



Town of Hingham, Massachusetts



Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2017

On the cover: A crowd of approximately 125 distinguished guests, friends and Foss family members filled the lobby of the new MBTA's recently completed and long-awaited \$7.5 million Hingham Intermodal Terminal at the Hingham Shipyard to dedicate a permanent memorial to the memory of Seaman Herbert L. Foss, the only recipient of the Medal of Honor who was a full-time resident of Hingham. The highlight of the dedication was the unveiling of an interpretive plaque, and a bronze bust memorializing Foss.

Guests had said they were "united together to pay tribute to a man to whom we all owe an immeasurable debt of gratitude and honor, and to celebrate his life and the memory of his historic deeds as a member of the United States Navy." The Medal of Honor citation which had been presented to Seaman Herbert Louis Foss states: "On board the U.S.S. Marblehead during the operation of cutting the cable leading from Cienfuegos, Cuba (to Spain), 11 May 1898. Facing the heavy fire of the enemy, Foss set an example of extraordinary bravery and coolness throughout this action."

In late July 2014, a bill was before the State Senate to preserve a memorial in the Hingham Shipyard to commemorate those who served on Landing Ship Tanks, so many of which were constructed here in the Hingham Shipyard. A sponsor made an amendment to that bill which would, "...Dedicate the Intermodal Center located at the Hingham Shipyard in honor of...Medal of Honor recipient Herbert L. Foss. The Department shall erect and maintain suitable markers bearing that designation in compliance with department regulations."

The Committee engaged the services of sculptor, Susan Luery. She is a nationally renowned artist whose work can be found in prominent places throughout America, including several here in Hingham. She is also someone with roots in Hingham and who has a deep feel and appreciation for the culture, history and people of the Hingham community.

With nothing more than a copy of the only known photo of Seaman Foss she went to work to convert that image to a three-dimensional preliminary model of a bronze sculpture. When the model was completed, it was presented to a contingent of the Foss Committee Members, members of the Veterans Council, and MBTA personnel. Luery completed her work in 2016.

Also at the entrance to Hingham Town Hall, a frame hanging which holds Foss' Medal of Honor and a piece of the communication cable he heroically cut which earned him such a prestigious recognition.



Cover picture taken by: Kate Richardsson, Town of Hingham



TOWN OF HINGHAM, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2017

Prepared by:

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

TOWN OF HINGHAM, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2017

TABLE OF CONTENTS

Introductory Section.....1

Letter of Transmittal.....3

Organization Chart.....9

Elected Officials10

Administrative Staff.....11

Financial Section13

Independent Auditor’s Report.....15

Management’s Discussion and Analysis18

Basic Financial Statements28

 Statement of Net Position.....29

 Statement of Activities.....30

 Governmental Funds – Balance Sheet32

 Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the
 Statement of Net Position33

 Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances34

 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
 Funds to the Statement of Activities.....35

 Proprietary Funds – Statement of Net Position.....36

 Proprietary Funds – Statement of Revenues, Expenses and Changes in Net Position37

 Proprietary Funds – Statement of Cash Flows38

 Fiduciary Funds – Statement of Fiduciary Net Position39

 Fiduciary Funds – Statement of Changes in Fiduciary Net Position.....40

 Notes to Basic Financial Statements41

Required Supplementary Information.....84

 Budgetary Comparison Schedule85

 General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual...86

 Pension Plan Schedules – Retirement System.....90

 Schedule of Changes in the Net Pension Liability and Related Ratios.....91

 Schedule of Contributions92

 Schedule of Investment Return93

Pension Plan Schedules - Town	94
Schedule of the Town's Proportionate Share of the Net Pension Liability	95
Schedule of the Municipal Light Plant's Proportionate Share of the Net Pension Liability	96
Schedule of Town's Contributions	97
Schedule of the Special Funding Amounts	98
Other Postemployment Benefit Plan Schedules	99
Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios	100
Schedule of the Town's Contributions	101
Schedule of Investment Returns	102
Other Postemployment Benefit Plan Schedule of Funding Progress and Employer Contributions	103
Other Postemployment Benefit Plan Actuarial Methods and Assumptions	104
Notes to Required Supplementary Information	105
Combining and Individual Fund Statements	109
Nonmajor Governmental Funds	110
Nonmajor Governmental Funds – Combining Balance Sheet	112
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	116
Fiduciary Funds	120
Agency Fund – Statement of Changes in Assets and Liabilities	121
Statistical Section	123
Net Position by Component	124
Changes in Net Position	125
Fund Balances, Governmental Funds	126
Changes in Fund Balances, Governmental Funds	127
General Fund Revenues by Source	128
General Fund Expenditures by Function	129
General Fund Tax Revenue by Source	130
General Fund Balance Compared to Annual Expenditures	131
Real Estate Tax Levies and Collections	132
Assessed and Estimated Equal Value of Taxable Property	133
Assessed Value of Taxable Property by Classification	134
Property Tax Rates	135
Principal Taxpayers	136
Ratios of Outstanding Debt and General Bonded Debt	137
Computation of Legal Debt Margin	138
Computation of Overlapping Debt	139
Ratio of Annual Debt Service for General Bonded Debt to Total General Fund Expenditures	140
Demographic Statistics	141

Population Changes	142
School Enrollment Statistics.....	143
Median Age, Median Family Income, and Per Capita Income.....	144
Unemployment Rates.....	145
Building Permits and Construction Activity.....	146
Principal Employers.....	147
Number of Employees per Function of Government.....	148
Capital Assets Statistics by Function/Program	149
Operating Indicators by Function/Program	150
Free Cash and Stabilization Fund Balances	151

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Introductory Section



**Town of Hingham, Massachusetts
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017**

Introductory Section

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TOWN OF HINGHAM

OFFICE OF THE SELECTMEN

Mary M. Power, Chairman
Paul K. Healey
Karen A. Johnson



Tom Mayo
Interim Town Administrator

Letter of Transmittal

December 12, 2017

To the Citizens of the Town of Hingham, Massachusetts:

The Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2017 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, 2017 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, 2017 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 we have seen movement up and down. 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 3% while school enrollment has increased 5%.

Long-term Financial Planning

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

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 16% and no more than 20% 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 the auditor's 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 99% of all real estate taxes are collected during the year of billing with the remaining 1% 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. This change has not only eliminated the need for temporary borrowings, 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, 2016. This was the twenty-first 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, 2017 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 audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

Acknowledgments

A special gratitude is owed to Michael Nelligan and James Powers, partners at Powers & Sullivan, LLC, whose attention to the 2017 financial statements was invaluable. We want to express our appreciation to the accounting personnel, Steve Becker, Susan Noone, Lynn Phillips, and Bonnie Jones for their invaluable assistance with the preparation of this CAFR; and to Kate Richardsson (IT Department) for her work on the cover design. We wish to acknowledge their efforts, and the efforts of all the Town departments that assisted in the production of the final report.

Cordially yours,



Ted C. Alexiades, CPFO
Town Administrator/Finance Director



Susan M. Nickerson
Town Accountant



Government Finance Officers Association

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

Presented to

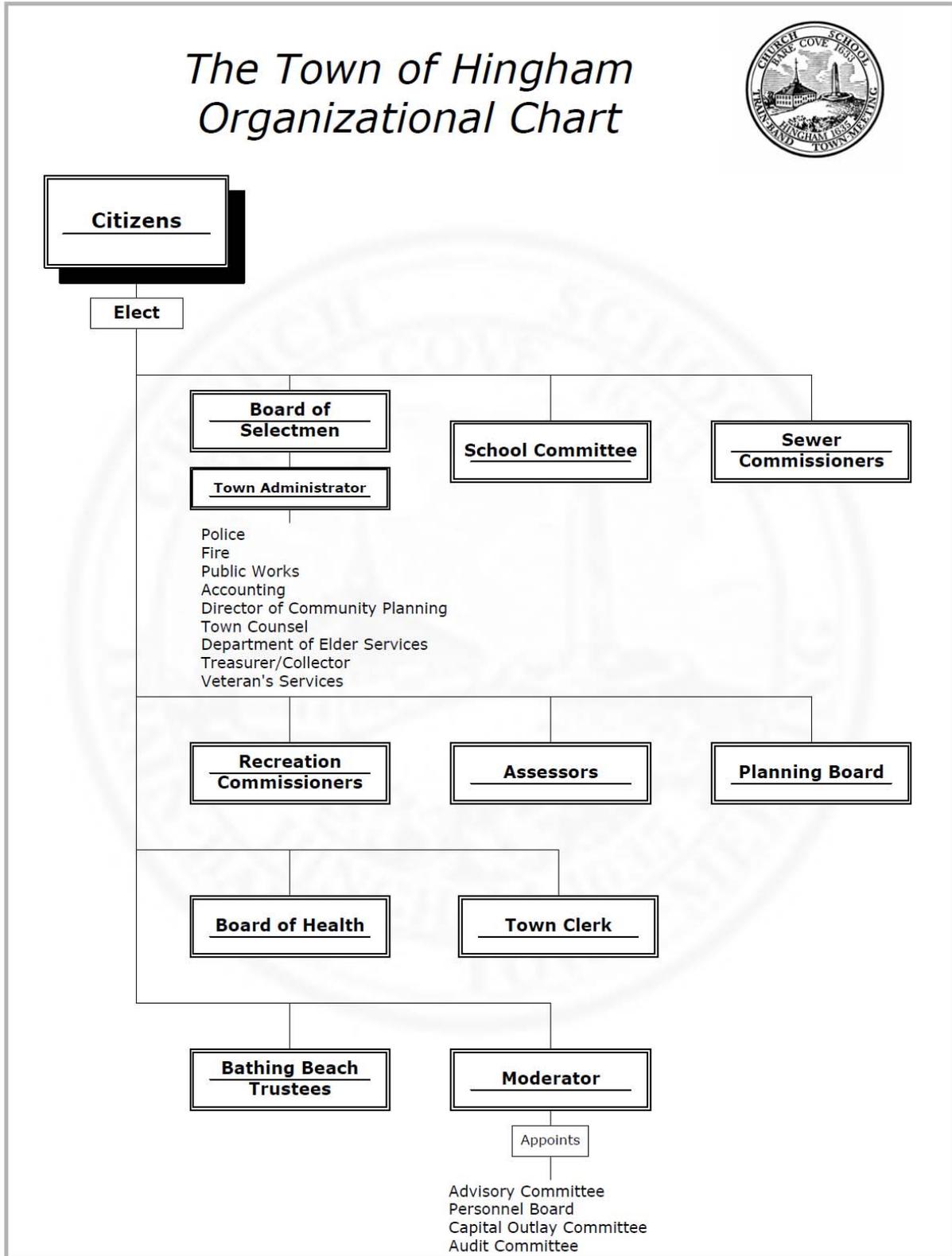
**Town of Hingham
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

The Town of Hingham Organizational Chart



Elected Officials

		<u>Term Expires</u>
MODERATOR	Michael J. Puzo	2018
BOARD OF SELECTMEN	Mary M. Power, Chair Paul K. Healey Karen A. Johnson	2018 2019 2020
TOWN CLERK	Eileen A. McCracken	2018
BOARD OF ASSESSORS (3 Year Term)	Stuart Gregory Hall, Chair Michael P. Shaughnessy William M. Fennelly	2020 2018 2019
BOARD OF HEALTH (3 Year Term)	Peter B. Bickford, Chair Kirk J. Shilts Elizabeth Eldredge	2018 2019 2020
SCHOOL COMMITTEE (3 Year Term)	Michelle Ayer Elizabeth O'Reilly, Chair Edward J. Schreier Aylene M. Calnan Cynthia W. Galko Carlos A.F. DaSilva Kay L. Praschma	2020 2019 2020 2018 2018 2019 2019
PLANNING BOARD (5 Year Term)	Gordon M. Carr Sarah H. Corey Jennifer M. Gay Smith William C. Ramsey Gary Tondorf-Dick	2022 2018 2019 2020 2021
SEWER COMMISSIONERS (3 Year Term)	Robert M. Higgins, Chair Kirk J. Shilts Stephen Harold	2018 2019 2020

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	James LaBillois
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	Thomas Mayo
Town Accountant	Susan M. Nickerson
Treasurer/Collector	Jean Montgomery
Library Director	Linda Harper
Director Community Planning	Mary Savage Dunham
Executive Health Officer	Susan Sarni
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, 2017**

Financial Section

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Independent Auditor's Report

To the Audit Committee
Town of Hingham, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Hingham, Massachusetts, as of and for the year ended June 30, 2017 (except for the Hingham Contributory Retirement System and Lincoln Apartments, LLC which are as of and for the year ended December 31, 2016), 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, 2016, which is both a major fund and represents 85%, 85%, 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, 2017 (except for the Hingham Municipal Lighting Plant, the Hingham Contributory Retirement System, and Lincoln Apartments, LLC which are as of December 31, 2016), 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 12, 2017, 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 12, 2017

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, 2017. This is the 15th 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 \$92.4 million and \$51.5 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 \$32.6 million, including \$3.9 million set aside in stabilization funds, an increase of \$1.1 million over the prior year. Total fund balance represents 29.5% of total general fund expenditures. Approximately \$26.7 million of this total amount is available for appropriation at the Town's discretion.
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was implemented this year. This standard added Note disclosures for the Town's OPEB trust fund. Its sister standard, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, is required to be implemented in FY2018. This standard will affect the financial statements themselves by requiring the Town to record its OPEB assets and liabilities and related deferred financial statement elements.

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 of 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 Community Preservation fund, and the Recreation Drive 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 \$144 million at the close of 2017.

Government-wide net position of \$139.5 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, \$9.4 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 \$4.9 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 decreased by \$4.1 million during the current year as compared to an increase in net position of \$2.3 million during the prior year. Total revenues increased 4.8%, while total expenses increased 9.5%, mainly from pensions and other employee benefits.

Governmental Activities Condensed Statement of Net Position

	2017	2016
Assets:		
Current assets.....	\$ 56,076,051	\$ 54,546,839
Noncurrent assets (excluding capital).....	5,883,075	7,964,980
Capital assets, non depreciable.....	19,951,933	15,412,676
Capital assets, net of accumulated depreciation.....	153,265,478	156,794,323
Total assets.....	235,176,537	234,718,818
Total deferred outflows of resources.....	9,381,195	8,260,501
Liabilities:		
Current liabilities (excluding debt).....	7,307,998	7,228,496
Noncurrent liabilities (excluding debt).....	58,886,672	52,586,513
Current debt.....	18,171,811	11,917,681
Noncurrent debt.....	65,578,141	73,524,849
Total liabilities.....	149,944,622	145,257,539
Total deferred inflows of resources.....	2,135,248	1,148,973
Net Position:		
Net investment in capital assets.....	99,935,544	99,066,600
Restricted.....	2,431,713	3,343,337
Unrestricted.....	(9,889,395)	(5,837,130)
Total net position.....	\$ 92,477,862	\$ 96,572,807

Current assets increased by \$1.5 million for increases in cash (\$2.4 million) and a decrease in intergovernmental receivables (\$900,000). Noncurrent liabilities increased \$6.3 million for other postemployment benefits (\$1.4 million) and for the net pension liability (\$4.7 million).

