-	-	136,111
-	-	-	-	-	-	-	-	1,167,443
-	-	-	-	-	-	-	-	922,202
-	-	-	-	-	-	-	-	355,000
-	-	-	-	-	-	-	-	198,400
-	161,846	668,980	-	830,903	240	-	240	15,388,495
-	(90,597)	142,267	-	51,593	(156)	15	(141)	(249,526)
-	4,767,854	-	-	4,767,854	-	-	-	5,518,965
-	-	-	-	-	-	-	-	388,500
-	-	-	-	-	-	-	-	(388,500)
-	4,767,854	-	-	4,767,854	-	-	-	5,518,965
-	4,677,257	142,267	-	4,819,447	(156)	15	(141)	5,269,439
(244,738)	(4,918,761)	(142,267)	2,306	(4,940,191)	84,205	15,217	99,422	4,892,575
\$ (244,738)	\$ (241,504)	\$ -	\$ 2,306	\$ (120,744)	\$ 84,049	\$ 15,232	\$ 99,281	\$ 10,162,014

(Concluded)

Fiduciary Funds

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

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Agency Accounts July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Agency Accounts June 30, 2015</u>
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 885,006	\$ 1,526,741	\$ (1,819,103)	\$ 592,644
LIABILITIES				
Liabilities due depositors.....	\$ 885,006	\$ 1,526,741	\$ (1,819,103)	\$ 592,644

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Statistical Section



**Town of Hingham, Massachusetts
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015**

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

**NET POSITION BY COMPONENT
LAST TEN YEARS**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities										
Net investment in capital assets.....	\$ 52,330,548	\$ 65,883,656	\$ 64,238,223	\$ 77,520,944	\$ 76,103,445	\$ 76,535,196	\$ 72,361,430	\$ 86,629,936	\$ 94,286,033	\$ 95,609,007
Restricted.....	1,104,659	1,339,197	1,775,597	3,746,298	3,265,064	3,319,289	4,322,038	3,091,710	4,539,617	3,725,202
Unrestricted.....	<u>17,896,855</u>	<u>15,576,261</u>	<u>17,470,135</u>	<u>9,296,519</u>	<u>8,507,908</u>	<u>13,755,110</u>	<u>18,615,065</u>	<u>20,929,045</u>	<u>(8,501,111)</u>	<u>(5,068,321)</u>
Total governmental activities net position	<u>\$ 71,332,062</u>	<u>\$ 82,799,114</u>	<u>\$ 83,483,955</u>	<u>\$ 90,563,761</u>	<u>\$ 87,876,417</u>	<u>\$ 93,609,595</u>	<u>\$ 95,298,533</u>	<u>\$ 110,650,691</u>	<u>\$ 90,324,539</u>	<u>\$ 94,265,888</u>
Business-type Activities										
Net investment in capital assets.....	23,802,025	30,787,618	32,511,793	33,774,892	34,175,368	33,475,349	32,642,589	32,068,037	31,991,194	31,335,098
Restricted.....	3,793,000	4,138,000	-	-	-	-	6,843,356	8,175,888	10,129,197	12,651,262
Unrestricted.....	<u>8,771,587</u>	<u>1,352,954</u>	<u>3,592,241</u>	<u>2,743,613</u>	<u>2,976,623</u>	<u>4,098,106</u>	<u>602,229</u>	<u>2,199,054</u>	<u>2,692,522</u>	<u>3,392,476</u>
Total business-type activities net position.....	<u>\$ 36,366,612</u>	<u>\$ 36,278,572</u>	<u>\$ 36,104,034</u>	<u>\$ 36,518,505</u>	<u>\$ 37,151,991</u>	<u>\$ 37,573,455</u>	<u>\$ 40,088,174</u>	<u>\$ 42,442,979</u>	<u>\$ 44,812,913</u>	<u>\$ 47,378,836</u>
Primary government										
Net investment in capital assets.....	76,132,573	96,671,274	96,750,016	111,295,836	110,278,813	110,010,545	105,004,019	118,697,973	126,277,227	126,944,105
Restricted.....	4,897,659	5,477,197	1,775,597	3,746,298	3,265,064	3,319,289	11,165,394	11,267,598	14,668,814	16,376,464
Unrestricted.....	<u>26,668,442</u>	<u>16,929,215</u>	<u>21,062,376</u>	<u>12,040,132</u>	<u>11,484,531</u>	<u>17,853,216</u>	<u>19,217,294</u>	<u>23,128,099</u>	<u>(5,808,589)</u>	<u>(1,675,845)</u>
Total primary government activities net position.....	<u>\$ 107,698,674</u>	<u>\$ 119,077,686</u>	<u>\$ 119,587,989</u>	<u>\$ 127,082,266</u>	<u>\$ 125,028,408</u>	<u>\$ 131,183,050</u>	<u>\$ 135,386,707</u>	<u>\$ 153,093,670</u>	<u>\$ 135,137,452</u>	<u>\$ 141,644,724</u>

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

The Town implemented GASB Statements #67, #68, and #71 in 2015 which required the net pension liability to be recorded for the first time. This also required the revision of the ending net position in 2014.

**CHANGES IN NET POSITION
LAST TEN YEARS**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government.....	\$ 3,914,504	\$ 5,778,974	\$ 5,990,823	\$ 4,631,169	\$ 4,970,623	\$ 4,890,174	\$ 5,942,879	\$ 5,531,669	\$ 6,838,831	\$ 7,084,511
Public safety.....	12,990,456	12,652,649	13,384,339	14,972,434	15,901,991	15,056,274	20,189,039	17,064,620	17,188,102	17,579,243
Public education.....	44,953,811	45,471,333	48,223,524	55,777,553	58,665,520	59,143,074	60,092,877	61,329,548	63,532,065	62,771,088
Public works.....	8,578,650	8,368,706	10,240,661	9,692,257	10,035,307	11,560,586	10,743,766	10,283,605	11,099,791	13,596,602
Human services.....	1,037,046	1,050,004	1,119,653	1,276,418	1,196,017	1,068,951	1,191,783	1,307,992	1,232,437	1,339,016
Culture and recreation.....	3,101,226	2,574,607	2,803,297	2,996,585	4,616,526	3,228,299	3,127,819	3,122,258	3,344,603	3,700,943
Community Preservation.....	-	-	-	60,905	6,304	81,220	123,324	376,463	134,873	432,954
Claims and judgments.....	-	-	-	-	-	547,000	-	-	-	-
Unallocated interest on long term debt.....	2,058,722	1,921,911	2,187,955	1,945,209	2,545,526	2,352,715	1,940,022	2,430,517	2,177,845	2,051,283
Total Governmental activities expenses.....	76,634,415	77,818,184	83,950,252	91,252,530	97,937,814	97,928,293	103,351,509	101,446,672	105,548,547	108,955,640
Business-type activities:										
Country Club.....	1,351,046	1,714,813	1,631,808	1,574,791	1,654,620	1,629,085	2,061,404	1,976,008	2,128,067	2,250,244
Hingham Municipal Lighting Plant.....	16,576,913	23,602,405	27,488,101	27,542,592	27,195,703	28,800,853	27,268,237	26,296,157	26,115,318	28,318,206
Total business-type activities expenses.....	17,927,959	25,317,218	29,119,909	29,117,383	28,850,323	30,429,938	29,329,641	28,272,165	28,243,385	30,568,450
Total primary government expenses.....	\$ 94,562,374	\$ 103,135,402	\$ 113,070,161	\$ 120,369,913	\$ 126,788,137	\$ 128,358,231	\$ 132,681,150	\$ 129,718,837	\$ 133,791,932	\$ 139,524,090
Program Revenues										
Governmental activities:										
Charges for services:										
General government.....	\$ 1,694,778	\$ 1,945,541	\$ 1,931,970	\$ 796,484	\$ 1,208,001	\$ 1,699,823	\$ 2,511,730	\$ 2,786,484	\$ 2,759,337	\$ 2,474,151
Public safety.....	2,129,662	1,454,445	1,428,964	1,993,270	2,465,158	2,125,909	1,630,183	1,590,872	1,483,942	1,472,816
Public education.....	1,693,845	1,790,130	1,974,201	1,925,323	2,041,456	2,313,647	2,275,103	2,306,595	2,522,500	2,786,563
Public works.....	1,696,892	1,835,713	2,092,231	2,338,091	2,195,688	2,693,651	2,746,526	2,606,859	2,851,187	2,796,747
Human services.....	83,180	83,835	84,490	148,620	192,296	187,121	228,815	228,411	230,160	229,334
Culture and recreation.....	-	-	-	639,376	703,866	708,975	696,642	721,804	741,109	1,043,489
Operating grants and contributions.....	2,335,920	2,308,220	2,138,547	18,497,416	19,246,742	20,934,750	21,061,709	20,313,250	21,849,544	17,624,819
Capital grants and contributions.....	-	-	-	10,310,718	1,049,982	2,764,000	2,706,963	12,190,209	10,184,444	2,221,806
Total Governmental activities program revenues.....	9,634,277	9,417,884	9,650,303	36,649,298	29,103,189	33,427,876	33,857,671	42,744,474	42,621,283	30,649,725
Business-type activities:										
Charges for services:										
Country Club.....	1,527,265	1,516,724	1,653,287	1,668,284	1,700,467	1,663,537	1,982,729	1,957,909	2,048,677	1,928,182
Hingham Municipal Lighting Plant.....	21,461,267	23,699,133	26,367,251	27,622,993	27,880,141	29,662,512	30,060,173	28,603,227	29,473,287	31,468,866
Capital contributions - Country Club.....	-	-	-	-	233,863	-	-	-	-	-
Total business-type activities program revenues.....	22,988,532	25,215,857	28,020,538	29,291,277	29,814,471	31,326,049	32,042,902	30,560,936	31,521,964	33,397,048
Total primary government program revenues.....	\$ 32,622,809	\$ 34,633,741	\$ 37,670,841	\$ 65,940,575	\$ 58,917,660	\$ 64,753,925	\$ 65,900,573	\$ 73,305,410	\$ 74,143,247	\$ 64,046,773
Net (Expense)/Revenue	\$ (67,000,138)	\$ (68,400,300)	\$ (74,299,949)	\$ (54,603,232)	\$ (68,834,625)	\$ (64,500,417)	\$ (69,493,838)	\$ (58,702,198)	\$ (62,927,264)	\$ (78,305,915)
Business-type activities.....	5,060,573	(101,361)	(1,099,371)	173,894	964,148	896,111	2,713,261	2,288,771	3,278,579	2,828,598
Total primary government net expense.....	\$ (61,939,565)	\$ (68,501,661)	\$ (75,399,320)	\$ (54,429,338)	\$ (67,870,477)	\$ (63,604,306)	\$ (66,780,577)	\$ (56,413,427)	\$ (59,648,685)	\$ (75,477,317)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes.....	\$ 52,296,707	\$ 52,501,871	\$ 55,999,333	\$ 59,064,292	\$ 63,715,553	\$ 66,335,378	\$ 68,836,981	\$ 71,812,957	\$ 74,831,789	\$ 79,846,398
Unrestricted grants and contributions.....	12,111,270	13,456,536	15,401,426	1,964,357	1,534,498	1,683,802	1,576,677	1,604,856	1,809,955	1,685,759
Penalties and interest on taxes.....	347,513	385,993	303,699	208,962	286,495	335,810	431,791	252,485	398,883	269,223
Investment earnings.....	982,239	1,297,867	1,008,741	445,427	128,168	92,048	89,498	157,975	155,149	117,884
Miscellaneous.....	1,656,083	1,774,657	2,784,756	-	-	-	-	-	14,082	1,000
Gain on the sale of capital assets.....	-	-	-	-	-	1,250,000	-	250,561	-	-
Transfers.....	290,970	109,585	(203,650)	-	482,567	536,557	247,829	(24,478)	500,989	327,000
Total Governmental activities.....	67,684,782	69,526,509	75,294,305	61,683,038	66,147,281	70,233,595	71,182,776	74,054,356	77,710,847	82,247,264
Business-type activities:										
Investment earnings.....	246,356	317,421	411,668	240,577	151,905	61,910	49,287	41,556	54,782	64,325
Transfers.....	(290,970)	(109,585)	203,650	-	(482,567)	(536,557)	(247,829)	24,478	(500,989)	(327,000)
Total business-type activities expenses.....	(44,614)	207,836	615,318	240,577	(330,662)	(474,647)	(198,542)	66,034	(446,207)	(262,675)
Total primary government.....	\$ 67,640,168	\$ 69,734,345	\$ 75,909,623	\$ 61,923,615	\$ 65,816,619	\$ 69,758,948	\$ 70,984,234	\$ 74,120,390	\$ 77,264,640	\$ 81,984,589
Changes in Net Position										
Governmental activities.....	\$ 684,644	\$ 1,126,209	\$ 994,356	\$ 7,079,806	\$ (2,687,344)	\$ 5,733,178	\$ 1,688,938	\$ 15,352,158	\$ 14,783,583	\$ 3,941,349
Business-type activities.....	5,015,959	106,475	(484,053)	414,471	633,486	421,464	2,514,719	2,354,805	2,832,372	2,565,923
Total primary government.....	\$ 5,700,603	\$ 1,232,684	\$ 510,303	\$ 7,494,277	\$ (2,053,858)	\$ 6,154,642	\$ 4,203,657	\$ 17,706,963	\$ 17,615,955	\$ 6,507,272