As mentioned above, governmental activities net position decreased by \$4.1 million this year compared to an increase of \$2.3 million last year. The swing of \$6.4 million is due to increased expenses outpacing revenue increases. Charges for services increased \$490,000 (4%) and real estate and other taxes increased \$2.8 million (3%). These revenue gains were offset by increased expenses for employee salaries and health insurance, pensions, OPEB, and depreciation expenses.

Governmental Activities Condensed Statement of Activities

	<u>2017</u>		<u>2016</u>
Program revenues:			
Charges for services.....	\$ 12,304,819	\$	12,126,990
Operating grants and contributions.....	23,053,214		20,838,882
Capital grants and contributions.....	328,187		1,173,057
General Revenues:			
Real estate, personal property taxes, and motor vehicle and other excise taxes.....	85,705,687		82,859,668
Penalties & interest	331,201		339,622
Nonrestricted grants, contributions, and other.....	1,766,163		1,722,571
Unrestricted investment income.....	394,533		272,598
Other miscellaneous revenue.....	2,180		2,247
Total revenues.....	123,885,984		119,335,635
Expenses:			
General government.....	8,119,185		6,532,229
Public safety.....	21,457,244		18,974,841
Education.....	76,810,877		69,690,936
Public works.....	13,331,559		12,654,118
Human services.....	1,500,507		1,396,198
Culture and recreation.....	4,646,565		4,009,169
Community preservation.....	661,240		1,588,118
Interest.....	1,861,076		2,427,821
Total expenses.....	128,388,253		117,273,430
Excess (deficiency) before transfers.....	(4,502,269)		2,062,205
Transfers.....	407,324		244,714
Change in net position.....	(4,094,945)		2,306,919
Net position - beginning of year.....	96,572,807		94,265,888
Net position - end of year.....	\$ 92,477,862	\$	96,572,807

Other financial notes related to governmental activities:

- Charges for services represented 10.2% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Town are included in this category.
- Operating grants and contributions accounted for 18.4% of the governmental activities resources. Most of these resources apply to educational operations. These resources offset costs within the school department and supplement their general fund operating budget.
- Capital grants and contributions accounted for .3% of the governmental activities resources. In 2017 these mainly consisted of state grants for public safety and public works highway projects.
- Property and other excise taxes are by far the most significant revenue source for the Town's governmental activities. They comprised 69.2% of current resources.

- All other revenues comprised a total of 1.9% 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 \$23.6 million of program revenues (charges for services and operating grants) as shown on the Statement of Activities, approximately \$53.2 million in taxes and other revenue were needed to cover its 2017 net operating expenses. A pension contribution of approximately \$10.6 million made by the State on-behalf of Hingham teachers was recorded as an expense and grant revenue in 2017. The 2016 amount was \$7.4 million which accounts for the increase in education expense and operating grants and contributions this year.
- Public safety and public works are the second and third largest activities of the Town. Approximately \$18.5 million and \$9.6 million, respectively, of taxes and other revenue were needed to cover their 2017 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 \$3.2 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 \$51.5 million at the close of 2017. Net investment in capital assets was \$39.1 million, net position restricted for depreciation was \$7.0 million, and unrestricted net position was \$5.4 million.

Business-Type Activities Condensed Statement of Net Position

	2017	2016
Assets:		
Current assets.....	\$ 24,285,487	\$ 22,146,544
Noncurrent assets (excluding capital).....	1,769,070	1,597,662
Capital assets, non depreciable.....	7,590,740	15,999,543
Capital assets, net of accumulated depreciation.....	32,248,187	22,037,687
Total assets.....	65,893,484	61,781,436
Total deferred outflows of resources.....	1,305,986	474,012
Liabilities:		
Current liabilities (excluding debt).....	3,296,589	3,466,083
Non-current liabilities (excluding debt).....	6,210,881	5,064,412
Current debt.....	496,610	207,854
Noncurrent debt.....	214,808	427,662
Total liabilities.....	10,218,888	9,166,011
Total deferred inflows of resources.....	5,474,498	4,736,922
Net Position:		
Net investment in capital assets.....	39,127,509	37,401,714
Restricted.....	6,959,061	7,389,478
Unrestricted.....	5,419,514	3,561,323
Total net position.....	\$ 51,506,084	\$ 48,352,515

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 2016, expenses decreased by \$500,000 mainly relating to pension expense being higher last year. The Country Club's net position decreased by \$264,000 this past year.

The Hingham Municipal Lighting Plant provides electricity to Hingham residents. Total revenues amounted to \$30.1 million as compared to \$31.4 million in the prior year. Expenses decreased by \$1.4 million, and after transferring \$495,000 to the general fund the Lighting Plant's net position increased by \$3.4 million for the year.

Business-Type Activities Condensed Statement of Activities

	2017	2016
Program revenues:		
Charges for services - South Shore Country Club.....	\$ 1,857,554	\$ 1,981,411
Charges for services - Electric Lighting.....	30,112,054	31,359,635
General Revenues:		
Unrestricted investment income.....	72,033	61,925
Total revenues.....	32,041,641	33,402,971
 Expenses:		
South Shore Country Club.....	2,209,167	2,723,430
Electric Lighting.....	26,271,581	27,691,721
Total expenses.....	28,480,748	30,415,151
 Excess before transfers.....	3,560,893	2,987,820
 Transfers.....	(407,324)	(244,714)
 Change in net position.....	3,153,569	2,743,106
 Net position - beginning of year.....	48,352,515	45,609,409
 Net position - end of year.....	\$ 51,506,084	\$ 48,352,515

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 \$34.1 million, a decrease of \$4.4 million for the year. This is mainly related to timing of when revenues and expenditures are incurred within the nonmajor special revenue and capital project funds. Also, the Community Preservation fund had expenditures of approximately \$5.7 million which were funded by bond anticipation notes that do not provide a funding source therefore causing a deficit in the fund.

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 \$26.7 million, while the total fund balance was \$32.6 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 24.2% of total general fund expenditures, while the total fund balance represents 29.5% of that same amount.

The total fund balance of the General Fund increased by \$1.1 million during the year.

Community Preservation

The Community Preservation fund is a special revenue fund used to account for funds received in accordance with the Community Preservation Act (CPA). Fund Balance decrease by \$4.6 million, which was due to the issuance of short term debt as discussed above.

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 \$3.5 million and the fund has a deficit fund balance in the same amount until the bond anticipation notes are permanently financed.

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 \$529,000 for fire protection, public works, and library activities.

Total general fund revenues exceeded budget overall by approximately 3%.

Total expenditures and carryovers were less than budgeted amounts by approximately \$1.6 million. 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, 2017, totaled \$73.1 million, a decrease of \$7 million from the prior year due to scheduled principle payments. 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 \$428,000 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 \$6.9 million for the year. Contributions and other additions of \$7.9 million and net investment income of \$7.7 million were offset by \$8.7 million of benefits and other deductions. Total net position of the System amounted to \$102.5 million at December 31, 2016.

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, 2010, respectively. The governmental-activities have accumulated a liability for other postemployment benefits in the amount of \$11.4 million at June 30, 2017 and have pre-funded future obligations in the amount of approximately \$8 million. The business-type activities (Municipal Lighting Plant) have pre-funded benefits in the amount of \$1.8 million which has created an OPEB asset in the amount of \$1.4 million at December 31, 2016. The total assets set aside in trust for future benefits amounted to approximately \$12.1 million at year-end.

As discussed in Note 13, the Net OPEB Liability at June 30, 2017 amounted to \$64,642,010. This liability will be fully recorded in next year's financial statements in accordance with GASB Statement No. 75.

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, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Hingham Public Library	Lincoln Apartments, LLC (December 31, 2016)
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 47,009,364	\$ 19,350,870	\$ 66,360,234	\$ 51,369	\$ 516,221
Investments.....	308,584	-	308,584	1,796,549	-
Receivables, net of allowance for uncollectibles:					
Real estate, personal property and tax deferrals.....	1,400,528	-	1,400,528	-	-
Tax liens.....	831,961	-	831,961	-	-
Motor vehicle and other excise taxes.....	385,470	-	385,470	-	-
User charges.....	362,148	2,285,147	2,647,295	-	-
Departmental and other.....	717,617	165,512	883,129	-	21,716
Special assessments.....	136,139	-	136,139	-	-
Intergovernmental.....	4,433,957	-	4,433,957	-	-
Tax foreclosures.....	306,033	-	306,033	-	-
Assets held for resale.....	159,981	-	159,981	-	-
Inventory.....	-	810,104	810,104	-	-
Purchased power advance deposits.....	-	1,698,123	1,698,123	-	-
Other assets.....	-	-	-	-	321,758
Internal balances.....	24,269	(24,269)	-	-	-
Total Current Assets.....	56,076,051	24,285,487	80,361,538	1,847,918	859,695
NONCURRENT:					
Receivables, net of allowance for uncollectibles:					
Special assessments.....	923,290	-	923,290	-	-
Intergovernmental.....	4,959,785	-	4,959,785	-	-
Investments in energy providers.....	-	331,795	331,795	-	-
Other postemployment benefits asset.....	-	1,437,275	1,437,275	-	-
Capital assets, non depreciable.....	19,951,933	7,590,740	27,542,673	154,036	113,059
Capital assets, net of accumulated depreciation.....	153,265,478	32,248,187	185,513,665	-	170,719
Total Noncurrent Assets.....	179,100,486	41,607,997	220,708,483	154,036	283,778
TOTAL ASSETS.....	235,176,537	65,893,484	301,070,021	2,001,954	1,143,473
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources related to pensions.....	7,600,766	1,305,986	8,906,752	-	-
Deferred outflows of resources related to debt refunding.....	1,780,429	-	1,780,429	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	9,381,195	1,305,986	10,687,181	-	-
LIABILITIES					
CURRENT:					
Warrants payable.....	1,710,269	2,167,442	3,877,711	5,271	25,842
Accrued liabilities.....	3,847,276	1,090,517	4,937,793	-	387,306
Advance collections - fees.....	512,190	-	512,190	-	1,993
Compensated absences.....	1,046,728	38,630	1,085,358	-	-
Workers' compensation.....	191,535	-	191,535	-	-
Notes payable.....	10,619,487	283,756	10,903,243	-	-
Bonds payable.....	7,552,324	212,854	7,765,178	-	-
Total Current Liabilities.....	25,479,809	3,793,199	29,273,008	5,271	415,141
NONCURRENT:					
Compensated absences.....	347,792	-	347,792	-	-
Workers' compensation.....	184,023	-	184,023	-	-
Customer deposits.....	-	1,704,251	1,704,251	-	-
Other postemployment benefits.....	11,357,237	-	11,357,237	-	-
Bonds payable.....	65,578,141	214,808	65,792,949	-	-
Net pension liability.....	46,997,620	4,506,630	51,504,250	-	-
Total Noncurrent Liabilities.....	124,464,813	6,425,689	130,890,502	-	-
TOTAL LIABILITIES.....	149,944,622	10,218,888	160,163,510	5,271	415,141
DEFERRED INFLOWS OF RESOURCES					
Rate stabilization reserve.....	-	5,326,707	5,326,707	-	-
Deferred inflows of resources related to pensions.....	1,902,787	147,791	2,050,578	-	-
Advance collections - taxes.....	232,461	-	232,461	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	2,135,248	5,474,498	7,609,746	-	-
NET POSITION					
Net investment in capital assets.....	99,935,544	39,127,509	139,063,053	154,036	283,778
Restricted for:					
Depreciation.....	-	6,959,061	6,959,061	-	-
Permanent funds:					
Expendable.....	71,168	-	71,168	-	-
Nonexpendable.....	35,000	-	35,000	-	-
Grants and gifts.....	2,325,545	-	2,325,545	-	-
Unrestricted.....	(9,889,395)	5,419,514	(4,469,881)	1,842,647	444,554
TOTAL NET POSITION.....	\$ 92,477,862	\$ 51,506,084	\$ 143,983,946	\$ 1,996,683	\$ 728,332

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 8,119,185	\$ 2,285,997	\$ 914,218	\$ -	\$ (4,918,970)
Public safety.....	21,457,244	1,989,220	664,200	295,706	(18,508,118)
Public education.....	76,810,877	3,338,218	20,298,160	-	(53,174,499)
Public works.....	13,331,559	3,100,188	919,877	32,481	(9,279,013)
Human services.....	1,500,507	256,830	37,588	-	(1,206,089)
Culture and recreation.....	4,646,565	1,334,366	9,781	-	(3,302,418)
Community preservation.....	661,240	-	209,390	-	(451,850)
Interest.....	1,861,076	-	-	-	(1,861,076)
Total Governmental Activities.....	128,388,253	12,304,819	23,053,214	328,187	(92,702,033)
<i>Business-Type Activities:</i>					
South Shore Country Club.....	2,209,167	1,857,554	-	-	(351,613)
Hingham Municipal Lighting Plant.....	26,271,581	30,112,054	-	-	3,840,473
Total Business-Type Activities.....	28,480,748	31,969,608	-	-	3,488,860
Total Primary Government.....	\$ 156,869,001	\$ 44,274,427	\$ 23,053,214	\$ 328,187	\$ (89,213,173)
Component Units:					
Hingham Public Library.....	\$ 2,098,029	\$ 110,996	\$ 119,193	\$ -	\$ (1,867,840)
Lincoln Apartments, LLC.....	1,098,772	334,766	895,186	-	131,180
Total Component Units.....	\$ 3,196,801	\$ 445,762	\$ 1,014,379	\$ -	\$ (1,736,660)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Hingham Public Library	Lincoln Apartments, LLC (December 31, 2016)
Changes in net position:					
Net (expense) revenue from previous page.....	\$ (92,702,033)	\$ 3,488,860	\$ (89,213,173)	\$ (1,867,840)	\$ 131,180
<i>General revenues:</i>					
Real estate and personal property taxes, net of tax refunds.....	79,128,515	-	79,128,515	-	-
Tax liens.....	185,112	-	185,112	-	-
Motor vehicle and other excise taxes.....	4,580,964	-	4,580,964	-	-
Local meals tax.....	805,272	-	805,272	-	-
Community preservation tax.....	1,005,824	-	1,005,824	-	-
Penalties and interest on taxes.....	331,201	-	331,201	-	-
Grants and contributions not restricted to specific programs.....	1,766,163	-	1,766,163	-	-
Unrestricted investment income.....	394,533	72,033	466,566	167,942	71
Payments from the Town of Hingham.....	-	-	-	1,770,572	-
Other miscellaneous revenue.....	2,180	-	2,180	-	-
<i>Transfers, net</i>	407,324	(407,324)	-	-	-
Total general revenues and transfers.....	88,607,088	(335,291)	88,271,797	1,938,514	71
Change in net position.....	(4,094,945)	3,153,569	(941,376)	70,674	131,251
<i>Net Position:</i>					
Beginning of year.....	96,572,807	48,352,515	144,925,322	1,926,009	597,081
End of year.....	\$ <u>92,477,862</u>	\$ <u>51,506,084</u>	\$ <u>143,983,946</u>	\$ <u>1,996,683</u>	\$ <u>728,332</u>

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2017

	General	Community Preservation	Recreation Drive	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 33,451,604	\$ 1,594,366	\$ -	\$ 11,963,394	\$ 47,009,364
Investments.....	-	-	-	308,584	308,584
Receivables, net of uncollectibles:					
Real estate, personal property and tax deferrals	1,400,528	-	-	-	1,400,528
Tax liens.....	831,961	-	-	-	831,961
Motor vehicle and other excise taxes.....	385,470	-	-	-	385,470
Departmental and other.....	540,448	6,308	-	170,861	717,617
User charges.....	-	-	-	362,148	362,148
Special assessments.....	1,059,429	-	-	-	1,059,429
Intergovernmental.....	6,818,574	252,000	-	2,323,168	9,393,742
Tax foreclosures.....	306,033	-	-	-	306,033
Due from other funds.....	3,188,181	-	-	-	3,188,181
Assets held for resale.....	-	-	-	159,981	159,981
TOTAL ASSETS.....	\$ 47,982,228	\$ 1,852,674	\$ -	\$ 15,288,136	\$ 65,123,038
LIABILITIES					
Warrants payable.....	\$ 1,262,407	\$ 35,700	\$ -	\$ 412,162	\$ 1,710,269
Accrued payroll.....	2,659,100	-	-	-	2,659,100
Other liabilities.....	697,697	-	-	-	697,697
Advance collections - fees.....	-	-	-	512,190	512,190
Due to other funds.....	-	-	88,857	3,075,055	3,163,912
Notes payable.....	-	5,112,820	3,540,000	1,966,667	10,619,487
TOTAL LIABILITIES.....	4,619,204	5,148,520	3,628,857	5,966,074	19,362,655
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	10,569,535	258,308	-	620,592	11,448,435
Advance collections - taxes.....	232,461	-	-	-	232,461
TOTAL DEFERRED INFLOWS OF RESOURCES.....	10,801,996	258,308	-	620,592	11,680,896
FUND BALANCES					
Nonspendable.....	-	-	-	35,000	35,000
Restricted.....	1,250,000	-	-	11,168,990	12,418,990
Committed.....	1,759,764	-	-	-	1,759,764
Assigned.....	2,811,447	-	-	-	2,811,447
Unassigned.....	26,739,817	(3,554,154)	(3,628,857)	(2,502,520)	17,054,286
TOTAL FUND BALANCES.....	32,561,028	(3,554,154)	(3,628,857)	8,701,470	34,079,487
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 47,982,228	\$ 1,852,674	\$ -	\$ 15,288,136	\$ 65,123,038

See notes to basic financial statements.

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

JUNE 30, 2017

Total governmental fund balances.....		\$ 34,079,487
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		173,217,411
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		11,448,435
Changes in the net pension liability and other deferred items are required to be included in expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions and other items.....		7,478,408
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(490,479)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable.....	(73,130,465)	
Compensated absences.....	(1,394,520)	
Workers' compensation.....	(375,558)	
Other postemployment benefits.....	(11,357,237)	
Net pension liability.....	<u>(46,997,620)</u>	
Net effect of reporting long-term liabilities.....		<u>(133,255,400)</u>
Net position of governmental activities.....		\$ <u>92,477,862</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

	General	Community Preservation	Recreation Drive	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 79,328,489	\$ -	\$ -	\$ -	\$ 79,328,489
Tax liens.....	185,112	-	-	-	185,112
Motor vehicle and other excise taxes.....	4,473,861	-	-	-	4,473,861
Local meals tax.....	805,272	-	-	-	805,272
Penalties and interest.....	331,201	-	-	-	331,201
Charges for services.....	1,984,239	-	-	2,802,748	4,786,987
Intergovernmental.....	10,911,239	201,390	-	5,592,590	16,705,219
State grant for teachers pension.....	10,571,652	-	-	-	10,571,652
Departmental and other.....	2,188,824	-	-	4,917,604	7,106,428
Community preservation tax.....	-	1,006,961	-	-	1,006,961
Contributions.....	-	-	-	540,623	540,623
Investment income.....	328,380	-	-	66,153	394,533
Miscellaneous revenue.....	-	-	-	2,180	2,180
TOTAL REVENUES.....	111,108,269	1,208,351	-	13,921,898	126,238,518
EXPENDITURES:					
Current:					
General government.....	4,493,607	-	-	1,219,810	5,713,417
Public safety.....	13,220,783	-	-	1,290,243	14,511,026
Public education.....	48,438,921	-	-	5,670,110	54,109,031
Public works.....	5,837,361	-	-	5,034,186	10,871,547
Human services.....	889,603	-	-	159,255	1,048,858
Culture and recreation.....	2,939,482	-	-	1,552,627	4,492,109
Community preservation.....	-	5,695,980	-	-	5,695,980
Teachers pension benefits - state funded.....	10,571,652	-	-	-	10,571,652
Town pension.....	4,030,938	-	-	-	4,030,938
Property and liability insurance.....	605,000	-	-	-	605,000
Employee benefits.....	9,163,823	-	-	-	9,163,823
State and county charges.....	892,397	-	-	-	892,397
Debt service:					
Principal.....	7,060,083	-	-	-	7,060,083
Interest.....	2,391,922	-	-	-	2,391,922
TOTAL EXPENDITURES.....	110,535,572	5,695,980	-	14,926,231	131,157,783
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	572,697	(4,487,629)	-	(1,004,333)	(4,919,265)
OTHER FINANCING SOURCES (USES):					
Premium from issuance of Bond Anticipation Notes.....	77,817	-	-	-	77,817
Transfers in.....	494,999	-	-	100,000	594,999
Transfers out.....	(87,675)	(100,000)	-	-	(187,675)
TOTAL OTHER FINANCING SOURCES (USES).....	485,141	(100,000)	-	100,000	485,141
NET CHANGE IN FUND BALANCES.....	1,057,838	(4,587,629)	-	(904,333)	(4,434,124)
FUND BALANCES AT BEGINNING OF YEAR.....	31,503,190	1,033,475	(3,628,857)	9,605,803	38,513,611
FUND BALANCES AT END OF YEAR.....	\$ 32,561,028	\$ (3,554,154)	\$ (3,628,857)	\$ 8,701,470	\$ 34,079,487

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, 2017

Net change in fund balances - total governmental funds.....		\$ (4,434,124)
<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.....	7,887,131	
Depreciation expense.....	<u>(6,876,719)</u>	
Net effect of reporting capital assets.....		1,010,412
<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>		
		(2,352,534)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Amortization of bond premiums.....	714,247	
Debt service principal payments.....	<u>7,060,083</u>	
Net effect of reporting long-term debt.....		7,774,330
<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.....	(94,979)	
Net change in other postemployment benefits accrual.....	(1,329,567)	
Net change in accrued interest on long-term debt.....	(35,032)	
Net change in workers' compensation accrual.....	193,062	
Net change in deferred outflow/(inflow) of resources related to debt refundings.....	(148,369)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	360,409	
Net change in net pension liability.....	<u>(5,038,553)</u>	
Net effect of recording long-term liabilities.....		<u>(6,093,029)</u>
Change in net position of governmental activities.....		<u>\$ (4,094,945)</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2017

	Business-type Activities - Enterprise Funds		
	South Shore Country Club	Hingham Municipal Lighting Plant (December 31, 2016)	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ -	\$ 19,350,870	\$ 19,350,870
Receivables, net of allowance for uncollectibles:			
User charges.....	-	2,285,147	2,285,147
Departmental and other.....	39,138	126,374	165,512
Inventory.....	-	810,104	810,104
Purchased power advance deposits.....	-	1,698,123	1,698,123
Total current assets.....	39,138	24,270,618	24,309,756
NONCURRENT:			
Investments in energy providers.....	-	331,795	331,795
Other postemployment benefits asset.....	-	1,437,275	1,437,275
Capital assets, nondepreciable.....	7,008,200	582,540	7,590,740
Capital assets, net of accumulated depreciation.....	2,544,051	29,704,136	32,248,187
Total noncurrent assets.....	9,552,251	32,055,746	41,607,997
TOTAL ASSETS.....	9,591,389	56,326,364	65,917,753
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions....	193,558	1,112,428	1,305,986
LIABILITIES			
CURRENT:			
Warrants payable.....	94,175	2,073,267	2,167,442
Due to other funds.....	24,269	-	24,269
Accrued liabilities.....	-	406,220	406,220
Accrued interest.....	1,478	-	1,478
Other liabilities.....	-	682,819	682,819
Compensated absences.....	38,630	-	38,630
Notes payable.....	283,756	-	283,756
Bonds payable.....	212,854	-	212,854
Total current liabilities.....	655,162	3,162,306	3,817,468
NONCURRENT:			
Customer deposits.....	-	1,704,251	1,704,251
Bonds payable.....	214,808	-	214,808
Net pension liability.....	1,196,825	3,309,805	4,506,630
Total noncurrent liabilities.....	1,411,633	5,014,056	6,425,689
TOTAL LIABILITIES.....	2,066,795	8,176,362	10,243,157
DEFERRED INFLOWS OF RESOURCES			
Rate stabilization reserve.....	-	5,326,707	5,326,707
Deferred inflows of resources related to pensions.....	48,458	99,333	147,791
TOTAL DEFERRED INFLOWS OF RESOURCES.....	48,458	5,426,040	5,474,498
NET POSITION			
Net investment in capital assets.....	8,840,833	30,286,676	39,127,509
Restricted for depreciation.....	-	6,959,061	6,959,061
Unrestricted.....	(1,171,139)	6,590,653	5,419,514
TOTAL NET POSITION.....	\$ 7,669,694	\$ 43,836,390	\$ 51,506,084

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>South Shore Country Club</u>	<u>Hingham Municipal Lighting Plant (December 31, 2016)</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services	\$ 1,857,554	\$ 29,904,162	\$ 31,761,716
Other	-	207,892	207,892
TOTAL OPERATING REVENUES	1,857,554	30,112,054	31,969,608
OPERATING EXPENSES:			
Program expenses	81,097	21,667,994	21,749,091
Administrative and general salaries and wages	893,136	164,014	1,057,150
Grounds and custodial expenses	691,519	926,103	1,617,622
Facility expenses	93,217	320,416	413,633
Other administrative expenses	119,135	1,654,967	1,774,102
Depreciation	317,860	1,534,487	1,852,347
TOTAL OPERATING EXPENSES	2,195,964	26,267,981	28,463,945
OPERATING INCOME (LOSS)	(338,410)	3,844,073	3,505,663
NONOPERATING REVENUES (EXPENSES):			
Investment income	45	71,988	72,033
Interest expense	(13,203)	(3,600)	(16,803)
TOTAL NONOPERATING REVENUES (EXPENSES), NET	(13,158)	68,388	55,230
INCOME BEFORE TRANSFERS	(351,568)	3,912,461	3,560,893
TRANSFERS:			
Transfers in	87,675	-	87,675
Transfers out	-	(494,999)	(494,999)
TOTAL TRANSFERS	87,675	(494,999)	(407,324)
CHANGE IN NET POSITION	(263,893)	3,417,462	3,153,569
NET POSITION AT BEGINNING OF YEAR	7,933,587	40,418,928	48,352,515
NET POSITION AT END OF YEAR	\$ 7,669,694	\$ 43,836,390	\$ 51,506,084

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds		
	South Shore Country Club	Hingham Municipal Lighting Plant (December 31, 2016)	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users.....	\$ 1,851,545	\$ 30,360,692	\$ 32,212,237
Payments to vendors.....	(797,052)	(20,964,262)	(21,761,314)
Payments to employees.....	(887,031)	(2,885,804)	(3,772,835)
NET CASH FROM OPERATING ACTIVITIES.....	167,462	6,510,626	6,678,088
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in.....	87,675	-	87,675
Transfers out.....	-	(494,999)	(494,999)
Advances from other funds.....	(37,090)	-	(37,090)
Pre-funding transfer for OPEB benefits.....	-	(6,488)	(6,488)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	50,585	(501,487)	(450,902)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the issuance of bonds and notes.....	283,756	-	283,756
Acquisition and construction of capital assets.....	(280,744)	(3,373,300)	(3,654,044)
Principal payments on bonds and notes.....	(207,854)	-	(207,854)
Principal payments on capital lease obligations.....	-	-	-
Interest expense.....	(13,250)	(3,600)	(16,850)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(218,092)	(3,376,900)	(3,594,992)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income.....	45	71,988	72,033
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	-	2,704,227	2,704,227
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	-	16,646,643	16,646,643
CASH AND CASH EQUIVALENTS, END OF YEAR.....	\$ -	\$ 19,350,870	\$ 19,350,870
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:			
Operating income (loss).....	\$ (338,410)	\$ 3,844,073	\$ 3,505,663
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation.....	317,860	1,534,487	1,852,347
Deferred (outflows)/inflows related to pensions.....	(9,175)	(700,324)	(709,499)
Deferred (outflows)/inflows related to rate stabilization reserve.....	-	615,101	615,101
Changes in assets and liabilities:			
User charges.....	-	32,628	32,628
Department and other receivables.....	(6,009)	158,065	152,056
Investments in energy providers.....	-	(164,920)	(164,920)
Inventory.....	-	72,212	72,212
Purchased power advance deposits.....	-	345,478	345,478
Warrants payable.....	68,781	70,976	139,757
Accrued liabilities.....	-	(636,207)	(636,207)
Customer deposits.....	-	57,945	57,945
Other liabilities.....	-	320,898	320,898
Compensated absences.....	6,105	-	6,105
Net pension liability.....	128,310	960,214	1,088,524
Total adjustments.....	505,872	2,666,553	3,172,425
NET CASH FROM OPERATING ACTIVITIES.....	\$ 167,462	\$ 6,510,626	\$ 6,678,088