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund										
Reserved.....	\$ 1,682,516	\$ 1,915,431	\$ 3,239,286	\$ 978,675	\$ 892,169	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	7,900,614	6,416,619	5,645,425	6,121,260	10,888,925	-	-	-	-	-
Restricted.....	-	-	-	-	-	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Committed.....	-	-	-	-	-	472,759	610,152	1,033,485	1,473,926	1,428,425
Assigned.....	-	-	-	-	-	736,580	2,325,501	2,679,682	2,374,893	3,488,503
Unassigned.....	-	-	-	-	-	11,760,485	14,467,148	16,706,680	20,610,844	25,203,869
Total general fund.....	<u>\$ 9,583,130</u>	<u>\$ 8,332,050</u>	<u>\$ 8,884,711</u>	<u>\$ 7,099,935</u>	<u>\$ 11,781,094</u>	<u>\$ 14,219,824</u>	<u>\$ 18,652,801</u>	<u>\$ 21,669,847</u>	<u>\$ 25,709,663</u>	<u>\$ 31,370,797</u>
All Other Governmental Funds										
Reserved.....	\$ -	\$ -	\$ -	\$ 35,000	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	6,236,294	5,804,547	6,719,840	6,476,412	6,459,001	-	-	-	-	-
Capital project funds.....	199,093	(2,777,466)	(1,630,042)	6,864,106	2,527,736	-	-	-	-	-
Permanent funds.....	905,556	1,257,315	1,767,888	64,902	65,116	-	-	-	-	-
Nonspendable.....	-	-	-	-	-	35,000	35,000	35,000	35,000	35,000
Restricted.....	-	-	-	-	-	9,939,236	9,725,814	9,112,470	10,850,736	10,996,682
Unassigned.....	-	-	-	-	-	(451,058)	(3,020,664)	(23,814,076)	(39,791,279)	(4,958,748)
Total all other governmental funds.	<u>\$ 7,340,943</u>	<u>\$ 4,284,396</u>	<u>\$ 6,857,686</u>	<u>\$ 13,440,420</u>	<u>\$ 9,086,853</u>	<u>\$ 9,523,178</u>	<u>\$ 6,740,150</u>	<u>\$ (14,666,606)</u>	<u>\$ (28,905,543)</u>	<u>\$ 6,072,934</u>

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

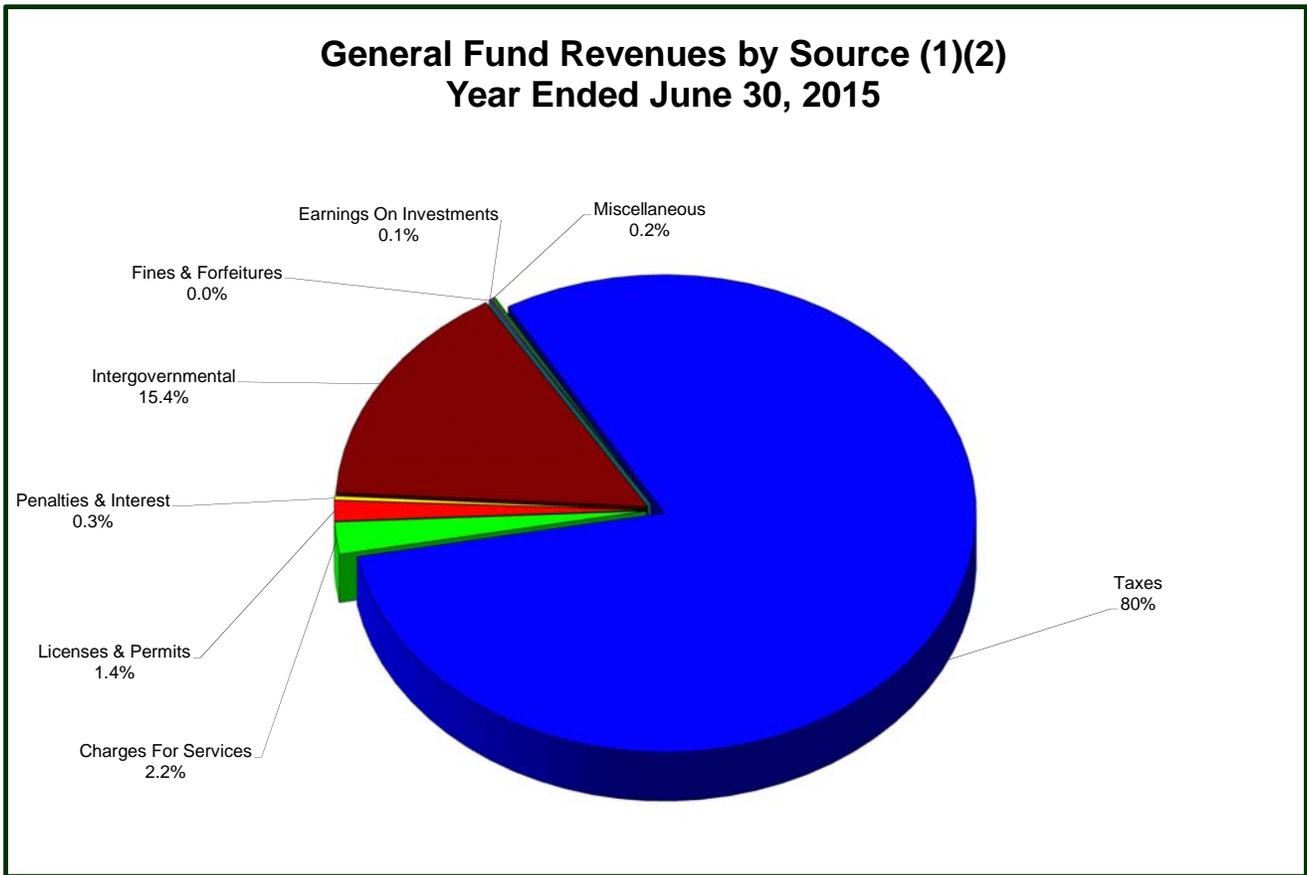
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS**

	2006	2007	2008	2009 (1)	2010	2011	2012	2013 (1)	2014 (1)	2015 (1)
REVENUES										
Taxes.....	\$ 51,523,864	\$ 53,645,306	\$ 57,314,221	\$ 59,269,620	\$ 64,449,558	\$ 64,070,863	\$ 70,205,364	\$ 71,142,869	\$ 74,453,910	\$ 79,020,413
Licenses and fees.....	2,306,958	1,629,756	1,606,900	-	-	-	-	-	-	-
Intergovernmental.....	16,178,632	17,999,121	19,916,398	30,325,931	22,445,941	26,057,658	26,472,612	35,037,693	34,440,598	23,392,379
Charges for services.....	4,018,802	3,622,749	4,344,359	3,802,150	4,161,968	4,173,594	4,451,604	4,713,862	4,751,993	4,744,135
Investment income.....	982,239	1,297,867	1,008,741	445,427	128,168	92,048	89,498	157,975	155,149	117,884
Other revenues.....	3,425,582	4,159,838	4,891,394	5,460,915	6,033,277	6,539,941	6,768,709	8,105,592	7,263,968	7,292,384
Total Revenues.....	78,436,077	82,354,637	89,082,013	99,304,043	97,218,912	100,934,104	107,987,787	119,157,991	121,065,618	114,567,195
EXPENDITURES										
General government.....	2,741,008	4,892,360	3,693,535	12,120,424	3,938,343	3,598,765	4,388,371	8,093,357	5,093,279	5,345,171
Public safety.....	10,095,403	10,482,700	10,823,407	11,198,838	10,856,492	12,557,453	13,240,642	12,466,949	12,268,192	14,392,868
Public education.....	39,934,162	41,652,990	46,096,435	65,455,163	44,969,570	42,437,085	45,757,078	73,406,386	70,881,088	53,375,067
Public works.....	6,437,669	6,783,898	8,849,401	14,941,072	8,143,631	9,036,226	9,807,486	8,024,323	9,332,181	12,053,075
Human services.....	889,787	926,127	986,568	1,020,889	912,482	818,590	883,629	994,695	1,023,134	1,018,277
Culture and recreation.....	1,847,199	1,991,870	2,215,516	2,301,559	3,781,741	2,292,205	2,183,380	2,284,767	2,528,016	2,980,834
Pension benefits.....	2,587,077	2,667,706	2,725,478	2,827,885	2,862,331	2,967,933	3,532,879	3,648,502	3,716,341	3,845,487
Group health insurance.....	3,289,713	3,317,028	3,430,971	4,148,112	6,112,888	8,070,819	8,963,822	8,247,415	8,257,215	8,338,761
Community preservation.....	-	-	-	2,972,916	1,240,212	164,410	342,411	2,070,939	740,381	922,202
Other.....	2,065,175	6,509,842	5,890,864	3,134,332	1,147,657	1,684,829	1,135,085	1,165,666	572,432	1,380,342
Intergovernmental.....	2,193,591	2,611,818	2,677,907	7,345,883	7,721,843	8,174,736	8,635,341	9,258,650	9,857,159	4,792,053
Debt service										
Principal.....	3,000,003	2,974,348	2,940,669	3,167,071	5,393,592	5,378,828	5,489,462	5,525,064	5,081,369	4,985,065
Interest.....	2,088,551	1,961,172	2,015,523	2,197,932	2,501,206	2,663,727	2,337,998	2,336,510	2,414,941	2,193,598
Total expenditures.....	77,169,358	86,771,849	92,346,274	132,832,076	99,580,988	99,845,606	106,697,584	137,523,223	131,765,728	115,622,800
Excess of revenues over (under) expenditures.....	1,266,719	(4,417,212)	(3,264,261)	(33,528,033)	(2,362,076)	1,088,498	1,290,203	(18,365,232)	(10,700,110)	(1,055,605)
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	479,200	-	5,008,862	38,325,991	240,000	-	-	-	-	38,952,298
Premium from issuance of bonds.....	-	-	-	-	1,927,101	1,582,913	111,917	-	-	2,415,918
Issuance of refunding bonds.....	-	-	-	-	3,700,000	19,080,000	-	-	-	-
Payments to refunding bonds escrow agent.....	-	-	-	-	(3,660,000)	(20,662,913)	-	-	-	-
Sale of capital assets.....	-	-	-	-	-	1,250,000	-	-	-	-
Transfers in.....	2,380,023	3,981,380	2,639,179	1,076,766	1,095,419	572,502	841,908	564,518	514,653	888,500
Transfers out.....	(2,089,053)	(3,871,795)	(2,842,829)	(1,076,766)	(612,852)	(35,945)	(594,079)	(588,996)	(13,664)	(561,500)
Total other financing sources (uses).....	770,170	109,585	4,805,212	38,325,991	2,689,668	1,786,557	359,746	(24,478)	500,989	41,695,216
Net change in fund balances.....	\$ 2,036,889	\$ (4,307,627)	\$ 1,540,951	\$ 4,797,958	\$ 327,592	\$ 2,875,055	\$ 1,649,949	\$(18,389,710)	\$(10,199,121)	\$ 40,639,611
Ratio of Annual Debt Service to Non-Capital Expenditures.....	7.20%	6.70%	6.30%	6.14%	8.45%	8.28%	7.79%	7.79%	7.17%	6.64%

(1) Educational expenditures in years 2009, 2013, 2014, and 2015 include school construction.