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

	Pension Trust Fund (as of December 31, 2016)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Fund
ASSETS				
Cash and cash equivalents.....	\$ 424,892	\$ 38,813	\$ 46,308	\$ 1,031,778
Investments:				
Equity securities.....	-	250,292	-	-
Equity mutual funds.....	-	312,911	4,881,931	-
Fixed income mutual funds.....	-	429,832	-	-
Debt securities.....	-	815,899	-	-
PRIT funds.....	102,030,101	10,208,614	-	-
Receivables, net of allowance for uncollectibles:				
Departmental and other receivables.....	72,788	-	-	-
TOTAL ASSETS.....	102,527,781	12,056,361	4,928,239	1,031,778
LIABILITIES				
Accrued liabilities.....	37,642	-	-	-
Liabilities due depositors.....	-	-	-	1,031,778
TOTAL LIABILITIES.....	37,642	-	-	1,031,778
NET POSITION				
Restricted for pensions.....	102,490,139	-	-	-
Restricted for other postemployment benefits.....	-	12,056,361	-	-
Held in trust for other purposes.....	-	-	4,928,239	-
TOTAL NET POSITION.....	102,490,139	12,056,361	4,928,239	-

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2017

	Pension Trust Fund (as of December 31, 2016)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS:			
Contributions:			
Employer.....	\$ 4,528,111	\$ 795,063	\$ -
Employer contributions to pay benefit payments.....	-	3,701,124	-
Plan members.....	3,056,997	-	-
Transfers from other systems.....	205,530	-	-
Private donations.....	-	-	193,800
Total contributions.....	7,790,638	4,496,187	193,800
Net investment income:			
Net change in fair value of investments.....	5,235,333	909,821	646,441
Interest and dividends.....	2,939,493	310,172	-
Total investment income (loss).....	8,174,826	1,219,993	646,441
Less: investment expense.....	(485,484)	(59,722)	-
Net investment income.....	7,689,342	1,160,271	646,441
Intergovernmental.....	117,012	-	-
TOTAL ADDITIONS.....	15,596,992	5,656,458	840,241
DEDUCTIONS:			
Administration.....	173,373	-	-
Transfers to other systems.....	357,994	-	-
Retirement benefits and refunds.....	8,145,880	-	-
Benefit payments.....	-	3,701,124	-
Educational scholarships.....	-	-	217,964
TOTAL DEDUCTIONS.....	8,677,247	3,701,124	217,964
CHANGE IN NET POSITION.....	6,919,745	1,955,334	622,277
NET POSITION AT BEGINNING OF YEAR.....	95,570,394	10,101,027	4,305,962
NET POSITION AT END OF YEAR.....	\$ 102,490,139	\$ 12,056,361	\$ 4,928,239

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, 31 Bare Cove Park Drive, Hingham, MA 02043-2685.

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 2017 assessment totaled \$854,843. Since the assets of the SSRECC were acquired with State grants there is currently no significant equity interest accruing to the member communities. The annual assessments are based on and equal to the operating costs of the Center. The SSRECC issues a publically available financial report that includes its financial statements. Copies of these financial statements may be obtained by writing to the SSRECC's Executive Director, 210 Central Street, Hingham, MA 02043.

B. Government-Wide and Fund-Level Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Major Fund Criteria

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

- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10% 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% 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 *community preservation fund* is a special revenue fund used to account for all activity related to community preservation.

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. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments see Note 3.

F. 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.

G. 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 cost, using the weighted average method.

H. 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, when actual historical cost could not be determined. Donated capital assets; donated works of art, historical treasures and similar assets; and capital assets received in service concession arrangements are recorded at acquisition value. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

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

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

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

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

The statutory provision for depreciation of utility plant is computed on the straight-line method at three percent of cost of plant in service at the beginning of the year, exclusive of land and land rights. Therefore, no depreciation is taken in the year of plant additions. Massachusetts' law stipulates that the Hingham Municipal Lighting Plant may change from the statutory depreciation rate only with the approval of the 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.

I. 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. The Town has also reported deferred inflows of resources related to pensions in this category.

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.

J. 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.

K. 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.

L. 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.

M. 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 portions of 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 general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that 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.

N. 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.

O. 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.

P. 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.

Q. 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.

R. Individual Fund Deficits

Several individual fund deficits exist at June 30, 2017, within the Capital Project Funds. These deficits will be funded through grants, bond proceeds, and other available funds in future years.

S. 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.

T. 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, 2017 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 0.45 to 22.60 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 the respective year-ends of the Town and the Municipal Light Plant, the carrying amount (book value) of deposits totaled \$29,892,410 and the bank balances (all as of June 30, 2017) totaled \$32,509,516. Of the bank balance, \$2,500,000 was covered by Federal Depository Insurance, \$7,152,426 was covered by the Depositors Insurance Fund, \$767,163 was covered by Share Insurance Fund, \$5,977,177 was collateralized, and \$16,112,750 was exposed to custodial credit risk because it was uninsured and uncollateralized. The uncollateralized balances are deposits in four separate well-known banks offering municipal services that are monitored by the Town Treasurer as described above. These deposits are not in violation of Town policy.

At December 31, 2016 the carrying amount (book value) of the Retirement System’s deposits totaled \$424,892 and the bank balance totaled \$538,402. The bank balance was fully covered by Federal Depository Insurance.

The following table reconciles total cash and investments as reported in the financial statements to the presentation of these same amounts in the Notes to the financial statements.

	Primary Government		Fiduciary Funds				Totals
	Governmental Activities	Business-Type Activities	Pension Trust Fund (as of December 31, 2016)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund	Agency Fund	
Cash and cash equivalents.....	\$ 47,009,364	\$ 19,350,870	\$ 424,892	\$ 38,813	\$ 46,308	\$ 1,031,778	\$ 67,902,025
Investments.....	308,584	-	102,030,101	12,017,548	4,881,931	-	119,238,164
Total cash and Investments.....	\$ 47,317,948	\$ 19,350,870	\$ 102,454,993	\$ 12,056,361	\$ 4,928,239	\$ 1,031,778	\$ 187,140,189
Carrying value of cash:							
Primary government.....	\$ 29,892,410						
Pension Trust.....	424,892						
Investments considered cash and cash equivalents:							
Money Market Mutual Funds.....	228,247						
MMDT held by the Town.....	37,356,476						
Cash and cash equivalents.....	67,902,025						
Debt Securities.....	2,242,512						
Equity Mutual Funds.....	4,076,815						
Fixed Income Mutual Funds.....	429,832						
Equity Securities.....	250,290						
PRIT Investments OPEB.....	10,208,614						
PRIT Investments Pension.....	102,030,101						
Investments.....	119,238,164						
Total cash and investments.....	\$ 187,140,189						

As of June 30, 2017 the Town had the following investments:

Investment Type	Fair Value	Investment Maturities				Rating
		Under 1 Year	1-5 Years	6-10 Years	Over 10 Years	
Debt Securities						
U.S. Government Treasuries.....	\$ 502,239	\$ -	\$ 346,194	\$ 156,045	\$ -	Aaa - AAA
Corporate Bonds.....	1,740,273	30,088	487,037	1,126,564	96,584	NR - AAA
Total Debt Securities.....	2,242,512	\$ 30,088	\$ 833,231	\$ 1,282,609	\$ 96,584	
Other Investments						
Equity Mutual Funds.....	4,076,815					Not Rated
Fixed Income Mutual Funds.....	429,832					A - AAA
Equity Securities.....	250,290					Not Rated
PRIT Core Fund.....	10,208,614					Not Rated
Money Market Mutual Funds.....	228,247					Not Rated
MMDT.....	37,356,476					Not Rated
Total Investments.....	\$ 54,792,786					

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

As of December 31, 2016, the Retirement System had investments in the following segmented portfolios:

<u>PRIT Investment</u>	<u>Fair Value</u>
Core Fixed Income.....	\$ 16,379,651
Core Real Estate.....	11,812,761
Domestic Equity.....	29,094,569
Emerging Markets Equity.....	11,588,195
General Allocation Acct.....	1,828,421
Hedge Funds.....	4,938,587
International Equity.....	13,137,835
Private Equity Vintage Year 2011.....	650,956
Private Equity Vintage Year 2012.....	422,329
Private Equity Vintage Year 2013.....	264,458
Private Equity Vintage Year 2014.....	1,522,135
Private Equity Vintage Year 2015.....	691,140
Private Equity Vintage Year 2016.....	169,820
PRIM Value Added Fixed Income.....	9,519,070
Cash Fund.....	<u>10,174</u>
 Total Investments.....	 \$ <u><u>102,030,101</u></u>

Custodial Credit Risk – Investments

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

The Town investments of \$1,740,273 and \$250,290 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, 2016, the System's \$102 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, 2017 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.

Fair Value of Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a tabular format for disclosing the levels within the fair value hierarchy.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following table presents financial assets at June 30, 2017, that the Town measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	6/30/2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value level:				
<u>Debt Securities</u>				
U.S. Government Treasuries.....	\$ 502,239	\$ 502,239	\$ -	\$ -
Corporate bonds.....	1,740,273	-	1,740,273	-
Total debt securities.....	2,242,512	502,239	1,740,273	-
<u>Other investments</u>				
Equity securities.....	250,290	250,290	-	-
Money market mutual funds.....	228,247	228,247	-	-
Equity mutual funds.....	4,076,815	4,076,815	-	-
Fixed income mutual funds.....	429,832	429,832	-	-
Total other investments.....	4,985,184	4,985,184	-	-
Total investments measured at fair value level.....	7,227,696	\$ 5,487,423	\$ 1,740,273	\$ -
Investments measured at the net asset value (NAV):				
PRIT Investments.....	10,208,614			
Investments measured at amortized cost:				
MMDT Cash Portfolio.....	37,356,476			
Total investments.....	\$ 54,792,786			

U.S. government treasuries, equity securities, equity mutual funds, money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

PRIT Investments are valued using the net asset value method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool’s shares. The Town does not have the ability to control any of the investment decisions relative to its funds in PRIT.

MMDT investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

Retirement System

The retiree pension defined benefit plan holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the plan’s activities, the plan shows greater disaggregation in its disclosures.

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The System has the following recurring fair value measurements as of December 31, 2016:

Investments measured at the net asset value (NAV):

PRIT Investments..... \$ 102,030,101

PRIT Investments are valued using the net asset value (NAV) method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool’s shares. The System does not have the ability to control any of the investment decisions relative to its funds in PRIT.

NOTE 4 – RECEIVABLES

At June 30, 2017, 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.....	\$ 1,405,841	\$ (5,313)	\$ 1,400,528
Tax liens.....	831,961	-	831,961
Motor vehicle and other excise taxes.....	548,452	(162,982)	385,470
User fees.....	362,148	-	362,148
Departmental and other.....	954,033	(236,416)	717,617
Special assessments.....	1,059,429	-	1,059,429
Intergovernmental.....	9,393,742	-	9,393,742
Total.....	<u>\$ 14,555,606</u>	<u>\$ (404,711)</u>	<u>\$ 14,150,895</u>

At December 31, 2016 and June 30, 2017, respectively, receivables for the Electric Lighting and South Shore Country Club enterprise funds consisted of the following:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
<i>Electric Light</i>			
User fees.....	\$ 2,335,147	\$ (50,000)	\$ 2,285,147
Departmental and other.....	126,374	-	126,374
<i>South Shore Country Club</i>			
Departmental and other.....	<u>39,138</u>	<u>-</u>	<u>39,138</u>
Total.....	<u>\$ 2,500,659</u>	<u>\$ (50,000)</u>	<u>\$ 2,450,659</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:

	<u>General Fund</u>	<u>Community Preservation</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<u>Receivables and other asset types:</u>				
Real estate and personal property taxes.....	\$ 908,347	\$ -	\$ -	\$ 908,347
Tax liens.....	831,961	-	-	831,961
Motor vehicle and other excise taxes.....	386,007	-	-	386,007
User charges.....	-	-	365,152	365,152
Departmental and other.....	537,450	6,308	-	543,758
Special assessments.....	1,055,650	-	-	1,055,650
Intergovernmental.....	6,809,304	252,000	255,440	7,316,744
Tax foreclosures.....	<u>40,816</u>	<u>-</u>	<u>-</u>	<u>40,816</u>
Total.....	<u>\$ 10,569,535</u>	<u>\$ 258,308</u>	<u>\$ 620,592</u>	<u>\$ 11,448,435</u>

NOTE 5 – CAPITAL ASSETS

A summary of changes in capital asset activity for the year ended June 30, 2017, 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.....	\$ 14,652,311	\$ 4,500,000	\$ -	\$ 19,152,311
Construction in progress.....	760,365	97,386	(58,129)	799,622
Total capital assets not being depreciated.....	<u>15,412,676</u>	<u>4,597,386</u>	<u>(58,129)</u>	<u>19,951,933</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	8,526,909	145,320	-	8,672,229
Buildings.....	207,822,490	1,682,143	-	209,504,633
Machinery and equipment.....	16,759,681	1,224,022	(275,804)	17,707,899
Infrastructure.....	52,583,346	296,389	-	52,879,735
Total capital assets being depreciated.....	<u>285,692,426</u>	<u>3,347,874</u>	<u>(275,804)</u>	<u>288,764,496</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(705,762)	(112,508)	-	(818,270)
Buildings.....	(84,722,777)	(4,767,680)	-	(89,490,457)
Machinery and equipment.....	(11,905,677)	(931,472)	275,804	(12,561,345)
Infrastructure.....	(31,563,887)	(1,065,059)	-	(32,628,946)
Total accumulated depreciation.....	<u>(128,898,103)</u>	<u>(6,876,719)</u>	<u>275,804</u>	<u>(135,499,018)</u>
Total capital assets being depreciated, net.....	<u>156,794,323</u>	<u>(3,528,845)</u>	<u>-</u>	<u>153,265,478</u>
Total governmental activities capital assets, net.....	<u>\$ 172,206,999</u>	<u>\$ 1,068,541</u>	<u>\$ (58,129)</u>	<u>\$ 173,217,411</u>
Business-Type Activities:				
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.....	2,218,419	8,010	-	2,226,429
Building improvements.....	3,270,255	35,290	-	3,305,545
Machinery and equipment.....	1,384,398	237,444	-	1,621,842
Total capital assets being depreciated.....	<u>6,873,072</u>	<u>280,744</u>	<u>-</u>	<u>7,153,816</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(659,185)	(77,509)	-	(736,694)
Building improvements.....	(2,515,113)	(135,223)	-	(2,650,336)
Machinery and equipment.....	(1,117,607)	(105,128)	-	(1,222,735)
Total accumulated depreciation.....	<u>(4,291,905)</u>	<u>(317,860)</u>	<u>-</u>	<u>(4,609,765)</u>
Total capital assets being depreciated, net.....	<u>2,581,167</u>	<u>(37,116)</u>	<u>-</u>	<u>2,544,051</u>
Total South Shore Country Club capital assets, net.....	<u>\$ 9,589,367</u>	<u>\$ (37,116)</u>	<u>\$ -</u>	<u>\$ 9,552,251</u>