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

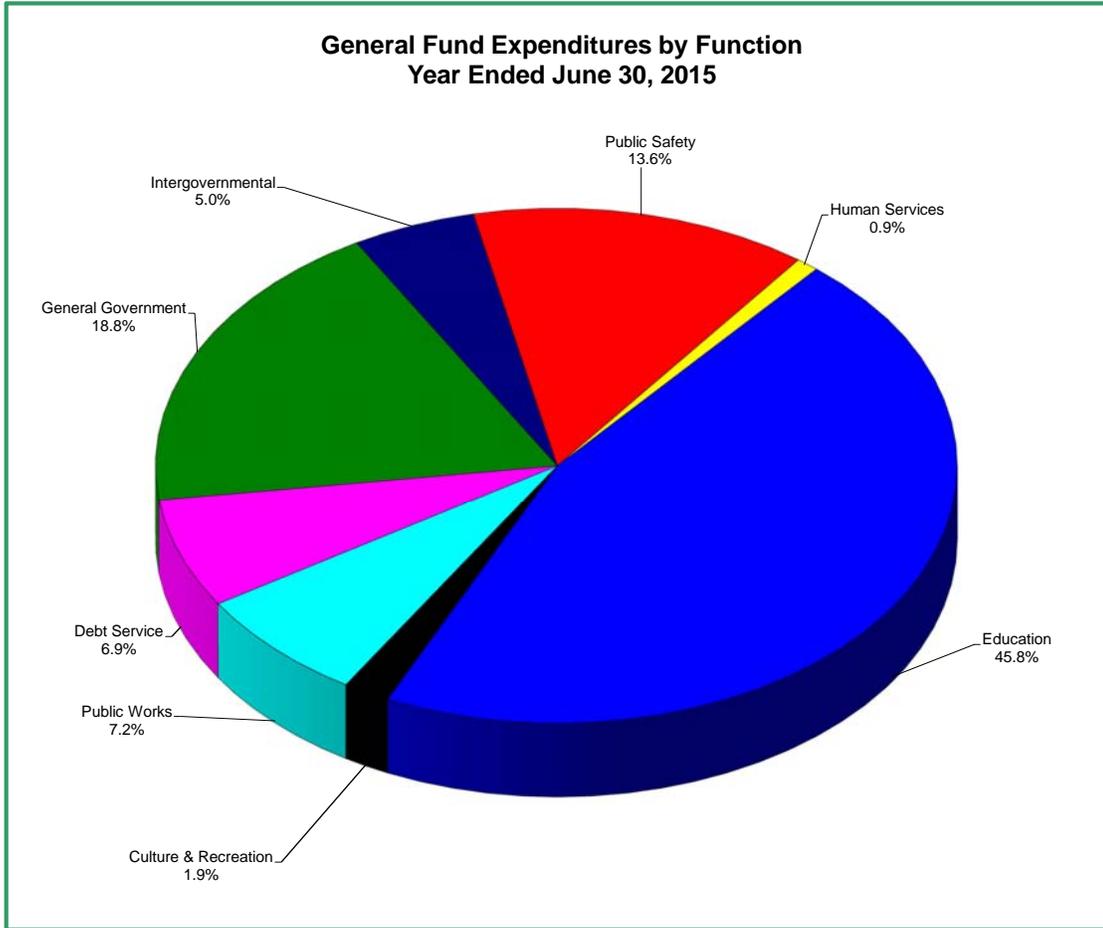
Year Ended June 30,	Taxes (3)	Charges For Services	Licenses & Permits	Inter-Governmental	Penalties & Interest	Fines & Forfeitures	Earnings On Investments	Misc.	Total
2006	\$ 51,524	\$ 937	\$ 2,307	\$ 13,337	\$ 258	\$ 88	\$ 933	\$ 900	\$ 70,284
2007	\$ 53,645	\$ 1,076	\$ 1,630	\$ 14,730	\$ 290	\$ 99	\$ 1,225	\$ 755	\$ 73,450
2008	\$ 57,314	\$ 1,073	\$ 1,607	\$ 15,980	\$ 226	\$ 78	\$ 946	\$ 630	\$ 77,854
2009	\$ 58,374	\$ 1,580	\$ 1,082	\$ 15,988	\$ 209	\$ -	\$ 413	\$ 580	\$ 78,226
2010	\$ 63,406	\$ 2,035	\$ 1,380	\$ 16,139	\$ 286	\$ -	\$ 116	\$ 234	\$ 83,596
2011	\$ 63,735	\$ 1,876	\$ 1,434	\$ 17,278	\$ 336	\$ -	\$ 85	\$ 276	\$ 85,020
2012	\$ 69,774	\$ 2,101	\$ 1,364	\$ 17,833	\$ 432	\$ -	\$ 64	\$ 410	\$ 91,978
2013	\$ 70,890	\$ 2,145	\$ 1,355	\$ 18,988	\$ 252	\$ -	\$ 95	\$ 634	\$ 94,359
2014	\$ 74,055	\$ 2,188	\$ 1,402	\$ 19,228	\$ 399	\$ -	\$ 87	\$ 554	\$ 97,913
2015	\$ 78,751	\$ 2,133	\$ 1,364	\$ 15,087	\$ 269	\$ -	\$ 94	\$ 234	\$ 97,932



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

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

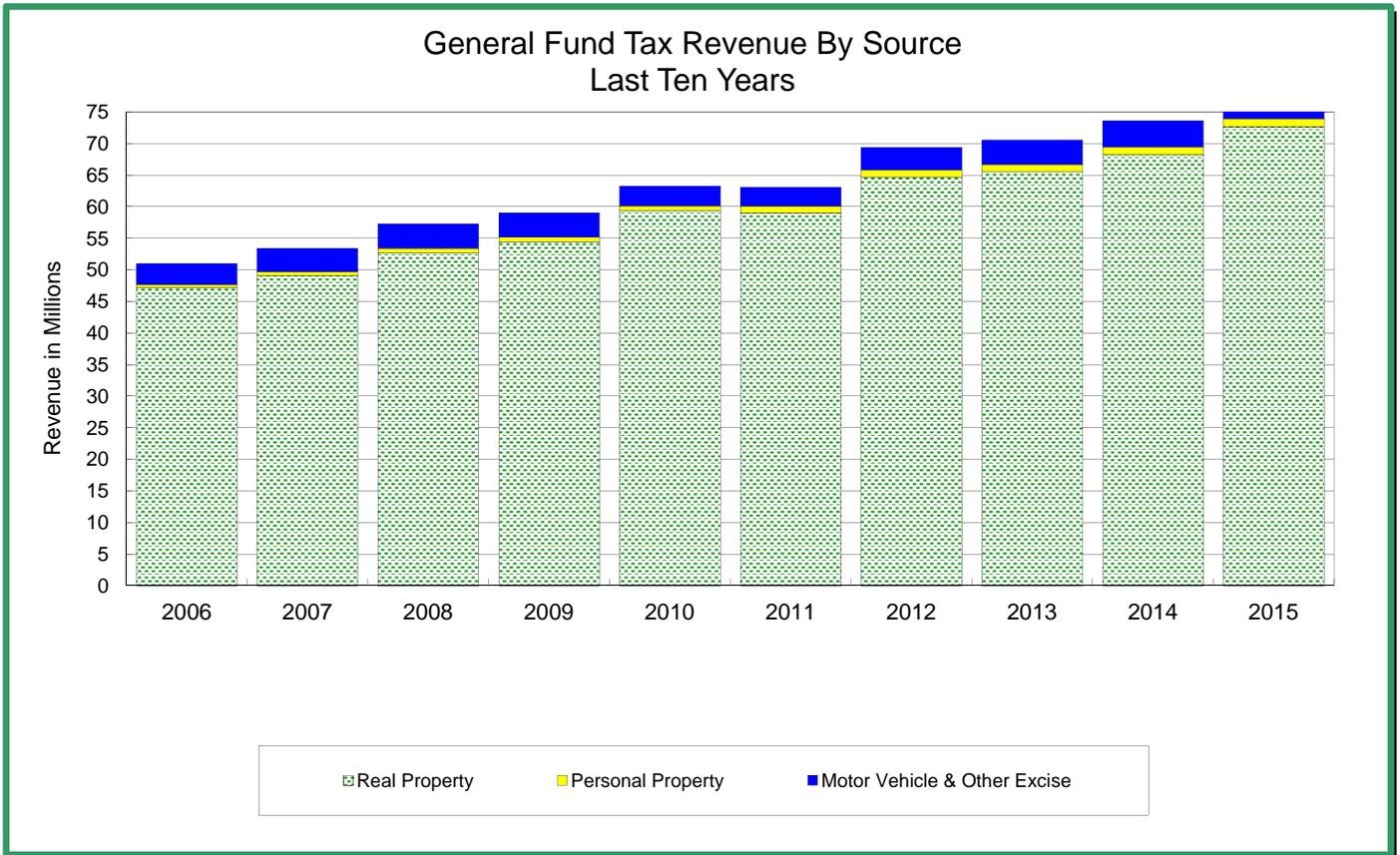
Year Ended June 30,	General Government(2)	Public Safety	Public Education	Public Works	Human Services	Culture & Recreation(3)	Inter-Governmental	Debt Services	Total
2006	\$ 9,640	\$ 9,400	\$ 36,272	\$ 4,097	\$ 641	\$ 1,437	\$ 2,194	\$ 4,934	\$ 68,615
2007	\$ 10,782	\$ 9,662	\$ 37,899	\$ 4,000	\$ 723	\$ 1,562	\$ 2,612	\$ 4,804	\$ 72,044
2008	\$ 10,698	\$ 10,061	\$ 40,751	\$ 4,947	\$ 754	\$ 1,685	\$ 2,678	\$ 4,809	\$ 76,383
2009	\$ 13,303	\$ 10,416	\$ 35,130	\$ 5,682	\$ 816	\$ 1,632	\$ 7,346	\$ 5,234	\$ 79,559
2010	\$ 13,346	\$ 10,061	\$ 36,155	\$ 4,535	\$ 792	\$ 1,422	\$ 7,722	\$ 7,309	\$ 81,342
2011	\$ 16,047	\$ 10,165	\$ 35,910	\$ 5,062	\$ 721	\$ 1,476	\$ 8,175	\$ 7,374	\$ 84,930
2012	\$ 16,980	\$ 10,279	\$ 37,702	\$ 4,624	\$ 759	\$ 1,449	\$ 8,635	\$ 7,193	\$ 87,621
2013	\$ 16,739	\$ 11,344	\$ 39,729	\$ 4,850	\$ 844	\$ 1,565	\$ 9,259	\$ 6,982	\$ 91,312
2014	\$ 16,785	\$ 11,345	\$ 41,164	\$ 5,807	\$ 893	\$ 1,600	\$ 9,857	\$ 6,927	\$ 94,378
2015	\$ 18,092	\$ 13,089	\$ 44,028	\$ 6,893	\$ 882	\$ 1,813	\$ 4,792	\$ 6,625	\$ 96,214



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

GENERAL FUND TAX REVENUE BY SOURCE LAST TEN YEARS

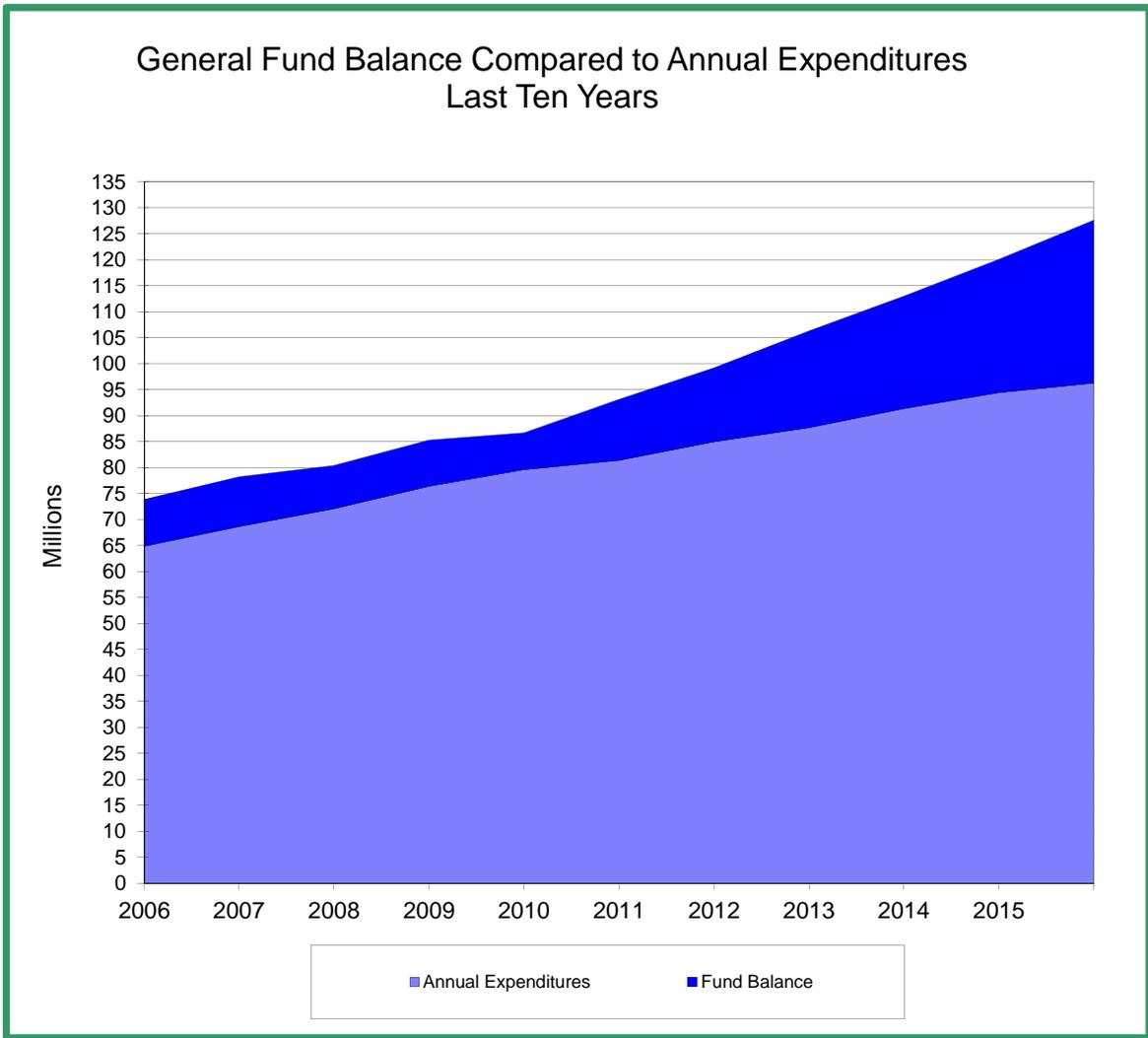
Year Ended June 30,	Real Property	Personal Property	Motor Vehicle & Other Excise	Total
2005	\$ 44,306,275	\$ 471,298	\$ 3,316,650	\$ 48,094,223
2006	\$ 47,196,123	\$ 599,809	\$ 3,727,932	\$ 51,523,864
2007	\$ 49,086,501	\$ 668,279	\$ 3,890,526	\$ 53,645,306
2008	\$ 52,729,826	\$ 690,885	\$ 3,893,511	\$ 57,314,222
2009	\$ 54,470,186	\$ 773,283	\$ 3,130,199	\$ 58,373,668
2010	\$ 59,388,413	\$ 1,043,711	\$ 2,974,353	\$ 63,406,477
2011	\$ 59,054,046	\$ 1,091,352	\$ 3,589,655	\$ 63,735,053
2012	\$ 64,727,199	\$ 1,151,269	\$ 3,895,105	\$ 69,773,573
2013	\$ 65,520,015	\$ 1,226,694	\$ 4,143,675	\$ 70,890,384
2014	\$ 68,252,233	\$ 1,258,808	\$ 4,543,986	\$ 74,055,027
2015	\$ 72,738,279	\$ 1,205,826	\$ 4,807,085	\$ 78,751,190



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

GENERAL FUND BALANCE COMPARED TO ANNUAL EXPENDITURES LAST TEN YEARS

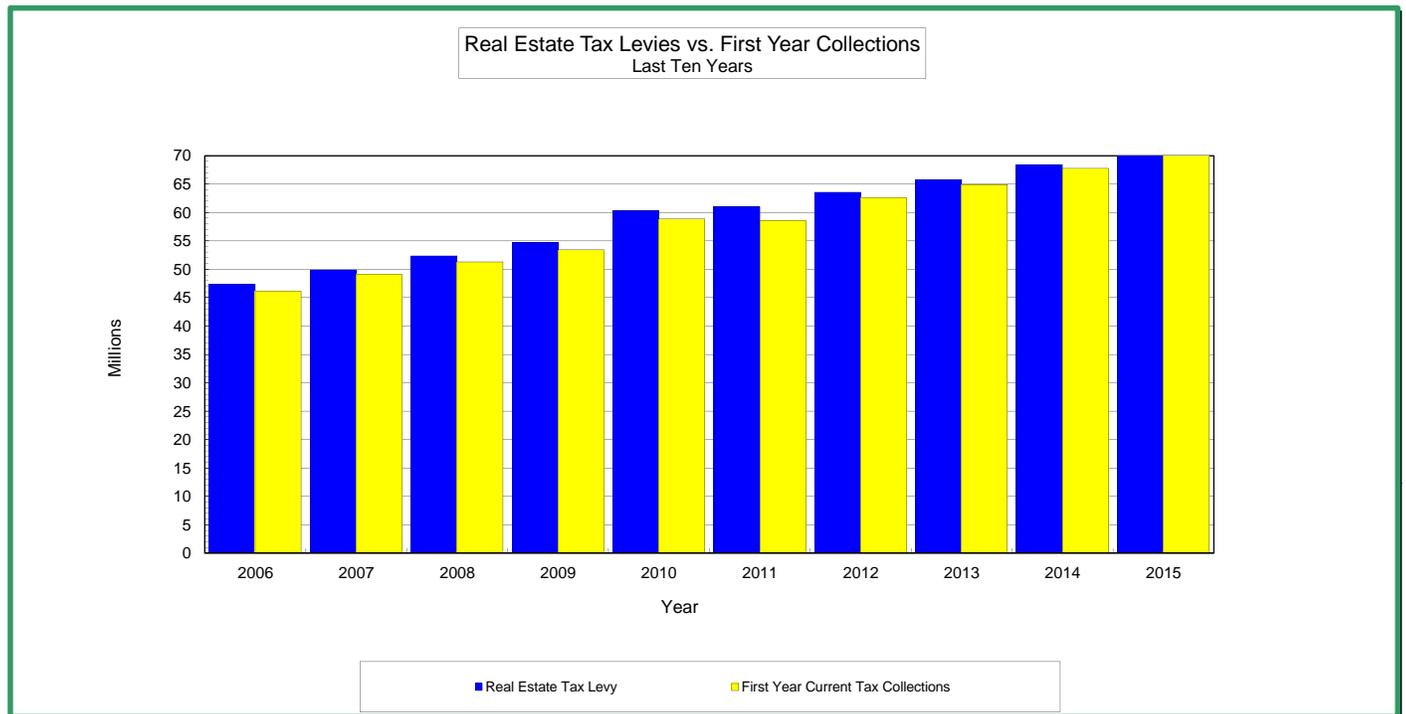
Year Ended June 30,	Fund Balance	Annual Expenditures	Balance as % of Expenditures
2006	\$ 9,583,130	\$ 68,614,807	13.97%
2007	\$ 8,332,050	\$ 72,043,499	11.57%
2008	\$ 8,884,711	\$ 76,382,718	11.63%
2009	\$ 7,099,935	\$ 79,559,960	8.92%
2010	\$ 11,781,094	\$ 81,342,054	14.48%
2011	\$ 14,219,824	\$ 84,929,680	16.74%
2012	\$ 18,652,801	\$ 87,621,170	21.29%
2013	\$ 21,669,847	\$ 91,311,575	23.73%
2014	\$ 25,709,663	\$ 94,378,040	27.24%
2015	\$ 31,370,797	\$ 96,214,249	32.61%



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

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

Year Ended June 30,	Real Estate Tax Levy (1)	First Year Current Tax Collections (2)	Percent of Levy Collected	Delinquent Levy Tax Collections	Total Tax Collections To Date	Percent of Levy Collected
2006	\$ 47,394,032	\$ 46,131,746	97.3%	\$ 149,541	\$ 46,281,287	97.7%
2007	\$ 49,861,711	\$ 49,102,357	98.5%	\$ 186,020	\$ 49,288,377	98.9%
2008	\$ 52,379,293	\$ 51,298,580	97.9%	\$ 65,279	\$ 51,363,859	98.1%
2009	\$ 54,789,488	\$ 53,444,778	97.5%	\$ 450,008	\$ 53,894,786	98.4%
2010	\$ 60,378,356	\$ 58,855,173	97.5%	\$ 655,856	\$ 59,511,029	98.6%
2011	\$ 60,970,038	\$ 58,567,611	96.1%	\$ 2,309,316	\$ 60,876,927	99.8%
2012	\$ 63,559,312	\$ 62,540,324	98.4%	\$ 531,413	\$ 63,071,737	99.2%
2013	\$ 65,785,681	\$ 64,928,353	98.7%	\$ 319,409	\$ 65,247,762	99.2%
2014	\$ 68,428,367	\$ 67,739,699	99.0%	\$ 559,891	\$ 68,299,590	99.8%
2015	\$ 72,761,462	\$ 72,051,714	99.0%	\$ -	\$ 72,051,714	99.0%



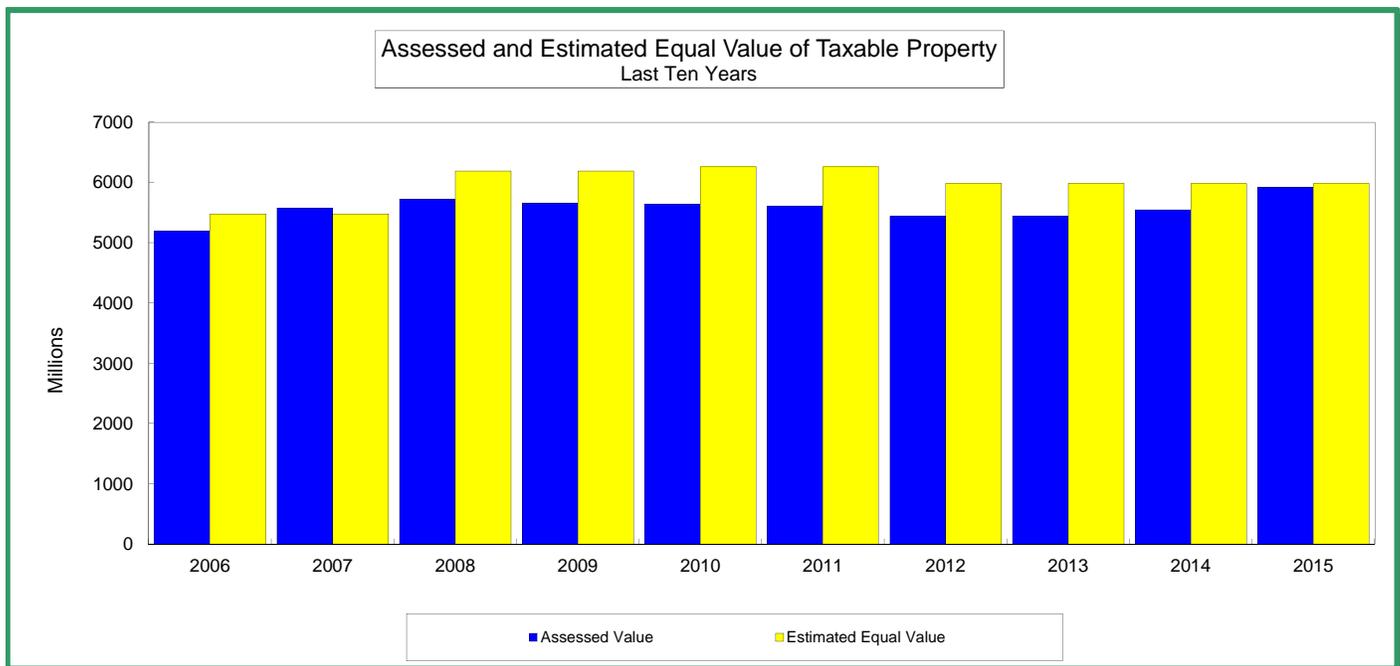
Source: Audited financial statements, Treasurer/Collector's records.

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

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

ASSESSED AND ESTIMATED EQUAL VALUE OF TAXABLE PROPERTY LAST TEN YEARS

Year Ended June 30,	Assessed Value (1)	Estimated Equal Value (2)	As Of	Assessed Value to Estimated Equal Value	Total Direct Rate
2006	\$ 5,192,463,730	\$ 5,479,432,500	01/01/2006	94.8%	\$ 9.20
2007	\$ 5,572,597,140	\$ 5,479,432,500	01/01/2006	101.7%	\$ 9.00
2008	\$ 5,725,353,220	\$ 6,190,427,500	01/01/2008	92.5%	\$ 9.20
2009	\$ 5,653,800,660	\$ 6,190,427,500	01/01/2008	91.3%	\$ 9.75
2010	\$ 5,636,105,233	\$ 6,257,344,000	01/01/2010	90.1%	\$ 10.77
2011	\$ 5,599,519,350	\$ 6,257,344,000	01/01/2010	89.5%	\$ 11.08
2012	\$ 5,438,188,940	\$ 5,984,621,300	01/01/2012	90.9%	\$ 11.89
2013	\$ 5,439,457,670	\$ 5,984,621,300	01/01/2012	90.9%	\$ 12.32
2014	\$ 5,548,991,980	\$ 5,981,636,700	01/01/2014	92.8%	\$ 12.56
2015	\$ 5,919,438,780	\$ 5,981,636,700	01/01/2015	99.0%	\$ 12.53

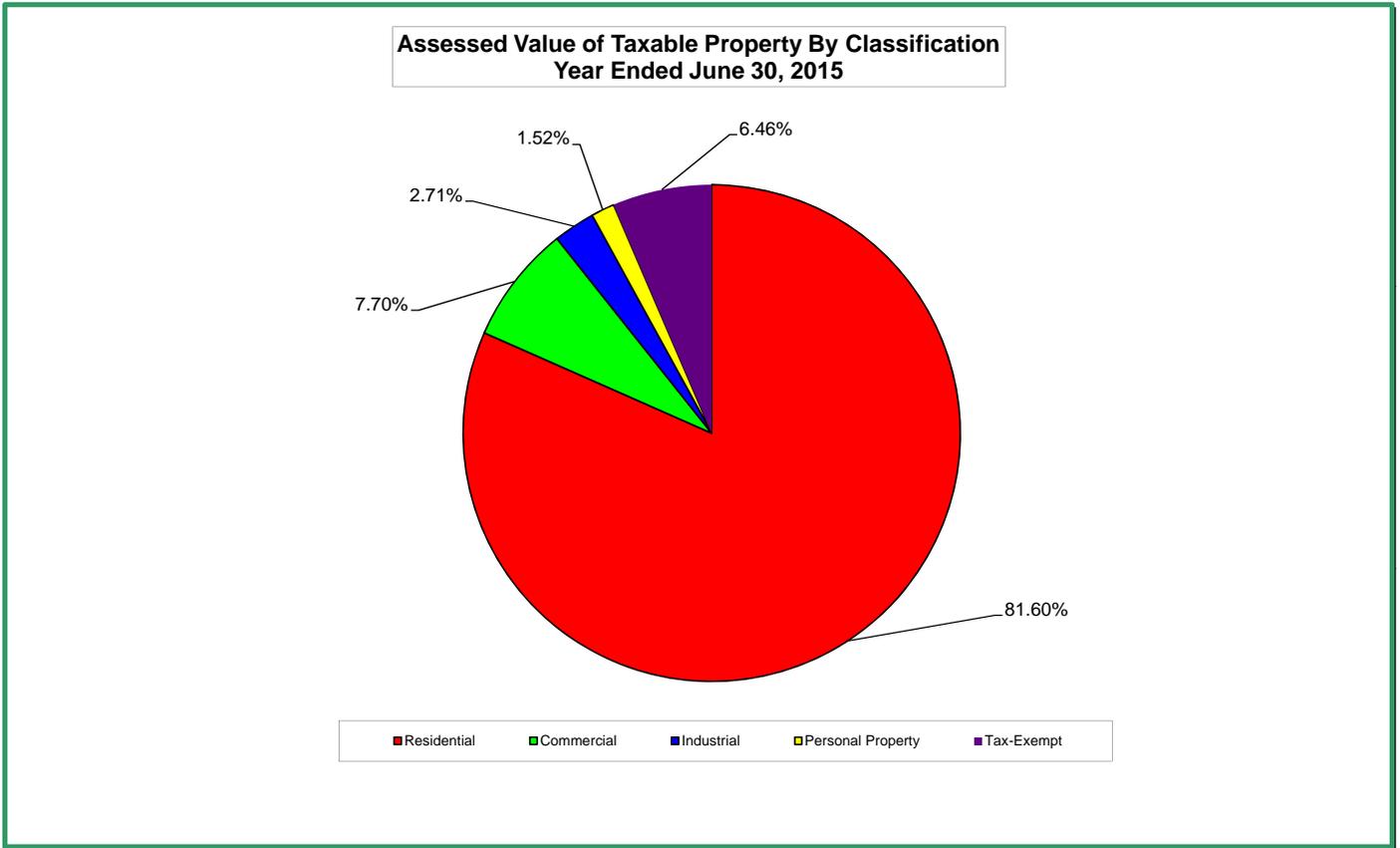


Source: Assessors Department, Town of Hingham

- (1) Assessed valuations are determined annually as of January 1 and used for the year beginning on the next July 1. Taxable property in this chart refers only to real estate.
- (2) The Commissioner of Revenue makes a determination of the fair cash value of the taxable property in each municipality in order to determine appropriate relative values for the purpose of certain distributions to and assessments upon cities and towns. This is known as "equalized value".