Hingham Municipal Lighting Plant	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 434,863	\$ -	\$ -	\$ 434,863
Construction in progress.....	8,556,480	2,235,169	(10,643,972)	147,677
Total capital assets not being depreciated.....	<u>8,991,343</u>	<u>2,235,169</u>	<u>(10,643,972)</u>	<u>582,540</u>
<u>Capital assets being depreciated:</u>				
Plant in service.....	51,149,556	11,782,103	(1,424,465)	61,507,194
<u>Less accumulated depreciation for:</u>				
Plant in service.....	(31,693,036)	(1,534,487)	1,424,465	(31,803,058)
Total capital assets being depreciated, net.....	<u>19,456,520</u>	<u>10,247,616</u>	<u>-</u>	<u>29,704,136</u>
Total Hingham Municipal Lighting Plant capital assets, net.....	<u>\$ 28,447,863</u>	<u>\$ 12,482,785</u>	<u>\$ (10,643,972)</u>	<u>\$ 30,286,676</u>

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

Governmental Activities:

General government.....	\$ 357,288
Public safety.....	757,286
Public education.....	3,868,069
Public works.....	1,540,520
Human services.....	11,723
Culture and recreation.....	<u>341,833</u>

Total depreciation expense - governmental activities..... \$ 6,876,719

Business-Type Activities:

South shore country club.....	\$ 317,860
Hingham municipal light plant.....	<u>1,534,487</u>

Total depreciation expense - business-type activities..... \$ 1,852,347

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables between funds at June 30, 2017, as summarized as follows:

Receivable Fund	Payable Fund	Amount
General Fund	South Shore Country Club	\$ 24,269
General Fund	Town Grants	85,145
General Fund	New Elementary School	244,738
General Fund	Plymouth River School	236,907
General Fund	High School Field Improvements	162,815
General Fund	Recreation Drive	88,857
General Fund	Middle School Building Project	1,554,522
General Fund	South Shore Regional Emergency Communications Center	790,928
		<u>\$ 3,188,181 (1)</u>

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

Interfund transfers for the year ended June 30, 2017, are summarized as follows:

Transfers Out:	Transfers In:				Total
	General Fund	South Shore Country Club	Nonmajor Governmental Funds		
General Fund.....	\$ -	\$ 87,675	\$ -	\$ 87,675	(1)
Community Preservation.....	-	-	100,000	100,000	(2)
Lighting Plant Enterprise Fund.....	494,999	-	-	494,999	(3)
Total.....	<u>\$ 494,999</u>	<u>\$ 87,675</u>	<u>\$ 100,000</u>	<u>\$ 682,674</u>	

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

(2) Represents transfers in from the Community Preservation Fund to the non-major funds.

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

NOTE 7 – LEASES

Operating Leases

The Town leases school buses under an operating lease that expires in 2021. The lease began in 2016 with equal payments annually for 5 years. At the conclusion of the 60 month lease the Town will turn the buses back over to the owners and re-negotiate a new lease or make other arrangements for busing students. The cost of the leases for the year ended June 30, 2017, was \$237,019, and is reported as an educational expenditure of the general fund.

The future minimum lease payments are as follows at June 30, 2017:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2018.....	\$ 237,019
2019.....	237,019
2020.....	237,019
2021.....	<u>237,019</u>
 Total.....	 \$ <u><u>948,076</u></u>

NOTE 8 – SHORT-TERM FINANCING

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

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

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

Details related to short term debt activity for the year ended June 30, 2017, are as follows:

<u>Type</u>	<u>Purpose</u>	<u>Rate (%)</u>	<u>Due Date</u>	<u>Balance at June 30, 2016</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance at June 30, 2017</u>
Governmental Funds							
BAN	Municipal Purpose.....	2.00%	05/18/17	\$ 4,537,735	\$ -	\$ 4,537,735	\$ -
BAN	Municipal Purpose.....	2.00%	05/17/18	<u>-</u>	<u>10,619,487</u>		<u>10,619,487</u>
	Total.....			<u>\$ 4,537,735</u>	<u>\$ 10,619,487</u>	<u>\$ 4,537,735</u>	<u>\$ 10,619,487</u>

<u>Type</u>	<u>Purpose</u>	<u>Rate (%)</u>	<u>Due Date</u>	<u>Balance at June 30, 2016</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance at June 30, 2017</u>
Enterprise Funds							
BAN	Municipal Purpose.....	2.00%	05/17/18	<u>-</u>	<u>283,756</u>	<u>-</u>	<u>283,756</u>

NOTE 9 – LONG-TERM DEBT

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

Details related to the Town's outstanding general obligation and other indebtedness at June 30, 2017, and the debt service requirements are as follows:

Governmental Activities

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
Municipal Purpose GOB of 1998 - Refunding Debt.....	2019	\$ 3,700,000	2.0 - 3.0	\$ 940,000	\$ -	\$ 385,000	\$ 555,000
Municipal Purpose GOB of 2002 - Refunding Debt.....	2021	19,080,000	2.0 - 4.0	10,145,000	-	2,085,000	8,060,000
2007 Multi Purpose Bonds.....	2027	4,929,750	4.0	510,000	-	255,000	255,000
2007 Multi Purpose Bonds - Refunded Debt.....	2027	2,283,046	2.0 - 5.0	2,283,046	-	-	2,283,046
MCWT - 1998 Bonds.....	2019	2,505,200	0.0	641,900	-	207,800	434,100
MCWT- 2001 Bonds.....	2019	978,838	0.0	16,302	-	5,434	10,868
MCWT - 2006 Bonds.....	2027	400,000	2.0	240,013	-	19,703	220,310
Municipal Purpose Bonds of 2010.....	2029	38,565,991	2.0	5,920,000	-	1,975,000	3,945,000
Municipal Purpose Bonds of 2010 - Refunded Debt.....	2029	17,405,000	2.0 - 5.0	17,405,000	-	15,000	17,390,000
Municipal Purpose Bonds of 2015.....	2037	38,952,298	3.0 - 5.0	36,831,438	-	2,112,146	34,719,292
Total general obligation indebtedness.....				74,932,699	-	7,060,083	67,872,616
Unamortized Premium on Bonds.....				5,972,096	-	714,247	5,257,849
Total Long-Term Debt.....				\$ 80,904,795	\$ -	\$ 7,774,330	\$ 73,130,465

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

Year	Principal	Interest	Total
2018.....	\$ 6,896,582	\$ 2,507,388	\$ 9,403,970
2019.....	6,676,334	2,308,726	8,985,060
2020.....	6,165,922	2,062,762	8,228,684
2021.....	6,131,345	1,775,260	7,906,605
2022.....	4,156,776	1,518,707	5,675,483
2023.....	4,187,216	1,310,765	5,497,981
2024.....	4,207,664	1,101,568	5,309,232
2025.....	4,093,122	911,234	5,004,356
2026.....	4,093,589	759,194	4,852,783
2027.....	4,054,066	640,415	4,694,481
2028.....	3,655,000	525,326	4,180,326
2029.....	1,685,000	450,926	2,135,926
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.....	\$ 67,872,616	\$ 17,727,945	\$ 85,600,561

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$114,000 and interest costs for \$17,500. Thus, net MCWT loan repayments, including interest, are scheduled to be \$600,000. The principal subsidies are guaranteed and therefore a \$114,000 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 2017, the Town was subsidized for principal in the amount of \$52,000 and interest in the amount of \$23,000.

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 2017, approximately \$1.8 million of such assistance was received. Approximately \$6.7 million is expected to be received in future years. This amount represents reimbursement of approved construction costs. Accordingly, a \$6.7 million intergovernmental receivable and corresponding deferred inflow have been reported in the governmental fund financial statements. The deferred inflow for the entire grant has been recognized as revenue in the conversion to the government-wide financial statements in prior years.

In addition, the MSBA offers a construction grant program which pays the Town the State’s share of approved school construction costs and therefore eliminates the need for the Town to fund the State’s share through long-term debt. The Hingham Middle School project is being funded by this grant program. The total grant received by the Town is expected to be approximately \$25.6 million. The Town received recorded a receivable for approximately \$930,000 for reimbursements that were not received prior to year-end.

In the prior year, the government defeased general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government’s financial statements. At June 30, 2017, \$20,695,000 of defeased bonds remain outstanding.

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, 2017, 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
Design & Engineering/North Fire Station.....	500,000
Design & Engineering/North Fire Station.....	295,903
Road Reconstruction.....	442,000
School Buildings/Foster School.....	750,000
Road Reconstruction - Seawalls.....	590,000
Sewer Improvements - I&I	200,000
Sewer Improvements - Mains & Piping	353,000
	<hr/>
Total.....	\$ 9,394,291
	<hr/> <hr/>

Business-Type Activities

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
SSCC - Irrigation - Refunding Debt.....	2019	\$ 1,585,000	2.0 - 5.0	\$ 491,954	\$ -	\$ 160,000	\$ 331,954
Municipal Purpose Bonds of 2015 (Mowers).....	2019	191,418	5.0	143,562	-	47,854	95,708
Total Long-Term Debt.....				\$ 635,516	\$ -	\$ 207,854	\$ 427,662

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

Year	Principal	Interest	Total
2018.....	\$ 212,854	\$ 8,126	\$ 220,980
2019.....	214,808	4,062	218,870
Total.....	\$ 427,662	\$ 12,188	\$ 439,850

Calculation of the Net Investment in Capital Assets

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation.....	\$ 173,217,411	\$ 39,838,927
Outstanding principal of related debt:		
Bonds payable, net of deferred loss on refunding.....	(71,350,036)	(427,662)
Notes payable.....	(10,619,487)	(283,756)
Less:		
Unspent proceeds of capital debt.....	1,379,614	-
Non capital-related debt (1).....	7,308,042	-
Net investment in capital assets.....	\$ 99,935,544	\$ 39,127,509

(1) School construction grant financing and non-capital Community Preservation BAN's.

Changes in Long-term Liabilities

During the year ended June 30, 2017, the following changes occurred in long-term liabilities:

	Balance June 30, 2016	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Balance June 30, 2017	Due Within One Year
Governmental Activities:							
Bonds payable.....	\$ 74,932,699	\$ -	\$ (7,060,083)	\$ -	\$ -	\$ 67,872,616	\$ 6,896,582
Unamortized bond premium.....	5,972,096	-	-	-	(714,247)	5,257,849	655,742
Workers' compensation.....	568,620	-	-	96,934	(289,996)	375,558	191,535
Compensated absences.....	1,299,541	-	-	1,073,368	(978,389)	1,394,520	1,046,728
Other postemployment benefits....	10,027,670	-	-	5,717,316	(4,387,749)	11,357,237	-
Net pension liability.....	41,959,067	-	-	3,922,689	(2,663,756)	43,218,000	-
Total governmental activity long-term liabilities.....	\$ 134,759,693	\$ -	\$ (7,060,083)	\$ 10,810,307	\$ (9,034,137)	\$ 129,475,780	\$ 8,790,587
Business-Type Activities:							
Bonds payable.....	\$ 635,516	\$ -	\$ (207,854)	\$ -	\$ -	\$ 427,662	\$ 212,854
Compensated absences.....	32,525	-	-	38,630	(32,525)	38,630	-
Customer deposits.....	1,646,306	-	-	57,945	-	1,704,251	-
Net pension liability.....	3,418,106	-	-	128,476	864,223	4,410,805	-
Total business-type activity long-term liabilities.....	\$ 5,732,453	\$ -	\$ (207,854)	\$ 225,051	\$ 831,698	\$ 6,581,348	\$ 212,854

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, 2017, approximately \$3.9 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, 2017, the governmental fund balances consisted of the following:

	Governmental Funds				
	General	Community Preservation	Recreation Drive	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances					
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 35,000	\$ 35,000
Restricted for:					
Town gift funds.....	-	-	-	530,938	530,938
School gift funds.....	-	-	-	35,610	35,610
Town grant funds.....	-	-	-	142,287	142,287
School state grant funds.....	-	-	-	1,217,364	1,217,364
School federal grant funds.....	-	-	-	196,450	196,450
Affordable housing trust.....	-	-	-	1,027,612	1,027,612
School revolving funds.....	-	-	-	3,489,270	3,489,270
Town revolving funds.....	-	-	-	850,116	850,116
Town trust funds.....	-	-	-	202,896	202,896
Town other funds.....	-	-	-	637,582	637,582
Preservation projects.....	-	-	-	1,445,706	1,445,706
Conservation.....	-	-	-	116,841	116,841
Sewer inflow/infiltration.....	-	-	-	324,525	324,525
Sewer maintenance.....	-	-	-	69,843	69,843
Harbor dredging.....	-	-	-	444,247	444,247
Sewer.....	-	-	-	176,095	176,095
Foster school.....	-	-	-	33,187	33,187
Middle school additions.....	-	-	-	8,722	8,722
High school field improvements.....	-	-	-	148,531	148,531
Conservation permanent fund.....	-	-	-	70,725	70,725
Town permanent funds.....	-	-	-	443	443
Proceeds from the sale of the Hersey House.....	1,250,000	-	-	-	1,250,000
Committed to:					
Harbor maintenance.....	759,764	-	-	-	759,764
Hingham Affordable Housing Trust.....	1,000,000	-	-	-	1,000,000
Assigned for carryover encumbrances to:					
General government.....	258,618	-	-	-	258,618
Public safety.....	130,333	-	-	-	130,333
Public education.....	456,505	-	-	-	456,505
Public works.....	135,519	-	-	-	135,519
Human services.....	3,702	-	-	-	3,702
Culture and recreation.....	275,522	-	-	-	275,522
Employee benefits.....	1,673	-	-	-	1,673
Claims and Incidentals.....	575	-	-	-	575
Subsequent year expenditures.....	1,549,000	-	-	-	1,549,000
Unassigned.....	<u>26,739,817</u>	<u>(3,554,154)</u>	<u>(3,628,857)</u>	<u>(2,502,520)</u>	<u>17,054,286</u>
Total Fund Balances.....	\$ <u>32,561,028</u>	\$ <u>(3,554,154)</u>	\$ <u>(3,628,857)</u>	\$ <u>8,701,470</u>	\$ <u>34,079,487</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, 2017, the estimated liability for workers’ compensation claims totaled \$375,558.

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
2016.....	\$ 554,133	\$ 63,768	\$ (49,281)	\$ 568,620
2017.....	568,620	119,003	(312,065)	375,558

Any liability for unemployment claims at June 30, 2017 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 System issues a publicly available audited financial report that may be obtained by contacting the System located at 210 Central Street, Hingham, MA 02043.

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, 2016. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$10,571,652 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 \$103,636,990 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 been no changes in benefit terms as of December 31, 2016.

At December 31, 2016, the HCRS membership consists of the following:

Active members.....	665
Inactive members.....	190
Retirees and beneficiaries currently receiving benefits.....	<u>316</u>
Total.....	<u><u>1,171</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, 2016 was \$4,468,111, 13.69% 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 \$4,302,489, which equaled its actual contribution.

Pension Liabilities

The components of the net pension liability of the participating member units at June 30, 2017 were as follows:

Total pension liability.....	\$	156,741,291
The pension plan's fiduciary net position.....		<u>(102,490,139)</u>
The net pension liability.....	\$	<u><u>54,251,152</u></u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....		65.39%

At June 30, 2017, the Town reported a liability of \$51,504,250 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016 for the Town and December 31, 2015 for the Municipal Light Plant, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. 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, 2016, the Town’s proportion was 95% (including the Light Plant), which was the same proportion as the prior year.

Pension Expense

For the year ended June 30, 2017, the Town recognized pension expense of \$9,244,053. At June 30, 2017, the Town reported net deferred outflows of resources and inflows of resources related to pensions of \$6,856,174, from the following deferred categories:

<u>Deferred category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Contributions made subsequent to the measurement date.....	\$ 279,906	\$ -	\$ 279,906
Differences between expected and actual experiences.....	-	(1,232,802)	(1,232,802)
Difference between projected and actual earnings.....	5,062,093	-	5,062,093
Changes of assumptions.....	3,447,761	-	3,447,761
Changes in proportionate share of contributions.....	<u>116,989</u>	<u>(817,773)</u>	<u>(700,784)</u>
Total Deferred Outflows/(Inflows) of Resources.....	\$ <u><u>8,906,749</u></u>	\$ <u><u>(2,050,575)</u></u>	\$ <u><u>6,856,174</u></u>

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

<u>Year ended June 30:</u>	
2017.....	\$ 2,194,496
2018.....	2,194,499
2019.....	2,019,057
2020.....	<u>448,121</u>
Total.....	<u>\$ 6,856,174</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2016, rolled forward to the measurement date of December 31, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date.....	January 1, 2016
Investment rate of return/Discount rate.....	7.75%, net of pension plan investment expense, including inflation
Projected salary increases.....	Group 1: 6% - 4.75%, based on service Group 4: 7% - 4.75%, based on service
Inflation rate.....	2.5% per year
Cost of living adjustments.....	3.0% of the first \$13,000 of retirement income
Mortality Rates.....	RP-2000 Mortality Table (base year 2009) with full generational mortality improvement using Scale BB. For disabled lives, the mortality rates were based on the RP-2000 Mortality Table (base year 2012) with full generational mortality improvement using Scale BB.
Actuarial cost method.....	Entry Age Normal
Amortization method.....	Increasing dollar amount at 4% to reduce the Unfunded Actuarial Accrued Liability to zero on or before June 30, 2035
Remaining amortization period.....	19 years from July 1, 2016
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 geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2016 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Long-Term Expected Asset Allocation
Domestic equity.....	4.93%	24.00%
International equity.....	4.80%	12.00%
International emerging markets equity.....	7.26%	12.00%
Core fixed income.....	0.97%	17.00%
Value-Added Fixed Income.....	3.60%	10.00%
Real estate.....	3.49%	10.00%
Hedge funds.....	2.80%	5.00%
Private equity.....	7.08%	10.00%
		100.00%

Rate of return

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.10%. 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:

Sensitivity Analysis:

	December 31, 2016 Measurement Date		
	1% Decrease (6.75%)	Current Discount (7.75%)	1% Increase (8.75%)
The Town's proportionate share of the net pension liability.....	\$ 63,486,290	\$ 48,194,445	\$ 35,206,894
HCRS total net pension liability.....	\$ 71,464,758	\$ 54,251,152	\$ 39,631,425

	December 31, 2015 Measurement Date		
	1% Decrease (6.75%)	Current Discount (7.75%)	1% Increase (8.75%)
Municipal Light Plant's proportionate share of the net pension liability.....	\$ 4,333,509	\$ 3,309,805	\$ 2,439,997

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Fiscal year 2009 and calendar year 2010, 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"). 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.

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 \$3.6 million and \$89,946, respectively, during 2017 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. For the year ended June 30, 2017, the Town's average contribution rate was 7.33% of covered-employee payroll. The Town's average contribution rate was 7.33% of covered-employee payroll.

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 2017, the Town pre-funded future OPEB liabilities in the amount of \$795,000.

The annual money-weighted rate of return on OPEB plan investments was 11.67%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amount actually invested.

Plan Membership – The following table represents the Plan’s membership at June 30, 2017.

	Governmental Activities	Business-Type Activities
Current retirees, beneficiaries, and dependents.....	476	13
Current active members.....	963	28
Total.....	<u>1,439</u>	<u>41</u>

Components of OPEB Liability – The following table represents the components of the Plan’s OPEB liability as of June 30, 2017:

Total OPEB Liability.....	\$ 76,698,371
Less: OPEB plan's fiduciary net position.....	<u>(12,056,361)</u>
Net OPEB Liability.....	<u>\$ 64,642,010</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	15.72%

- (1) The Net OPEB liability will be fully recorded in the financial statements at June 30, 2018 when GASB Statement No. 75 is required to be implemented.

Significant Actuarial Methods and Assumptions – The Plan’s total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement date that was updated to June 30, 2017 in accordance with GASB Statement No. 75.

- Valuation date..... June 30, 2016
- Actuarial cost method..... Individual Entry Age Normal
- Investment rate of return..... 7.75%, net of investment expenses, including inflation
- Healthcare cost trend rate..... 7 percent for 2016, decreasing .5 percent per year to an ultimate rate of 5 percent for 2020 and later years
- Medical Plan Participation..... 75% of eligible retirees will elect medical coverage upon retirement.
- Dependent Status..... Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee.

- Amortization Method..... 2014 Amortization Base: Increasing at 4% per year over 25 years.
 2016 Amortization Base: Increasing at 4% per year over 30 years.
 The 2014 Amortization Base is the balance remaining at the valuation date on the Unfunded Actuarial Accrued Liability (UAAL) established as of June 30, 2014. The 2016 Amortization Base is the excess of the UAAL over the balance of the 2014 Amortization Base as of the valuation date.

- Mortality..... Pre-Retirement Mortality - General and Public Safety: RP-2000 Employees Mortality Table, base year 2009, projected with generational mortality improvement using scale BB.

 Post-Retirement Mortality - General and Public Safety: RP-2000 Healthy Annuitant Mortality Table, base year 2009, projected with generational mortality improvement using scale BB.

 Pre-Retirement Mortality - Teachers: RP-2014 Employees Mortality Table, base year 2014, projected with generational mortality improvement using scale BB.

 Post-Retirement Mortality - Teachers: RP-2014 Healthy Annuitant Mortality Table, base year 2014, projected with generational mortality improvement using scale BB.

Investment Policy – The Town’s policy in regard to the allocation of invested assets is established and may be amended by the Board of Selectmen by a majority vote. The OPEB plan’s assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town’s investment policy.

The long-term expected rate of return on OPEB 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 OPEB 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 include in the target asset allocation as of June 30, 2017 are summarized in the following table:

	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
	<u> </u>	<u> </u>
Global Equity.....	40%	8%
Private Equity.....	10%	10%
Core Fixed Income.....	13%	4%
Value-Added Fixed Income.....	10%	7%
Real Estate.....	10%	7%
Timberland.....	4%	6%
Portfolio Completion Strategies.....	<u>13%</u>	6%
Total.....	<u><u>100%</u></u>	

Discount Rate – The discount rate used to measure the total OPEB liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from the Town will be made in accordance with the Plan’s funding policy. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate – The following table presents the net other postemployment benefit liability, calculated using the discount rate of 7.75%, as well as what the net other postemployment benefit 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.

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Net OPEB Liability.....	\$ 75,995,116	\$ 64,642,010	\$ 55,465,840

Sensitivity of the net OPEB liability to changes in the healthcare trend – The following table presents the net other postemployment benefit liability, calculated using the current healthcare trend rate, as well as what the net other postemployment benefit liability would be if it was 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Net OPEB Liability.....	\$ 54,209,067	\$ 64,642,010	\$ 77,784,750

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:

	<u>Governmental Activities</u>	<u>Business-Type Activities (1)</u>
Annual required contribution.....	\$ 5,571,637	\$ 83,458
Interest on net OPEB obligation.....	777,144	-
Adjustments to annual required contribution.....	<u>(631,465)</u>	<u>-</u>
Annual OPEB cost/expense.....	5,717,316	83,458
Contributions made.....	<u>(4,387,749)</u>	<u>(89,946)</u>
Increase in net OPEB obligation.....	1,329,567	(6,488)
Net OPEB obligation - beginning of year.....	<u>10,027,670</u>	<u>(1,430,787)</u>
Net OPEB obligation/(asset) - end of year.....	\$ <u>11,357,237</u>	\$ <u>(1,437,275)</u>

(1) The Business-Type Activities consist of the Hingham Municipal Lighting Plant as of December 31, 2016.

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:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/ (Asset)
6/30/2017	\$ 5,800,774	61.93%	\$ 9,919,962
6/30/2016	5,505,603	79.08%	8,596,883
6/30/2015	4,486,655	99.82%	7,445,202

Funded Status and Funding Progress – The funded status of the Plan as of the most recent actuarial valuation date and for the two previous periods, 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)
6/30/2016	\$ 10,101,027	\$ 75,719,494	\$ 65,618,467	13.34%	\$ 57,987,073	113.16%
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%

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.

In the June 30, 2016 actuarial valuation, actuarial liabilities were determined using the projected unit credit method. The actuarial assumptions included a 7.75% investment return assumption, salary increases at 3% per year, a general inflation rate of 3%, and an annual medical/drug cost trend of 7% decreasing .5% per year to 5% in 2020. The UAAL is being amortized over a 30 year period, using a level dollar amortization method on a closed basis.

NOTE 14 – COMMITMENTS

The Town has been authorized to borrow approximately \$9.4 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 COMMITMENTSPower Purchase Commitments

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

Hingham Municipal Lighting Plant has entered into a contract with Braintree Electric Lighting Department as a 10% entitlement owner to the Watson Power Plant. This purchase power contract is effective from 2009 thru 2029. Watson Units 1 and 2 entitle us to 11.4 MWs. They are natural gas fired. The average 2016 energy price for Watson was \$0.06746/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 2016 energy price for Potter was \$5.63/kWh. Potter's per kWh price was so high because it barely ran in 2016. Because the capacity charges for HMLP associated with Potter are the same regardless of how often a plant runs (or not), 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 2016 energy price for Seabrook was \$0.00652/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 V4 MW. The average 2016 energy price for Millstone was \$0.0067/kWh. This contract is a life of unit contract.

HMLP is a 6% entitlement owner in the Brown Bear (formerly Miller Hydro) plant for hydroelectric renewable energy and is entitled to almost 1 MW. The Lighting Plant entered into an initial six year contract with Brown Bear that expired during 2016. The contract was renewed through 2021. The contracted parties are interested in furthering extending the agreement and are currently working to come to terms. The average 2016 energy price for Brown Bear was \$0.05336/kWh. Eagle Creek Renewables, owner of Brown Bear, recently purchased another similarly-sized facility in Maine and discussions regarding contract opportunities are in progress. ArcLight Capital, previous owner of the Miller Hydro project, recently closed on their purchase of the TransCanada Hydro with assets in the 500 MW range and have expressed interest in long-term transactions. Certainly extending existing contracts and entering into new contracts will be driven by economics.

HMLP has entered into a fifteen year contract terminating in 2026 with Spruce Mountain Wind Farm for renewable wind energy. HMLP has an ownership entitlement of 9% with a commitment to purchase almost 2 MW. The average 2016 energy price for Spruce Mountain Wind was \$0.09925/kWh.

HMLP has entered into a twenty year contract terminating in 2035 with Saddleback Ridge Wind for renewable wind energy. HMLP has an ownership entitlement of 5.6% with a commitment to purchase almost 8MW. The average 2016 energy price for Saddleback Ridge Wind was \$.09295/kWh.

HMLP has entered into a contract running until 2017 with Granby Landfill. The contracted parties are interested in extending the agreement and are currently working to come to terms. HMLP is entitled to .5MWH of renewable energy and have an ownership entitlement of about 17%. The average 2016 energy price for Granby Landfill is \$0.051/kWh.

HMLP has entered into a twenty-five year contract terminating in 2041 with NUGen-Harrington St. PV for renewable solar energy. HMLP has an ownership entitlement of 20% in each of the 5.996MW DC facilities. Each facility is projected to procedure 7.7MW annually with a degradation rate of approximately .5% per annum. HMLP's combined annual purchase is estimated to be approximately 3MW.

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 IA, Band C of the Intermediate entitle us to a total of 14MW. Units 2A and B of the Peaking units entitle us to a total of 9.2MW. The contracts are for the life of the units. The average 2016 energy price for the Intermediate units are \$0.05135/kWh. The average 2016 energy price for the Peaking units are \$0.22455/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 2016 energy price for the NYPA units is \$0.00492/kWh.

HMLP has contracts with multiple generators which allows them to buy energy when various price points come into play. In 2016, the companies MLP purchased from under this agreement were NextEra and Excelon/Constellation. The average per kWh for NextEra was \$0.05165 and the average per kWh price for Excelon/Constellation was \$0.05125.

HMLP has the ability to purchase from ISO-New England's Energy Interchange. In 2016, HMLP paid \$0.03665/kWh for energy through ISO-New England.

MMWEC Contingencies and Liabilities

MMWEC has issued separate issues of revenue bonds for each of its eight Projects, which are payable solely from, and secured solely by, the revenues derived from the Project to which the bonds relate, plus available funds pledged under MMWEC's Amended and Restated General Bond Resolution (GBR) with respect to the bonds of that 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 the 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 15, 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 opinion of MMWEC management, the outcome of such actions will not have a material adverse effect on the financial position of the company.

As of December 31, 2016, total capital expenditures amounted to \$1,636,374,000, of which \$64,438,000 represents the amount associated with the Lighting Plant's Project Capability. MMWEC's debt outstanding for the Projects from Power Supply Project Revenue Bonds totals \$55,795,000, of which \$2,336,000 is associated with the Lighting Plant's share of Project Capability.