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

Year Ended June 30, (2)	Residential Valuation	Commercial Valuation	Industrial Valuation	Personal Property Valuation	Less: Tax-Exempt Property	Total Valuation
2006	\$ 4,537,505,927	\$ 383,712,499	\$ 205,880,174	\$ 65,365,130	\$ 328,824,300	\$ 4,863,639,430
2007	\$ 4,880,457,430	\$ 423,901,180	\$ 193,763,390	\$ 74,475,140	\$ 333,520,000	\$ 5,239,077,140
2008	\$ 5,001,557,821	\$ 463,240,322	\$ 191,314,157	\$ 69,240,920	\$ 384,268,700	\$ 5,341,084,520
2009	\$ 4,902,896,684	\$ 473,771,299	\$ 186,915,617	\$ 90,217,060	\$ 392,792,200	\$ 5,261,008,460
2010	\$ 4,883,302,232	\$ 475,224,448	\$ 182,626,233	\$ 94,952,320	\$ 392,792,200	\$ 5,243,313,033
2011	\$ 4,839,160,498	\$ 481,235,961	\$ 182,314,541	\$ 96,808,350	\$ 405,665,200	\$ 5,193,854,150
2012	\$ 4,742,405,100	\$ 434,205,900	\$ 164,218,200	\$ 97,359,740	\$ 358,700,200	\$ 5,079,488,740
2013	\$ 4,743,269,100	\$ 438,829,300	\$ 157,648,400	\$ 99,710,870	\$ 368,419,500	\$ 5,071,038,170
2014	\$ 4,838,079,100	\$ 454,806,400	\$ 155,232,900	\$ 100,873,580	\$ 369,281,800	\$ 5,179,710,180
2015	\$ 5,163,772,860	\$ 487,558,500	\$ 171,610,500	\$ 96,496,920	\$ 408,561,100	\$ 5,510,877,680
10 yr. average	\$ <u>4,853,240,675</u>	\$ <u>451,648,581</u>	\$ <u>179,152,411</u>	\$ <u>88,550,003</u>	\$ <u>374,282,520</u>	\$ <u>5,198,309,150</u>



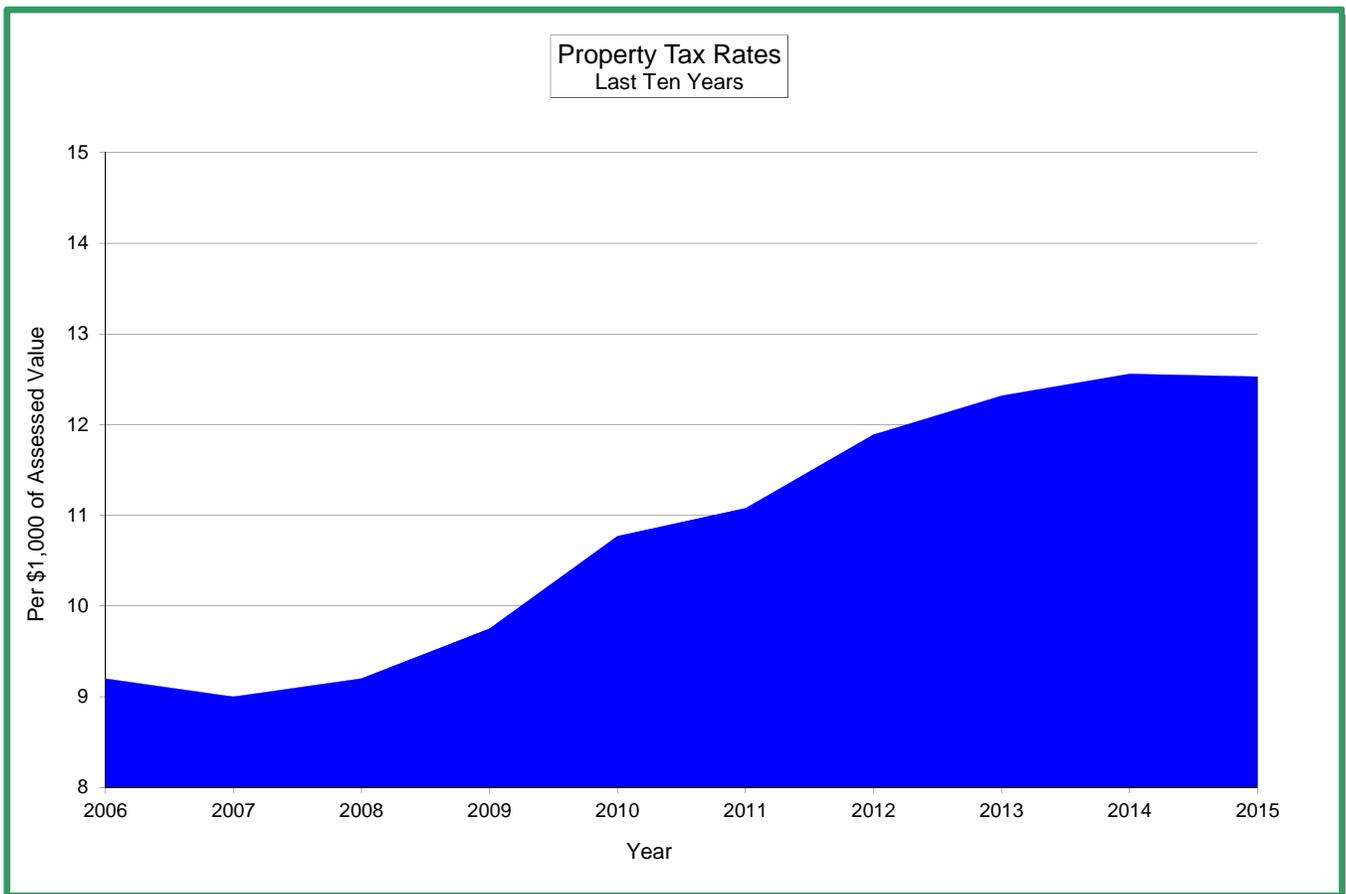
Source: Assessors Department, Town of Hingham

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

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

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

Year Ended June 30,	Residential	Commercial (2)	Industrial (2)	Personal
2005	\$ 9.96	\$ 9.96	\$ 9.96	\$ 9.96
2006	\$ 9.20	\$ 9.20	\$ 9.20	\$ 9.20
2007	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00
2008	\$ 9.20	\$ 9.20	\$ 9.20	\$ 9.20
2009	\$ 9.75	\$ 9.75	\$ 9.75	\$ 9.75
2010	\$ 10.77	\$ 10.77	\$ 10.77	\$ 10.77
2011	\$ 11.08	\$ 11.08	\$ 11.08	\$ 11.08
2012	\$ 11.89	\$ 11.89	\$ 11.89	\$ 11.89
2013	\$ 12.32	\$ 12.32	\$ 12.32	\$ 12.32
2014	\$ 12.56	\$ 12.56	\$ 12.56	\$ 12.56
2015	\$ 12.53	\$ 12.53	\$ 12.53	\$ 12.53

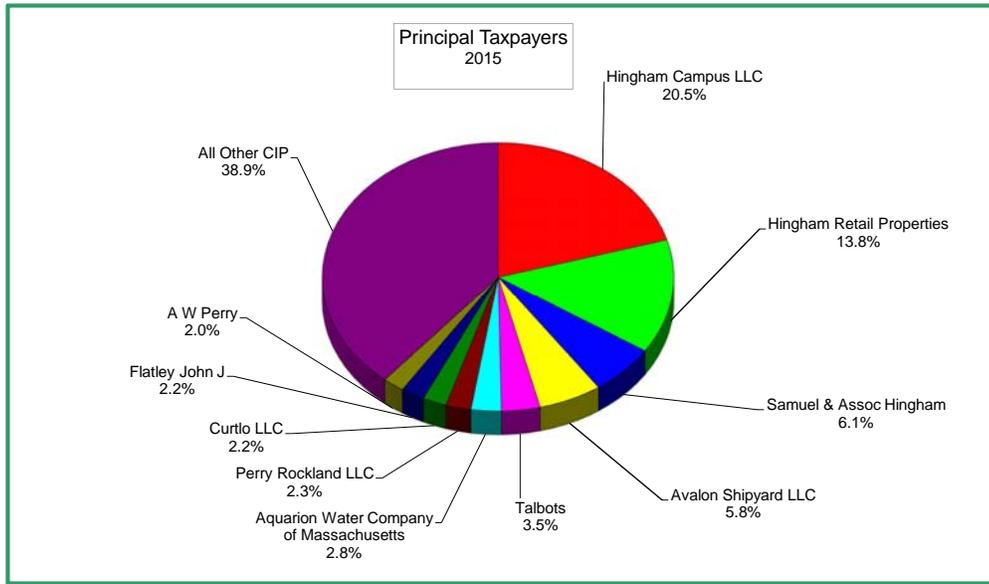


SOURCE: Assessor's Department, Town of Hingham

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

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

Name	Nature of Business	2015			2006		
		Assessed Valuation	Rank	Percentage of CIP(2)	Percentage of Total Tax Levy(3)	Assessed Valuation	Rank
Hingham Campus LLC	Housing	\$154,928,200	1	20.5%	2.6%		
Hingham Retail Properties	Mall	\$104,123,100	2	13.8%	1.8%	\$99,725,400	2
Samuel & Assoc Hingham	Retail/Comm. Real Estate	\$45,899,000	3	6.1%	0.8%		
Avalon Shipyard LLC	Apartments	\$43,900,000	4	5.8%	0.7%		
Talbots	Retail	\$26,812,900	5	3.5%	0.5%	\$26,611,300	6
Aquarion Water Company of Massachusetts	Utilities	\$20,958,500	6	2.8%	0.4%	\$56,047,840	3
Perry Rockland LLC	Land Comm. & Ind. Bldg.	\$17,471,900	7	2.3%	0.3%	\$22,390,100	7
Curtlo LLC	Mall	\$16,546,300	8	2.2%	0.3%	\$13,813,700	9
Flatley John J	Land Comm. & Ind. Bldg.	\$16,431,900	9	2.2%	0.3%		
A W Perry	Office/Manufacturing	\$14,847,700	10	2.0%	0.3%		
CNL Retirement-LP	Real Estate	-	-	-	-	\$121,999,700	1
Hingham Resources	Industrial Park	-	-	-	-	\$18,600,000	8
Hewetts Cove	Real Estate	-	-	-	-	\$35,451,400	5
South Shore Ind. Park T.	Land	-	-	-	-	\$38,103,100	4
Hingham Builders LLC	Real Estate	-	-	-	-	\$12,082,800	10
		<u>\$ 461,919,500</u>		<u>61.1%</u>	<u>7.8%</u>	<u>\$444,825,340</u>	



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

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

Year Ended June 30,	Governmental Activities							
	Population	Personal Income	Assessed Value	General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2006	21,095	\$ 879,724,785	\$ 5,192,463,730	\$ 41,850,720	-	\$ 1,984	4.76%	0.81%
2007	21,275	\$ 887,231,325	\$ 5,572,597,140	\$ 38,788,259	-	\$ 1,823	4.37%	0.70%
2008	21,978	\$ 916,548,534	\$ 5,725,353,220	\$ 40,741,181	-	\$ 1,854	4.45%	0.71%
2009	21,589	\$ 900,326,067	\$ 5,653,800,660	\$ 75,318,162	-	\$ 3,489	8.37%	1.33%
2010	22,322	\$ 930,894,366	\$ 5,636,105,233	\$ 70,204,570	-	\$ 3,145	7.54%	1.25%
2011	22,157	\$ 924,013,371	\$ 5,599,519,350	\$ 64,670,742	-	\$ 2,919	7.00%	1.15%
2012	21,065	\$ 1,213,638,910	\$ 5,438,188,940	\$ 60,960,972	-	\$ 2,894	5.02%	1.12%
2013	21,065	\$ 1,213,638,910	\$ 5,439,457,670	\$ 55,512,838	-	\$ 2,635	4.57%	1.02%
2014	21,065	\$ 1,213,638,910	\$ 5,439,457,670	\$ 50,222,555	-	\$ 2,384	4.14%	0.92%
2015	22,051	\$ 1,270,446,314	\$ 5,919,438,780	\$ 86,413,174	-	\$ 3,919	6.80%	1.46%

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
2006	\$ 400,000	\$ -	\$ 42,250,720	\$ 2,003	4.80%	0.81%
2007	\$ 200,000	\$ 767,370	\$ 39,755,629	\$ 1,869	4.48%	0.71%
2008	\$ 1,585,000	\$ 861,570	\$ 43,187,751	\$ 1,965	4.71%	0.75%
2009	\$ 1,465,000	\$ 541,814	\$ 77,324,976	\$ 3,582	8.59%	1.37%
2010	\$ 1,340,000	\$ 357,375	\$ 71,901,945	\$ 3,221	7.72%	1.28%
2011	\$ 1,215,000	\$ 373,806	\$ 66,259,548	\$ 2,990	7.17%	1.18%
2012	\$ 1,085,000	\$ 164,232	\$ 62,210,204	\$ 2,953	5.13%	1.14%
2013	\$ 950,000	\$ 125,016	\$ 56,587,854	\$ 2,686	4.66%	1.04%
2014	\$ 805,000	\$ 84,567	\$ 51,112,122	\$ 2,426	4.21%	0.94%
2015	\$ 846,418	\$ 42,938	\$ 87,302,530	\$ 3,959	6.87%	1.47%