As of December 31, 2016, MMWEC's total future debt service requirement on outstanding bonds issued for the Projects is \$59,281,000, of which \$2,485,000 is anticipated to be billed to the 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 \$5,874,000 and \$6,327,000 for the years ended December 31, 2016 and 2015, respectively.

HMLP's annual energy costs related to its long-term power purchase commitments as of December 31, 2016 are approximately as follows:

<u>Years Ended December 31,</u>	<u>MMWEC</u>	<u>ENE</u>	<u>Watson</u>	<u>Total</u>
2017.....	\$ 2,033,000	\$ 5,746,441	\$ 1,512,950	\$ 9,292,391
2018.....	77,000	4,431,602	1,512,102	6,020,704
2019.....	375,000	3,902,535	1,510,819	5,788,354
2020.....	-	3,506,326	1,491,792	4,998,118
2021.....	-	3,257,871	1,485,663	4,743,534
2022-2026.....	-	9,093,814	7,435,975	16,529,789
2027-2031.....	-	3,823,822	2,613,503	6,437,325
2032-2036.....	-	3,019,984	-	3,019,984
2036-2041.....	-	854,877	-	854,877
Total.....	\$ <u>2,485,000</u>	\$ <u>37,637,272</u>	\$ <u>17,562,804</u>	\$ <u>57,685,076</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 *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2017, 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, 2017, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2017.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 12, 2017, which is the date the financial statements were available to be issued.

NOTE 18 – FUTURE IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2017, the following GASB pronouncements were implemented:

- GASB Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The basic financial statements, related notes and required supplementary information were updated to be in compliance with this pronouncement.
- GASB Statement #77, *Tax Abatement Disclosures*. This pronouncement did not impact the basic financial statements.
- GASB Statement #78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This pronouncement did not impact the basic financial statements.
- GASB Statement #80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*. This pronouncement did not impact the basic financial statements.
- GASB Statement #82, *Pension Issues – an amendment of GASB Statements #67, #68, and #73*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- 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 #81, *Irrevocable Split-Interest Agreements*, which is required to be implemented in 2018.
- The GASB issued Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019.
- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2020.
- The GASB issued Statement #85, *Omnibus 2017*, which is required to be implemented in 2018.
- The GASB issued Statement #86, *Certain Debt Extinguishment Issues*, which is required to be implemented in 2018.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.

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

Required Supplementary Information

Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2017

	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.....	\$ 78,844,183	\$ 78,844,183	\$ 79,456,916	\$ -	\$ 612,733
Tax liens.....	-	-	185,112	-	185,112
Motor vehicle and other excise taxes.....	4,130,000	4,130,000	4,473,861	-	343,861
Local meals tax.....	720,000	720,000	805,272	-	85,272
Charges for services.....	2,208,054	2,208,054	2,479,238	-	271,184
Penalties and interest on taxes.....	250,000	250,000	331,201	-	81,201
Intergovernmental.....	10,422,818	10,422,818	10,860,200	-	437,382
Departmental and other.....	1,483,000	1,483,000	2,188,824	-	705,824
Investment income.....	78,400	78,400	305,089	-	226,689
TOTAL REVENUES.....	98,136,455	98,136,455	101,085,713	-	2,949,258
EXPENDITURES:					
Selectmen:					
Payroll.....	479,500	488,912	480,762	-	8,150
Expenditures.....	34,090	64,090	28,216	59	35,815
New Equipment.....	50,000	50,000	50,000	-	-
	<u>563,590</u>	<u>603,002</u>	<u>558,978</u>	<u>59</u>	<u>43,965</u>
Advisory Committee:					
Reserve Fund.....	550,000	64,939	-	-	64,939
Town Accountant:					
Payroll.....	398,498	420,331	404,132	-	16,199
Expenditures.....	12,555	12,555	7,623	47	4,885
New Equipment.....	242,166	242,166	226,922	11,563	3,681
Audit.....	61,500	61,500	60,500	-	1,000
	<u>714,719</u>	<u>736,552</u>	<u>699,177</u>	<u>11,610</u>	<u>25,765</u>
Information Technology.....	230,608	230,608	199,814	10,328	20,466
Assessors:					
Payroll.....	237,942	241,778	241,031	-	747
Expenditures.....	15,489	16,284	11,741	4,543	-
Consulting.....	88,000	90,000	89,685	-	315
Maintenance of Maps.....	6,000	4,000	2,400	-	1,600
	<u>347,431</u>	<u>352,062</u>	<u>344,857</u>	<u>4,543</u>	<u>2,662</u>
Treasurer / Collector:					
Payroll.....	329,217	335,723	333,041	-	2,682
Expenditures.....	45,338	45,338	41,548	-	3,790
Tax Titles.....	15,173	15,173	5,617	9,556	-
	<u>389,728</u>	<u>396,234</u>	<u>380,206</u>	<u>9,556</u>	<u>6,472</u>
Legal Services:					
Expenditures.....	557,460	484,678	434,039	40,339	10,300
Town Meetings:					
Payroll.....	2,692	2,692	774	-	1,918
Expenditures.....	27,700	27,700	27,262	-	438
	<u>30,392</u>	<u>30,392</u>	<u>28,036</u>	<u>-</u>	<u>2,356</u>
Town Clerk:					
Payroll.....	182,054	185,683	182,414	-	3,269
Expenditures.....	7,866	7,866	7,866	-	-
New Equipment.....	50,500	50,500	-	50,500	-
	<u>240,420</u>	<u>244,049</u>	<u>190,280</u>	<u>50,500</u>	<u>3,269</u>

(Continued)

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Elections and Registers:					
Payroll.....	20,850	20,850	20,850	-	-
Expenditures.....	19,845	19,845	17,989	-	1,856
	40,695	40,695	38,839	-	1,856
Community Planning:					
Payroll.....	751,261	765,994	739,749	-	26,245
Expenditures.....	59,414	59,414	43,143	16,271	-
	810,675	825,408	782,892	16,271	26,245
Bare Cove Park:					
Payroll.....	17,228	17,573	17,572	-	1
Expenditures.....	7,370	14,870	9,767	5,102	1
	24,598	32,443	27,339	5,102	2
Town Office Building:					
Payroll.....	220,571	224,841	216,607	-	8,234
Expenditures.....	428,838	458,838	317,475	32,014	109,349
New Equipment.....	104,630	104,630	30,716	73,908	6
	754,039	788,309	564,798	105,922	117,589
GAR Hall:					
Expenditures.....	20,600	20,600	16,211	4,388	1
New Equipment.....	6,200	6,200	6,200	-	-
	26,800	26,800	22,411	4,388	1
Total General Government.....	5,281,155	4,856,171	4,271,666	258,618	325,887
Public Safety and Protective Services - Police:					
Payroll.....	5,164,273	5,254,170	5,214,415	-	39,755
Expenditures.....	312,500	312,500	308,491	2,000	2,009
New Equipment.....	494,000	494,000	480,988	11,585	1,427
	5,970,773	6,060,670	6,003,894	13,585	43,191
Public Safety and Protective Services - Fire:					
Payroll.....	4,994,702	5,108,425	5,108,161	-	264
Expenditures.....	431,181	397,681	395,601	2,075	5
New Equipment.....	153,048	153,048	117,572	24,587	10,889
	5,578,931	5,659,154	5,621,334	26,662	11,158
Public Safety and Protective Services - All Other:					
Payroll.....	217,362	221,615	221,282	-	333
Expenditures.....	1,453,310	1,465,163	1,374,273	90,086	804
	1,670,672	1,686,778	1,595,555	90,086	1,137
Total Protection of Persons and Property.....	13,220,376	13,406,602	13,220,783	130,333	55,486
School Department:					
Payroll.....	38,643,488	38,643,488	38,889,848	-	(246,360)
Expenditures.....	9,582,104	9,582,104	8,918,924	289,125	374,055
Capital Budget.....	867,155	867,155	662,422	167,380	37,353
	49,092,747	49,092,747	48,471,194	456,505	165,048
Project Engineering:					
Payroll.....	241,350	249,986	248,801	-	1,185
Expenditures.....	33,350	33,350	30,047	-	3,303
New Equipment.....	8,141	8,141	8,141	-	-
Road Building/Construction.....	300,000	300,000	299,569	-	431
	582,841	591,477	586,558	-	4,919

(Continued)

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Department of Public Works:					
Payroll.....	1,972,788	1,897,246	1,877,746	-	19,500
Expenditures.....	423,209	514,614	424,064	72,903	17,647
New Equipment.....	292,000	292,000	287,131	-	4,869
Snow Removal.....	504,325	937,074	937,074	-	-
Resurfacing.....	309,651	303,246	298,596	3,800	850
	<u>3,501,973</u>	<u>3,944,180</u>	<u>3,824,611</u>	<u>76,703</u>	<u>42,866</u>
Landfill/Recycling:					
Payroll.....	498,057	515,978	514,000	-	1,978
Expenditures.....	843,542	827,542	719,979	51,100	56,463
New Equipment.....	200,000	200,000	192,214	7,716	70
	<u>1,541,599</u>	<u>1,543,520</u>	<u>1,426,193</u>	<u>58,816</u>	<u>58,511</u>
Total Public Works and Facilities.....	<u>5,626,413</u>	<u>6,079,177</u>	<u>5,837,362</u>	<u>135,519</u>	<u>106,296</u>
Health Department:					
Payroll.....	303,271	309,299	302,841	-	6,458
Expenditures.....	23,419	23,419	20,783	23	2,613
	<u>326,690</u>	<u>332,718</u>	<u>323,624</u>	<u>23</u>	<u>9,071</u>
Elder Services:					
Payroll.....	206,377	210,466	204,514	-	5,952
Expenditures.....	17,383	17,383	14,419	38	2,926
New Equipment.....	50,000	50,000	50,000	-	-
Senior Workoff Program.....	-	-	-	-	-
	<u>273,760</u>	<u>277,849</u>	<u>268,933</u>	<u>38</u>	<u>8,878</u>
Veteran's Services:					
Payroll.....	95,610	97,522	97,339	-	183
Expenditures.....	5,679	5,679	5,037	641	1
Benefits.....	259,185	259,185	191,969	3,000	64,216
	<u>360,474</u>	<u>362,386</u>	<u>294,345</u>	<u>3,641</u>	<u>64,400</u>
Plymouth County Rape Crisis Center.....	<u>2,700</u>	<u>2,700</u>	<u>2,700</u>	<u>-</u>	<u>-</u>
South Shore Women's Center.....	<u>3,700</u>	<u>3,700</u>	<u>3,700</u>	<u>-</u>	<u>-</u>
Total Human Services.....	<u>967,324</u>	<u>979,353</u>	<u>893,302</u>	<u>3,702</u>	<u>82,349</u>
Library:					
Payroll.....	1,336,866	1,341,129	1,330,339	-	10,790
Expenditures.....	445,914	475,614	424,048	4,464	47,102
New Equipment.....	1,286,088	1,286,088	1,048,353	237,734	1
	<u>3,068,868</u>	<u>3,102,831</u>	<u>2,802,740</u>	<u>242,198</u>	<u>57,893</u>
Recreation:					
Payroll.....	91,725	93,548	91,777	-	1,771
Trustees of Bathing Beach:					
Payroll.....	18,081	18,443	18,443	-	-
Expenditures.....	21,145	54,145	18,828	33,049	2,268
New Equipment.....	33,000	-	-	-	-
	<u>72,226</u>	<u>72,588</u>	<u>37,271</u>	<u>33,049</u>	<u>2,268</u>
Celebrations.....	<u>11,719</u>	<u>11,719</u>	<u>7,694</u>	<u>275</u>	<u>3,750</u>
Total Culture & Recreation.....	<u>3,244,538</u>	<u>3,280,686</u>	<u>2,939,482</u>	<u>275,522</u>	<u>65,682</u>
Debt Service:					
Principal.....	6,626,661	6,650,237	6,650,237	-	-
Interest.....	2,935,371	2,911,795	2,750,729	-	161,066
	<u>9,562,032</u>	<u>9,562,032</u>	<u>9,400,966</u>	<u>-</u>	<u>161,066</u>

(Continued)

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Town Pension.....	4,029,783	4,030,938	4,030,938	-	-
Property and Liability Insurance.....	605,000	605,000	605,000	-	-
Employee Benefits.....	9,093,018	9,262,952	8,803,350	1,673	457,929
State and County Charges.....	957,752	957,752	957,752	-	-
Special Articles.....	300,923	396,667	215,957	-	180,710
Claims and Incidentals.....	12,725	12,725	8,655	575	3,495
TOTAL EXPENDITURES.....	101,993,786	102,522,802	99,656,407	1,262,447	1,603,948
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(3,857,331)	(4,386,347)	1,429,306	(1,262,447)	4,553,206
OTHER FINANCING SOURCES (USES):					
Premium from issuance of bans.....	-	-	77,817	-	77,817
Transfers in.....	500,000	500,000	494,999	-	(5,001)
Transfers out.....	(2,234,146)	(2,234,146)	(2,234,146)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	(1,734,146)	(1,734,146)	(1,661,330)	-	72,816
NET CHANGE IN FUND BALANCE.....	(5,591,477)	(6,120,493)	(232,024)	(1,262,447)	4,626,022
BUDGETARY FUND BALANCE, Beginning of year.....	28,670,104	28,670,104	28,670,104	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 23,078,627	\$ 22,549,611	\$ 28,438,080	\$ (1,262,447)	\$ 4,626,022

(Concluded)

See notes to required supplementary information.