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Equalized value established January 1 by Comm. of Massachusetts.....	\$ <u>5,479,433</u>	\$ <u>5,479,433</u>	\$ <u>6,190,427</u>	\$ <u>6,190,427</u>	\$ <u>6,257,344</u>	\$ <u>6,257,344</u>	\$ <u>5,984,621</u>	\$ <u>5,984,621</u>	\$ <u>5,981,636</u>	\$ <u>5,981,636</u>
Debt limit.....	\$ 273,972	\$ 273,972	\$ 309,521	\$ 309,521	\$ 312,867	\$ 312,867	\$ 299,231	\$ 299,231	\$ 299,082	\$ 299,082
Less:										
Total net debt applicable to limit.....	\$ <u>44,430</u>	\$ <u>41,629</u>	\$ <u>43,976</u>	\$ <u>43,976</u>	\$ <u>71,545</u>	\$ <u>66,185</u>	\$ <u>60,267</u>	\$ <u>54,906</u>	\$ <u>49,680</u>	\$ <u>83,688</u>
Legal debt margin.....	\$ <u>229,542</u>	\$ <u>232,343</u>	\$ <u>265,545</u>	\$ <u>265,545</u>	\$ <u>241,322</u>	\$ <u>246,682</u>	\$ <u>238,964</u>	\$ <u>244,325</u>	\$ <u>249,402</u>	\$ <u>215,394</u>
Total net debt applicable to the limit as a percentage of debt limit.....	16.22%	15.19%	14.21%	14.21%	22.87%	21.15%	20.14%	18.35%	16.61%	27.98%

(Dollar amounts in thousands)

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

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

**COMPUTATION OF OVERLAPPING DEBT
As of June 30, 2015**

	<u>Outstanding Long Term Debt</u>	<u>Hingham's Estimated Share (1)</u>	<u>2015 Dollar Assessment (2)</u>
Plymouth County Overlapping Debt (3).. \$	-	N/A	\$ 121,757
MWRA Overlapping Debt (4).....	3,797,261,000	0.0359%	1,363,217
Town direct debt.....	86,413,174		
Town direct and overlapping debt..... \$	<u>3,883,674,174</u>		<u>\$ 1,484,974</u>

(1) Estimated share based upon operating expenses.

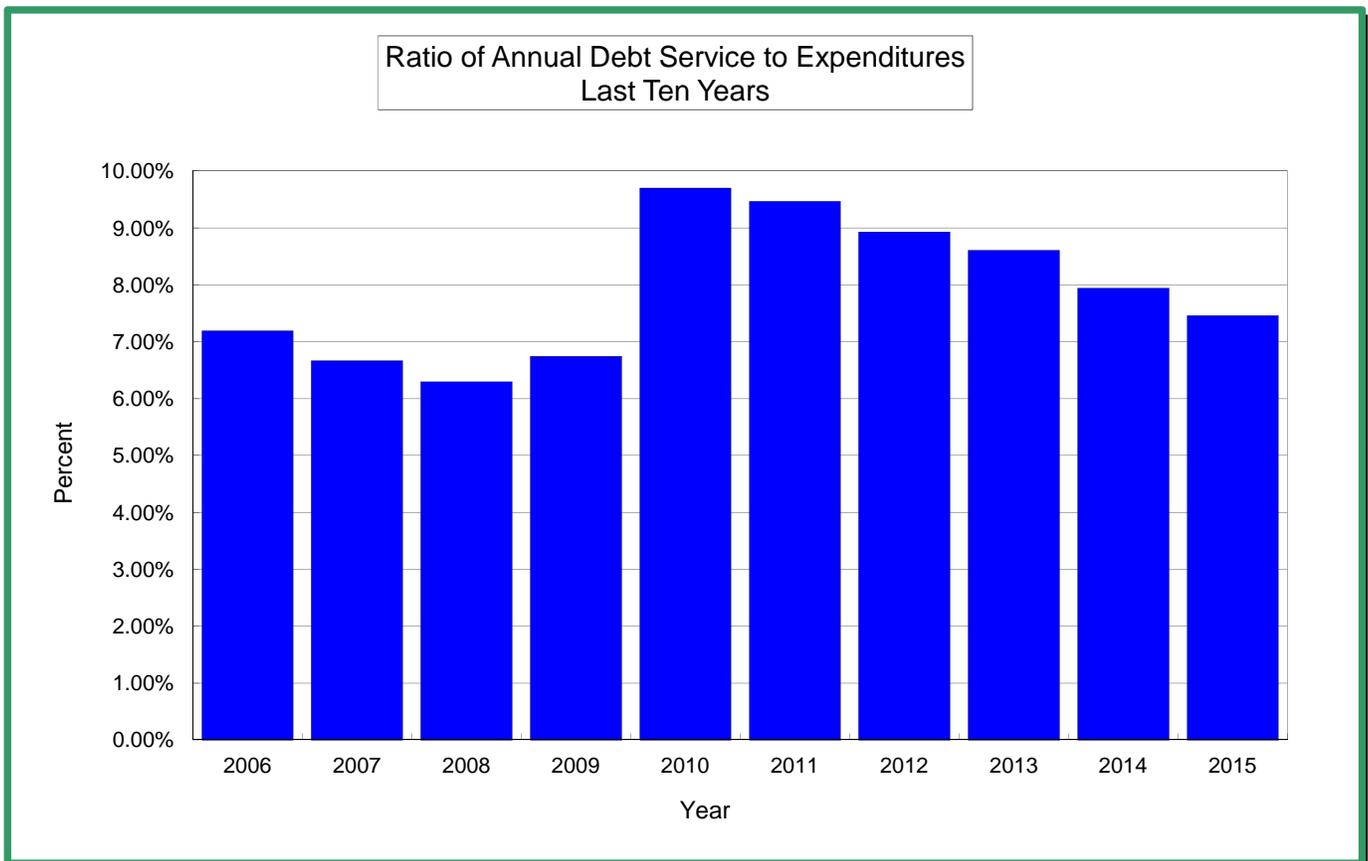
(2) Estimated dollar assessment based upon total net operating expenses, inclusive, where applicable, of debt service.

(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, 2015. The MWRA provides water and sewer services to its member towns. Hingham is not a member of the MWRA water division as Hingham receives water from a private company.

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

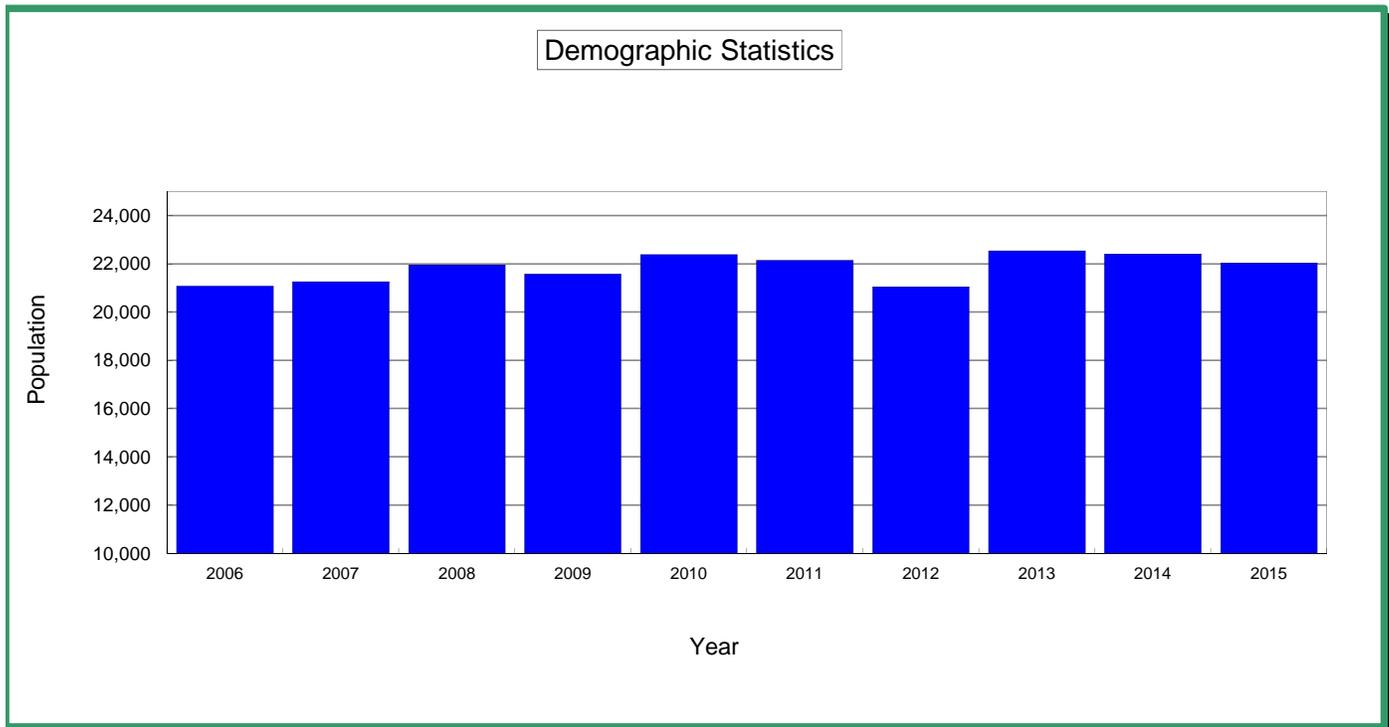
Year Ended Ended June 30,	Annual Debt Service	Total General Fund Expenditures	Ratio of Annual Debt Service to Expenditures
2006	\$ 4,933,631	\$ 68,614,807	7.2%
2007	\$ 4,804,214	\$ 72,043,499	6.7%
2008	\$ 4,809,000	\$ 76,382,718	6.3%
2009	\$ 5,365,003	\$ 79,559,960	6.7%
2010	\$ 7,894,798	\$ 81,342,054	9.7%
2011	\$ 8,042,555	\$ 84,929,680	9.5%
2012	\$ 7,827,460	\$ 87,621,170	8.9%
2013	\$ 7,861,574	\$ 91,311,575	8.6%
2014	\$ 7,496,310	\$ 94,378,040	7.9%
2015	\$ 7,178,663	\$ 96,214,249	7.5%



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

DEMOGRAPHIC STATISTICS LAST TEN YEARS

Year	Town of Hingham Population (1)	Plymouth County Population (2)	Commonwealth of Massachusetts Population (2)
2006	21,095	492,409	6,398,743
2007	21,275	493,623	6,437,193
2008	21,978	490,258	6,449,755
2009	21,589	492,066	6,497,967
2010	22,394	498,344	6,593,587
2011	22,157	495,780	6,557,254
2012	21,065	497,579	6,587,536
2013	22,552	499,759	6,646,144
2014	22,428	501,915	6,692,824
2015	22,051	507,022	6,745,408

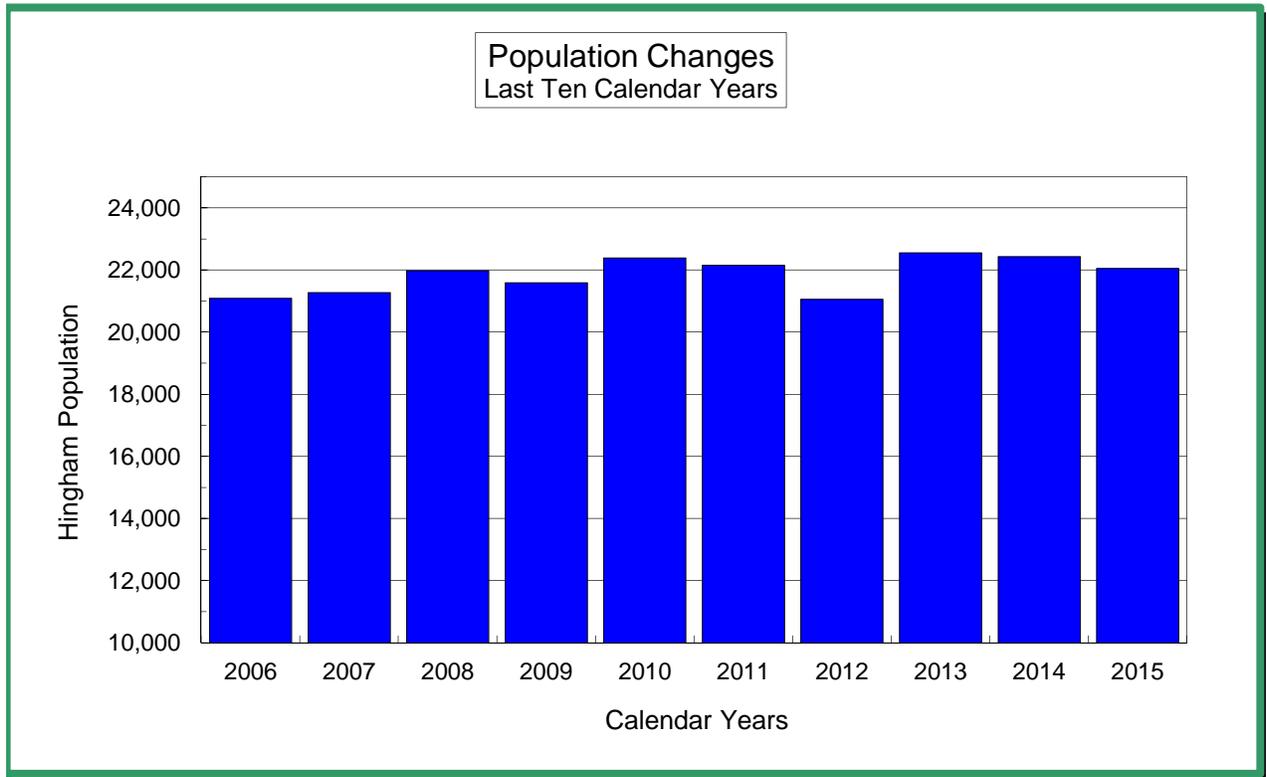


(1) Source: Hingham Town Clerk's Office.

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

POPULATION CHANGES LAST TEN CALENDAR YEARS

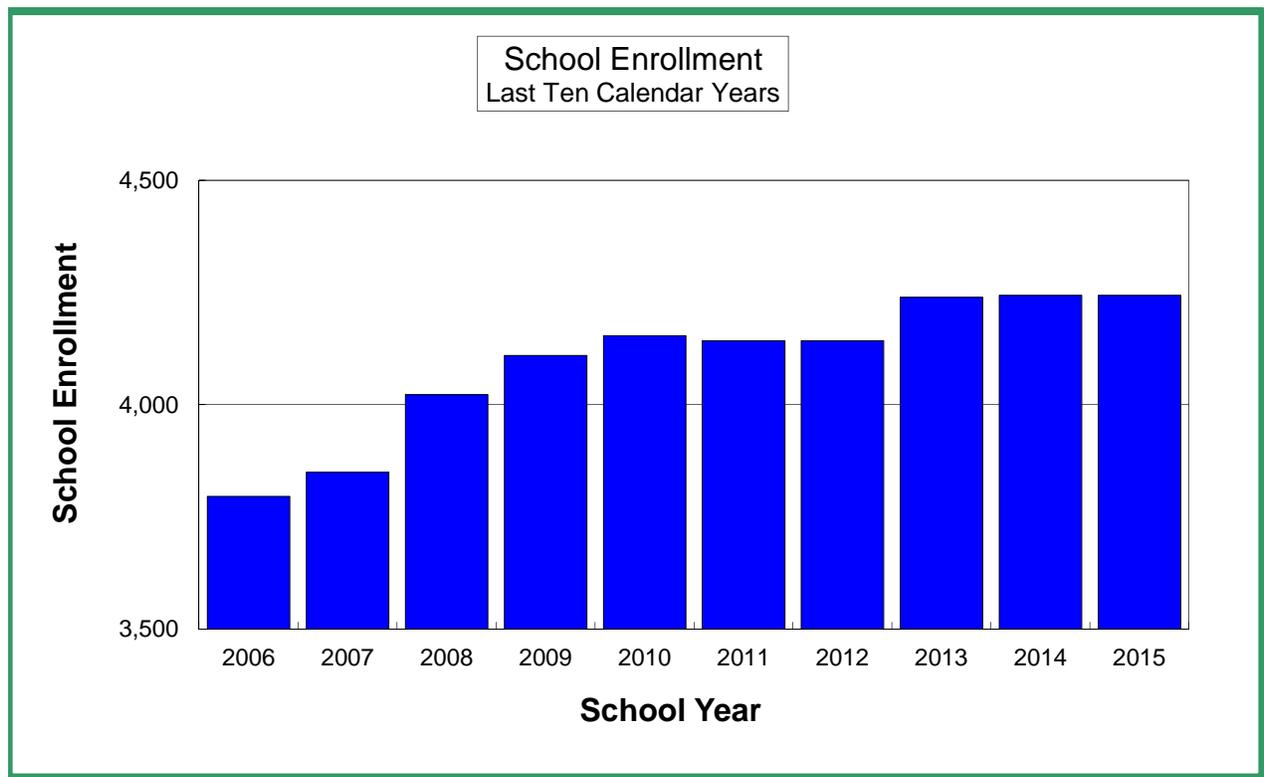
Year	Population	Increase (Decrease)
2006	21,095	223
2007	21,275	180
2008	21,978	703
2009	21,589	(389)
2010	22,394	805
2011	22,157	(237)
2012	21,065	(1,092)
2013	22,552	1,487
2014	22,428	(124)
2015	22,051	(377)



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

SCHOOL ENROLLMENT STATISTICS LAST TEN YEARS

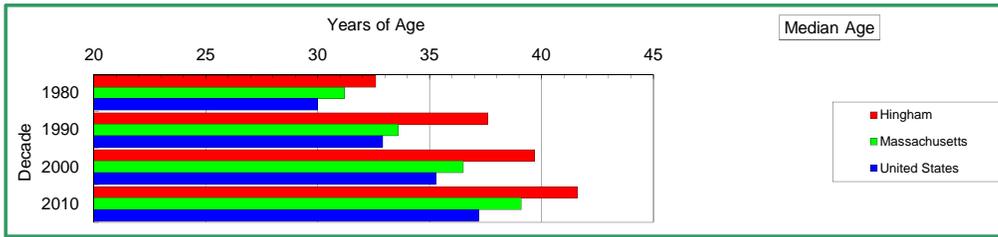
School Year	School Enrollment	Increase (Decrease)
2006	3,796	33
2007	3,850	54
2008	4,023	173
2009	4,110	87
2010	4,154	44
2011	4,143	-11
2012	4,143	0
2013	4,240	97
2014	4,244	4
2015	4,244	0



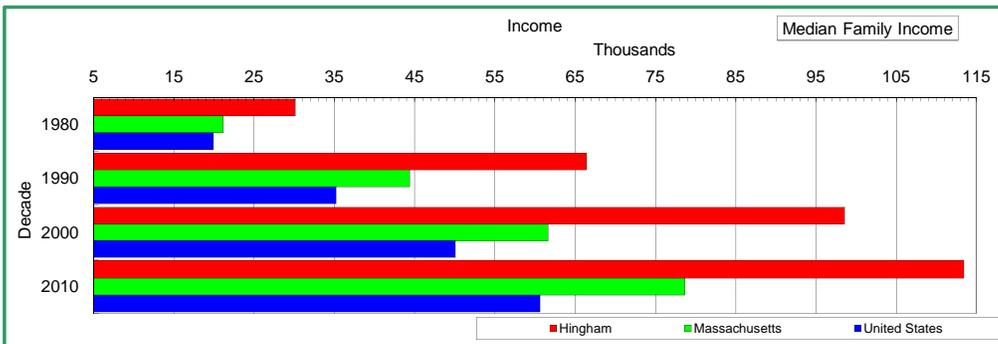
Source: Hingham's School Business Administration Office (K-12)

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

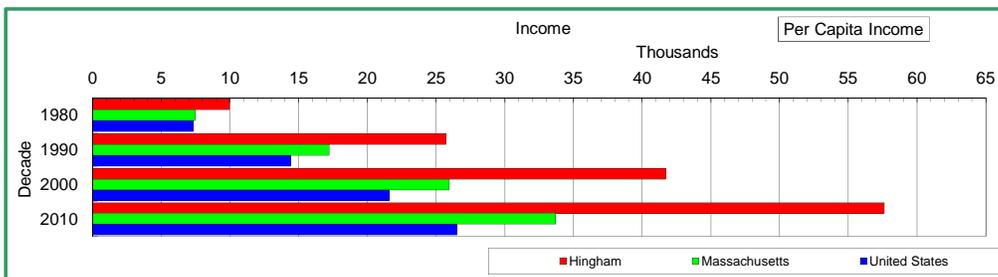
Median Age	Hingham	Massachusetts	United States
1980	32.6	31.2	30.0
1990	37.6	33.6	32.9
2000	39.7	36.5	35.3
2010	41.6	39.1	37.2



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



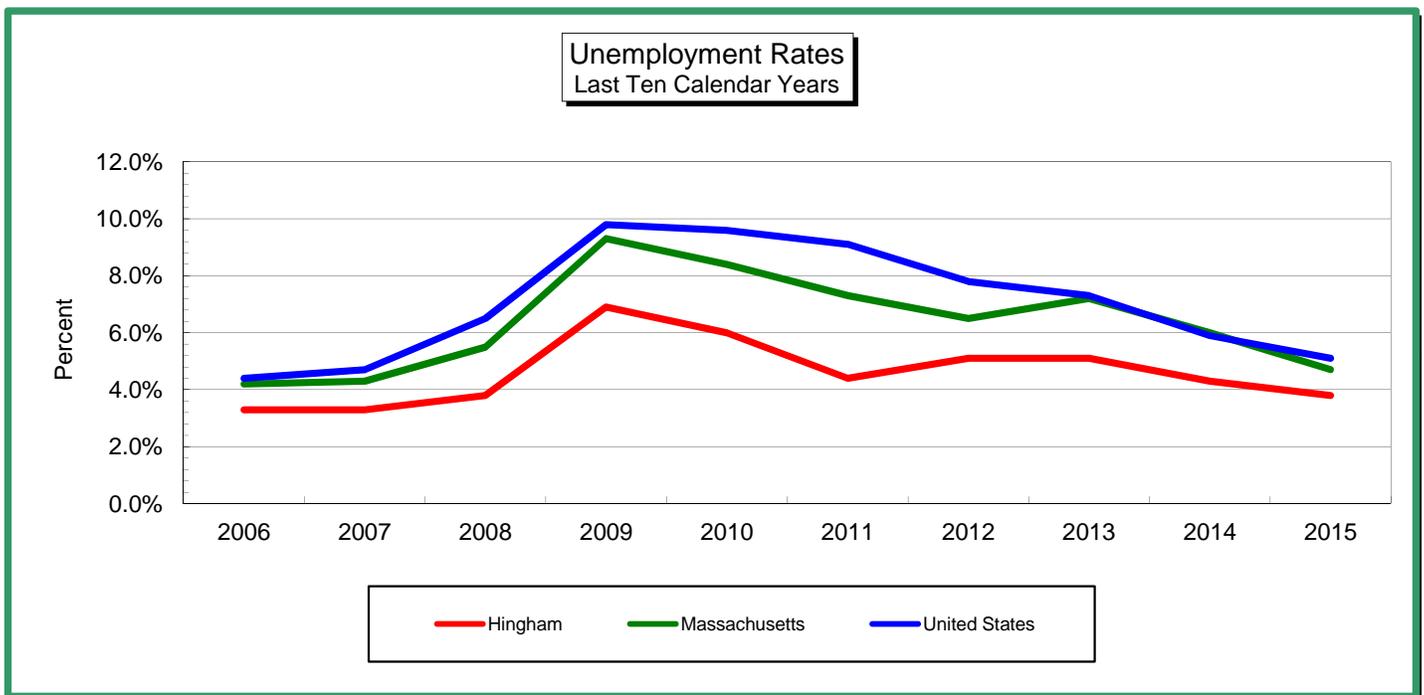
Per Capita Income	Hingham	Massachusetts	United States
1980	\$ 9,949	\$ 7,459	\$ 7,313
1990	\$ 25,726	\$ 17,224	\$ 14,420
2000	\$ 41,703	\$ 25,952	\$ 21,587
2010	\$ 57,614	\$ 33,704	\$ 26,505



Source: Federal Bureau of the Census.

UNEMPLOYMENT RATES LAST TEN CALENDAR YEARS

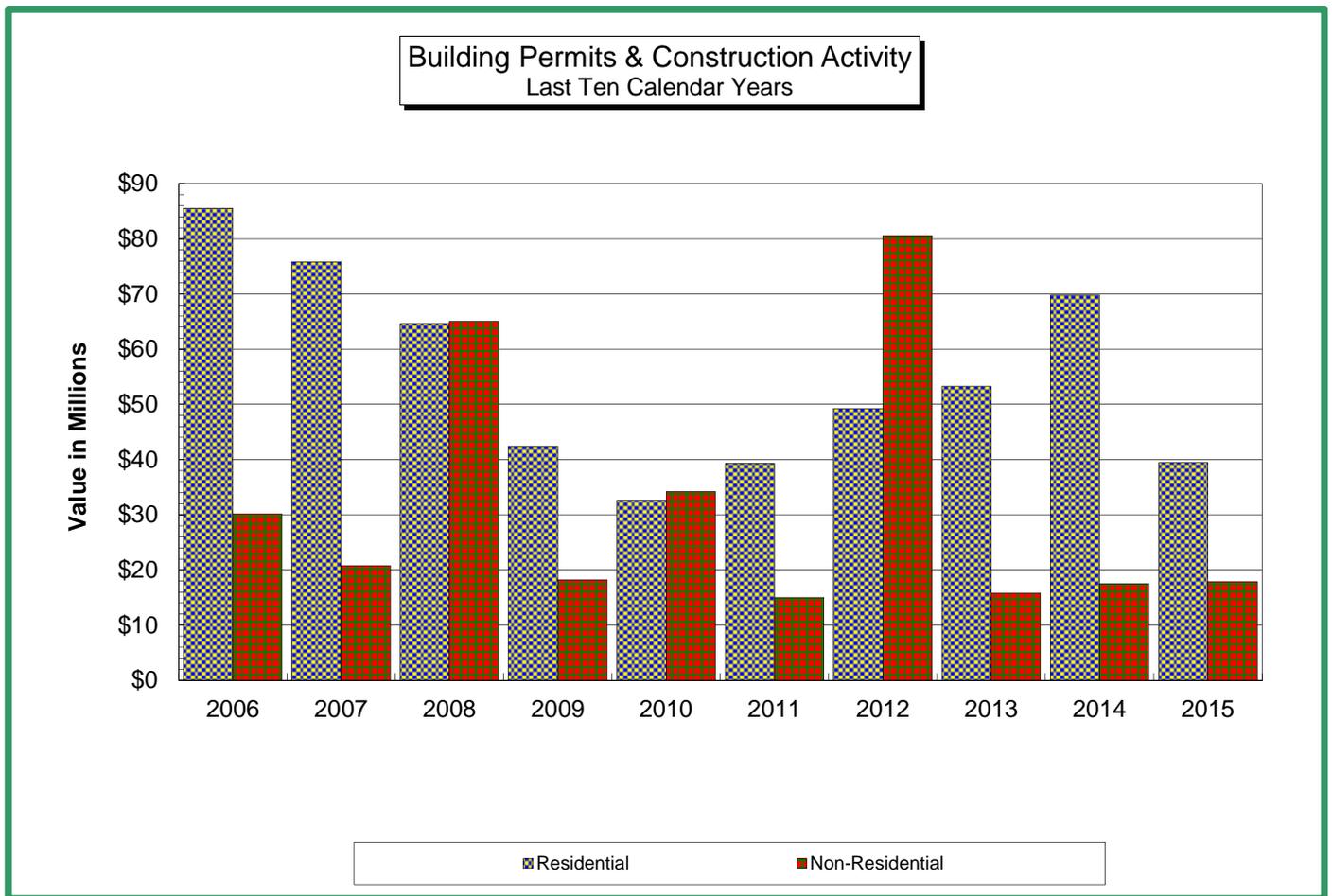
Year	Hingham (1)	Massachusetts (1)	United States (1)
2006	3.3%	4.2%	4.4%
2007	3.3%	4.3%	4.7%
2008	3.8%	5.5%	6.5%
2009	6.9%	9.3%	9.8%
2010	6.0%	8.4%	9.6%
2011	4.4%	7.3%	9.1%
2012	5.1%	6.5%	7.8%
2013	5.1%	7.2%	7.3%
2014	4.3%	6.0%	5.9%
2015	3.8%	4.7%	5.1%



(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	
2006	687	\$ 85,518,014	292	\$ 30,130,645	\$ 115,648,659
2007	682	\$ 75,809,759	263	\$ 20,778,531	\$ 96,588,290
2008	752	\$ 64,635,923	307	\$ 65,018,772	\$ 129,654,695
2009	579	\$ 42,418,537	290	\$ 18,199,861	\$ 60,618,398
2010	656	\$ 32,593,032	344	\$ 34,203,134	\$ 66,796,166
2011	694	\$ 39,302,563	282	\$ 14,987,870	\$ 54,290,433
2012	716	\$ 49,275,795	331	\$ 80,578,827	\$ 129,854,622
2013	656	\$ 53,258,863	304	\$ 15,744,282	\$ 69,003,145
2014	847	\$ 69,769,445	263	\$ 17,518,199	\$ 87,287,644
2015	862	\$ 39,402,588	295	\$ 17,860,008	\$ 57,262,596



(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**

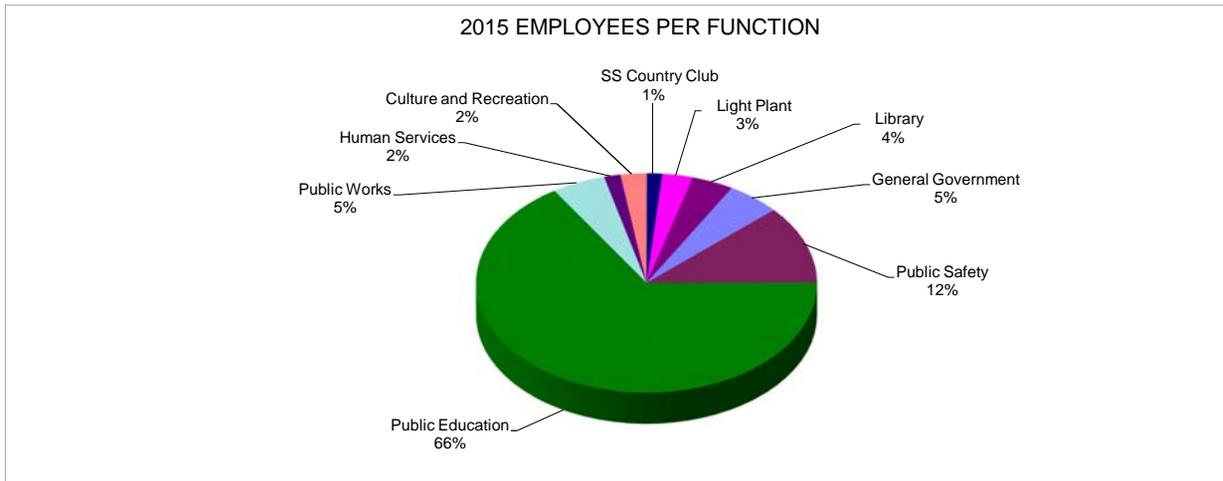
2015				
Employer	Business	Employees	Rank	% of Total Employment
Blue Cross/Blue Shield	Health Care	1,245	1	11.30%
Town of Hingham	Government	963	2	8.74%
Linden Ponds	Health Care	750	3	6.81%
Talbots	Retail Clothing	475	4	4.31%
Serono Laboratories	Bio-Technology	420	5	3.81%
Russ Electric	Manufacturing	230	7	2.09%
Whole Foods	Retail	208	6	1.89%
Harbor House	Health Care	192	9	1.74%
Stop & Shop	Retail	185	8	1.68%
Eat Well	Restaurant	170	10	1.54%
		<u>4,838</u>		<u>43.91%</u>

2006				
Employer	Business	Employees	Rank	% of Total Employment
Talbots	Retail Clothing	1,200	1	9.99%
Town of Hingham	Government	899	2	7.49%
Serono Laboratories	Bio-Technology	455	3	3.79%
Russ Electric	Manufacturing	310	4	2.58%
Linden Ponds	Health Care	250	5	2.08%
Stop & Shop	Retail	200	6	1.67%
Kohl's	Retail	200	7	1.67%
Harbor House	Health Care	200	8	1.67%
Eat Well	Restaurant	163	9	1.36%
Whole Foods	Retail	170	10	1.42%
		<u>4,047</u>		<u>33.70%</u>

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

**NUMBER OF EMPLOYEES
PER FUNCTION OF GOVERNMENT**

Function	2015		2014		2013		2012		2011		2010		2009	
	# of Employees	% of Total Employees	# of Employees	% of Total Employees	# of Employees	% of Total Employees	# of Employees	% of Total Employees	# of Employees	% of Total Employees	# of Employees	% of Total Employees	# of Employees	% of Total Employees
Governmental Activities														
General Government	49	5.09%	49	5.17%	49	5.22%	48	5.07%	49	5.09%	47	4.75%	48	4.71%
Public Safety	111	11.53%	106	11.19%	108	11.51%	109	11.51%	122	12.68%	132	13.35%	135	13.25%
Public Education	635	65.94%	625	66.00%	621	66.20%	638	67.37%	634	65.90%	660	66.73%	676	66.34%
Public Works	49	5.09%	47	4.96%	45	4.80%	44	4.65%	46	4.78%	46	4.65%	47	4.61%
Human Services	15	1.56%	15	1.58%	16	1.71%	14	1.48%	15	1.56%	13	1.31%	12	1.18%
Culture and Recreation	24	2.49%	24	2.53%	21	2.24%	23	2.43%	25	2.60%	23	2.33%	26	2.55%
Business-Type Activities														
SS Country Club	14	1.45%	11	1.16%	9	0.96%	9	0.95%	6	0.62%	6	0.61%	6	0.59%
Light Plant	28	2.91%	28	2.96%	28	2.99%	27	2.85%	27	2.81%	27	2.73%	29	2.85%
Component Unit														
Library	38	3.95%	42	4.44%	41	4.37%	35	3.70%	38	3.95%	35	3.54%	40	3.93%
TOTAL EMPLOYEES	963	100.00%	947	100.00%	938	100.00%	947	100.00%	962	100.00%	989	100.00%	1,019	100.00%



Source: Various Town Departments.
 Note: Prior years data not available. Terminated employees are purged from our system.

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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Number of Buildings	3	3	3	3	4	4	4	4	4	4
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Fire Station										
Number of Stations	3	3	3	3	3	3	3	3	3	3
Public Education										
Number of elementary schools	3	3	3	4	4	4	4	4	4	4
Number of middle schools	1	1	1	1	1	1	1	1	1	1
Number of high schools	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets to maintain (approx. miles)	140	140	140	139	139	140	140	140	140	140
Sidewalks to maintain (approx. miles)	60	60	60	60	60	60	60	60	60	60
Tree & Park Division										
Tree Plantings	73	103	98	53	22	57	56	60	48	48
Tree Removals	139	138	211	170	96	190	211	217	185	185
Human Services										
Senior Center Facility	1	1	1	1	1	1	1	1	1	1
Cultural and Recreation										
Number of libraries	1	1	1	1	1	1	1	1	1	1
Parks (acreage)	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750
Playgrounds	8	8	8	8	8	8	8	8	8	8
Public beaches	1	1	1	1	1	1	1	1	1	1
Tennis courts (individual)	25	25	25	25	25	25	25	25	25	25
Basketball courts (inside & outside)	15	15	15	15	15	15	15	15	15	15
Athletic Fields	28	28	28	28	32	32	32	32	32	32
Country Club	1	1	1	1	1	1	1	1	1	1

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

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Town Clerk										
Population	20,872	21,095	21,275	21,978	21,589	22,394	21,157	22,973	22,249	22,451
Houses, including condominiums	6,959	6,959	7,012	7,012	7,110	7,110	7,173	7,223	7,346	7,402
Registered voters, Annual Town Election	14,020	14,925	15,056	16,009	15,322	15,731	15,939	16,995	16,595	16,546
Births	237	215	228	228	237	198	221	205	216	201
Marriages	66	80	86	89	82	80	74	73	80	85
Deaths	208	272	237	262	270	286	335	275	281	402
Community Planning										
Building Permits issued	1,062	979	945	1,059	869	1,000	976	964	1,051	1,125
Police										
Emergency responses	17,513	19,779	19,450	19,116	20,479	20,632	18,301	18,927	20,854	20,527
Motor vehicle accidents	692	561	1,109	870	873	838	803	819	879	776
Parking tickets issued	1,026	834	454	630	420	456	656	848	538	367
Fire										
Emergency responses	3,878	3,594	3,839	3,770	3,713	3,898	3,859	3,874	3,985	3,936
Public Works										
Recycling/tons	1,963	2,498	2,900	2,565	2,320	2,320	2,427	2,621	2,411	2,426
Return bottle program:										
Donated cans	-	185,044	216,631	332,748	269,380	305,080	263,590	263,300	247,340	271,320
Donated bottles	-	5,964	61,570	130,612	55,600	84,385	70,855	60,235	75,650	78,100
Snow & Ice										
Inches of snow	107	40	45	43	57	40	48	11	64	74
Snowplowing operations	14	16	6	7	8	9	12	2	6	6
Sanding operations	44	19	27	31	31	28	28	6	28	31
Council on Aging										
Van trips	7,218	6,094	5,258	4,424	5,801	5,981	5,158	5,556	4,797	5,008
Volunteers	200	200	238	176	174	168	170	167	153	142
Total Volunteer hours	11,746	11,312	14,473	12,064	11,930	10,410	10,369	11,034	9,628	10,454
Health										
Permits issued	2,048	1,209	1,392	1,226	1,135	1,296	1,298	1,069	1,856	1,941
Library										
Number of patrons	281,000	285,000	281,800	284,000	-	271,419	260,537	266,445	260,000	241,000
Check-out items	439,308	444,600	432,384	430,350	461,489	437,914	427,843	420,467	403,882	396,694
Card holders	16,342	15,000	15,101	14,331	-	12,638	14,123	14,276	13,000	12,500
Program attendance	7,175	7,175	7,175	7,175	6,940	9,250	6,216	6,354	6,968	7,547
Public Education										
Public school enrollment	3,763	3,796	3,850	4,023	4,110	4,154	4,143	4,274	4,303	4,362
Professional staff	309	360	348	321	-	359	389	380	358	359
Support staff	146	216	222	164	-	233	221	253	307	305
Recreation										
Total program revenue	\$ 325,389	\$ 362,345	\$ 472,171	\$ 548,704	\$ 566,880	\$ 652,834	\$ 645,495	\$ 632,135	\$ 662,784	\$ 685,231
Veteran Services										
Total Veteran's benefits	\$ 117,118	\$ 139,730	\$ 182,740	\$ 201,678	\$ 257,418	\$ 225,087	\$ 176,142	\$ 190,814	\$ 229,705	\$ 231,948
Retirement										
Total membership	830	847	886	910	917	923	944	987	1,036	1,066

Source: Annual Town Reports, Town Departments
2015 data is not yet available

Free Cash and Stabilization Fund Balances

Last Ten Years

<u>Year</u>	<u>Free Cash</u>	<u>Stabilization Fund</u>
FY2015.....	\$ N/A	\$ 2,171,733
FY2014.....	\$ 16,753,238	\$ 1,884,504
FY2013.....	\$ 12,958,685	\$ 2,057,450
FY2012.....	\$ 10,956,404	\$ 1,486,375
FY2011.....	\$ 8,416,188	\$ 487,433
FY2010.....	\$ 8,707,991	\$ 597,372
FY2009.....	\$ 4,749,226	\$ 706,214
FY2008.....	\$ 4,072,214	\$ 803,409
FY2007.....	\$ 5,002,112	\$ 880,405
FY2006.....	\$ 5,918,645	\$ 307,707

Source: Town Records

N/A: FY2015 Free Cash not yet available