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	December 31, 2015	December 31, 2016
Total pension liability:			
Service cost.....	\$ 4,139,996	\$ 4,139,996	\$ 4,627,321
Interest.....	9,818,513	10,635,592	11,572,453
Changes in benefit terms.....	-	-	1,363,018
Differences between expected and actual experience.....	-	-	(1,921,950)
Changes in assumptions.....	-	-	5,375,091
Benefit payments, including refunds of employee contributions.....	<u>(7,436,340)</u>	<u>(7,674,772)</u>	<u>(8,306,286)</u>
Net change in total pension liability.....	6,522,169	7,100,816	12,709,647
Total pension liability, beginning.....	<u>130,408,659</u>	<u>136,930,828</u>	<u>144,031,644</u>
Total pension liability, ending (1)	<u>\$ 136,930,828</u>	<u>\$ 144,031,644</u>	<u>\$ 156,741,291</u>
Plan fiduciary net position:			
Employer contributions.....	\$ 4,182,459	\$ 4,381,261	\$ 4,528,111
Member contributions.....	2,672,455	2,751,726	3,143,850
Net investment income (loss).....	6,123,665	(920,663)	7,689,342
Benefit payments, including refunds of employee contributions.....	(7,436,340)	(7,674,771)	(8,306,286)
Administrative expenses.....	(132,768)	(130,864)	(173,373)
Other additions.....	<u>-</u>	<u>34,868</u>	<u>38,101</u>
Net increase (decrease) in fiduciary net position.....	5,409,471	(1,558,443)	6,919,745
Fiduciary net position at beginning of year.....	<u>91,719,366</u>	<u>97,128,837</u>	<u>95,570,394</u>
Fiduciary net position at end of year (2)	<u>\$ 97,128,837</u>	<u>\$ 95,570,394</u>	<u>\$ 102,490,139</u>
Net pension liability - ending (1) - (2)	<u>\$ 39,801,991</u>	<u>\$ 48,461,250</u>	<u>\$ 54,251,152</u>
Plan fiduciary net position as a percentage of the total pension liability.....	70.93%	66.35%	65.39%
Covered-employee payroll.....	\$ 27,037,796	\$ 28,254,497	\$ 32,642,107
Net pension liability as a percentage of covered-employee payroll.....	147.21%	171.52%	166.20%

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	December 31, 2015	December 31, 2016
Actuarially determined contribution.....	\$ 4,182,459	\$ 4,381,261	\$ 4,468,111
Contributions in relation to the actuarially determined contribution.....	<u>4,182,459</u>	<u>4,381,261</u>	<u>4,468,111</u>
Contribution deficiency (excess).....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll.....	\$ 27,037,796	\$ 28,254,497	\$ 32,642,107
Contributions as a percentage of covered- employee payroll.....	15.47%	15.51%	13.69%

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 INVESTMENT RETURN

	December 31, 2014	December 31, 2015	December 31, 2016
Annual money-weighted rate of return, net of investment expense.....	6.68%	-0.87%	8.10%

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 the Municipal Light Plant'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	December 31, 2015	December 31, 2016
Town's proportion of the net pension liability (asset).....	91.97%	88.79%	88.84%
Town's proportionate share of the net pension liability (asset)..... \$	36,595,224	\$ 43,027,582	\$ 48,194,445
Town's covered employee payroll..... \$	23,876,305	\$ 24,536,931	\$ 28,228,989
Net pension liability as a percentage of covered-employee payroll.....	153.27%	175.36%	170.73%
Plan fiduciary net position as a percentage of the total pension liability.....	70.93%	66.35%	65.39%

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.

Except for the Town's Municipal Light Plant, the Town implemented GASB 68 in fiscal year 2015 and used the measurement date of December 31, 2014. This schedule does not include the Municipal Light Plant which is presented on its own schedule.

See notes to required supplementary information.

**SCHEDULE OF THE MUNICIPAL LIGHT PLANT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
HINGHAM CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015
Light Plant's proportion of the net pension liability (asset).....	5.90%	6.21%
Light Plant's proportionate share of the net pension liability (asset).....	\$ 2,349,591	\$ 3,309,805
Light Plant's covered employee payroll.....	\$ 2,850,178	\$ 2,552,772
Net pension liability as a percentage of covered-employee payroll.....	82.44%	129.66%
Plan fiduciary net position as a percentage of the total pension liability.....	70.93%	65.39%

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 Town's Municipal Light Enterprise Fund year end is December 31st while the Town is June 30th.
The Town's Municipal Light Enterprise initial implementation of GASB 68 was for the year ended December 31,
2015 and used the measurement date of December 31, 2014. This schedule provides only the
Municipal Light Plant's information.

See notes to required supplementary information.

SCHEDULE OF TOWN'S CONTRIBUTIONS
HINGHAM CONTRIBUTORY RETIREMENT SYSTEM

	June 30, 2015	June 30, 2016	June 30, 2017
Actuarially determined contribution.....	\$ 4,092,386	\$ 4,162,197	\$ 4,302,489
Contributions in relation to the actuarially determined contribution.....	<u>4,092,386</u>	<u>4,162,197</u>	<u>4,302,489</u>
Contribution deficiency (excess).....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 26,726,483	\$ 26,803,088	\$ 30,781,761
Contributions as a percentage of covered- employee payroll.....	15.47%	15.53%	13.98%

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 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>
2017.....	\$ 103,636,990	\$ 10,571,652	52.73%
2016.....	91,801,693	7,445,934	55.38%
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

Schedules presented in accordance with GASB Statement No. 74

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

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

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

Schedules presented in accordance with GASB Statement No. 45

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 presents multiyear trend information for required and actual contributions relating to the plan.

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

**SCHEDULE OF CHANGES IN THE
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017
Total OPEB Liability	
Service Cost.....	\$ 1,866,612
Interest.....	5,649,691
Changes of benefit terms.....	-
Differences between expected and actual experience.....	-
Changes of assumptions.....	-
Benefit payments.....	<u>(3,701,124)</u>
Net change in total OPEB liability.....	3,815,179
Total OPEB liability- beginning.....	<u>72,883,192</u>
Total OPEB liability- ending (a).....	<u>\$ 76,698,371</u>
Plan fiduciary net position	
Contributions- employer	\$ 4,496,187
Net investment income.....	1,160,271
Benefit payments.....	<u>(3,701,124)</u>
Net change in plan fiduciary net position.....	1,955,334
Plan fiduciary net position- beginning.....	<u>10,101,027</u>
Plan fiduciary net position- ending (b).....	<u>\$ 12,056,361</u>
Town's net OPEB liability- ending (a)-(b).....	<u>\$ 64,642,010</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	15.72%
Covered-employee payroll.....	61,312,938
Town's net OPEB liability as a percentage of covered-employee payroll.....	105.43%

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 CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017
Actuarially determined contribution.....	\$ 5,658,433
Contributions in relation to the actuarially determined contribution.....	(4,496,187)
Contribution deficiency (excess).....	\$ 1,162,246
Covered-employee payroll.....	\$ 61,312,938
Contributions as a percentage of covered- employee payroll.....	7.33%

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 INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

June 30,
2017

Annual money-weighted rate of return, net of investment expense.....	11.67%
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The annual money-weighted rate of return has been calculated by the Pension Reserves Investment Management Board (PRIM).

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
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)
6/30/2016	\$ 10,101,027	\$ 75,719,494	\$ 65,618,467	13.34%	\$ 57,987,073	113.16%
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
6/30/2017	\$ 5,655,095	\$ 4,477,695	79.2%
6/30/2016	5,363,168	4,353,922	81.2%
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 fiscal year ended June 30, 2009, and for the calendar year ended December 31, 2010.

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods:

Valuation date.....	June 30, 2016
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Increasing at 4% over 30 years on a closed amortization period
Remaining amortization period.....	30 years as of June 30, 2016, closed
Asset valuation method.....	Market value

Actuarial Assumptions:

Investment rate of return.....	7.75%, net of OPEB plan investment expense, including inflation
Inflation rate.....	3.0%
Healthcare cost trend rate.....	7% for 2016, decrease .5% per year to an ultimate rate of 5% for 2020 and later years

Plan Membership:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Current retirees, beneficiaries, and dependents.....	476	13
Current active members.....	<u>963</u>	<u>28</u>
Total.....	<u><u>1,439</u></u>	<u><u>41</u></u>

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

The majority of appropriations are non-continuing which lapse at the end of each 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 2017 general fund budget consisted of approximately \$105.6 million in appropriations and other amounts to be raised, including \$1.8 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, 2017, is presented below:

Net change in fund balance - budgetary basis.....	\$	(232,024)
<u>Perspective difference:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		1,554,349
<u>Basis of accounting differences:</u>		
Net change in recording accrued expenditures.....		(264,487)
Recognition of revenue for on-behalf payments.....		10,571,652
Recognition of expenditures for on-behalf payments.....		<u>(10,571,652)</u>
Net change in fund balance - GAAP basis.....	\$	<u>1,057,838</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, 2016.

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

Most of the actuarial assumptions and methods used in the current valuation are the same as those used in the last valuation, except the mortality tables and mortality improvement scales and the salary scales for both Group 1 and Group 4 employees have changed. Changing these assumptions resulted in a net increase in the unfunded actuarial accrued liability of \$5,375,091 and an increase in the employer normal cost of \$368,558.

E. Changes in Plan Provisions

The COLA base was increased from \$12,000 to \$13,000 effective July 1, 2015. Changing these plan provisions resulted in a net increase in the unfunded actuarial accrued liability of \$1,363,018 and an increase in the employer normal cost of \$38,199.

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 Other Postemployment Benefit Plan

The Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan’s total OPEB liability, changes in the Plan’s net position, and ending net OPEB liability. It also demonstrates the Plan’s net position as a percentage of the total liability and the Plan’s net other postemployment benefit liability as a percentage of covered employee payroll.

The Schedule of the Town’s Contributions

The Schedule of the Town’s Contributions includes the Town’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll.

Schedule of Investment Return

The Schedule of Investment Return includes the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

The Town

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 13.34% as of June 30, 2017. 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

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.

The Schedule of Employer Contributions

The Schedule of Employer Contribution presents multiyear trend information for the Town's required and actual contributions relating to the plan.

The Schedule of Actuarial Methods and Assumptions

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

Combining Statements

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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:

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

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.

Middle School Building Project – This fund is used to account for all activity related to the middle school building project

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, 2017

Special Revenue Funds						
	Town Gifts	School Gifts	Town Grants	School State Grants	School Federal Grants	Affordable Housing Trust
ASSETS						
Cash and cash equivalents.....	\$ 560,699	\$ 35,610	\$ -	\$ 1,217,364	\$ 206,558	\$ 1,034,298
Investments.....	-	-	-	-	-	-
Receivables, net of uncollectibles:						
Departmental and other.....	-	-	-	-	-	-
User charges.....	-	-	-	-	-	-
Intergovernmental.....	-	-	760,192	-	-	-
Assets held for resale.....	-	-	-	-	-	159,981
TOTAL ASSETS.....	\$ 560,699	\$ 35,610	\$ 760,192	\$ 1,217,364	\$ 206,558	\$ 1,194,279
LIABILITIES						
Warrants payable.....	\$ 29,761	\$ -	\$ 277,320	\$ -	\$ 10,108	\$ -
Advance collections.....	-	-	-	-	-	-
Due to other funds.....	-	-	85,145	-	-	-
Notes payable.....	-	-	-	-	-	166,667
TOTAL LIABILITIES.....	29,761	-	362,465	-	10,108	166,667
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue.....	-	-	255,440	-	-	-
FUND BALANCES						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	530,938	35,610	142,287	1,217,364	196,450	1,027,612
Unassigned.....	-	-	-	-	-	-
TOTAL FUND BALANCES.....	530,938	35,610	142,287	1,217,364	196,450	1,027,612
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 560,699	\$ 35,610	\$ 760,192	\$ 1,217,364	\$ 206,558	\$ 1,194,279

Special Revenue Funds

School Revolving	Town Revolving	Town Trusts	Town Other	Preservation Projects	Conservation	Sewer Inflow/Infiltration	Sewer Maintenance	Sub-total
\$ 3,489,049	\$ 1,391,792	\$ 202,896	\$ 641,879	\$ 1,143,717	\$ 116,841	\$ 324,525	\$ 106,966	\$ 10,472,194
-	-	-	-	308,584	-	-	-	308,584
15,279	-	-	-	-	-	-	-	15,279
-	-	-	-	-	-	-	362,148	362,148
-	-	-	-	-	-	-	-	760,192
-	-	-	-	-	-	-	-	159,981
<u>\$ 3,504,328</u>	<u>\$ 1,391,792</u>	<u>\$ 202,896</u>	<u>\$ 641,879</u>	<u>\$ 1,452,301</u>	<u>\$ 116,841</u>	<u>\$ 324,525</u>	<u>\$ 469,114</u>	<u>\$ 12,078,378</u>
\$ 10,703	\$ 33,841	\$ -	\$ 4,297	\$ 6,595	\$ -	\$ -	\$ 34,119	\$ 406,744
4,355	507,835	-	-	-	-	-	-	512,190
-	-	-	-	-	-	-	-	85,145
-	-	-	-	-	-	-	-	166,667
<u>15,058</u>	<u>541,676</u>	<u>-</u>	<u>4,297</u>	<u>6,595</u>	<u>-</u>	<u>-</u>	<u>34,119</u>	<u>1,170,746</u>
-	-	-	-	-	-	-	365,152	620,592
-	-	-	-	-	-	-	-	-
3,489,270	850,116	202,896	637,582	1,445,706	116,841	324,525	69,843	10,287,040
-	-	-	-	-	-	-	-	-
<u>3,489,270</u>	<u>850,116</u>	<u>202,896</u>	<u>637,582</u>	<u>1,445,706</u>	<u>116,841</u>	<u>324,525</u>	<u>69,843</u>	<u>10,287,040</u>
<u>\$ 3,504,328</u>	<u>\$ 1,391,792</u>	<u>\$ 202,896</u>	<u>\$ 641,879</u>	<u>\$ 1,452,301</u>	<u>\$ 116,841</u>	<u>\$ 324,525</u>	<u>\$ 469,114</u>	<u>\$ 12,078,378</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2017

Capital Projects Funds

	Harbor Dredging	Sewer	Foster School	Plymouth River School	Middle School Additions	Middle School Building Project
ASSETS						
Cash and cash equivalents.....	\$ 444,247	\$ 211,092	\$ 33,187	\$ -	\$ 8,722	\$ -
Investments.....	-	-	-	-	-	-
Receivables, net of uncollectibles:						
Departmental and other.....	-	-	-	-	-	-
User charges.....	-	-	-	-	-	-
Intergovernmental.....	-	-	-	-	-	927,630
Assets held for resale.....	-	-	-	-	-	-
TOTAL ASSETS.....	\$ 444,247	\$ 211,092	\$ 33,187	\$ -	\$ 8,722	\$ 927,630
LIABILITIES						
Warrants payable.....	\$ -	\$ 1,093	\$ -	\$ -	\$ -	\$ -
Advance collections.....	-	-	-	-	-	-
Due to other funds.....	-	-	-	236,907	-	1,554,522
Notes payable.....	-	-	-	-	-	-
TOTAL LIABILITIES.....	-	1,093	-	236,907	-	1,554,522
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue.....	-	-	-	-	-	-
FUND BALANCES						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	444,247	176,095	33,187	-	8,722	-
Unassigned.....	-	33,904	-	(236,907)	-	(626,892)
TOTAL FUND BALANCES.....	444,247	209,999	33,187	(236,907)	8,722	(626,892)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 444,247	\$ 211,092	\$ 33,187	\$ -	\$ 8,722	\$ 927,630

Capital Projects Funds					Permanent Funds			Total Nonmajor Governmental Funds
New Elementary School	High School Field Improvements	South Shore Regional Emergency Communications Center	Other	Sub-total	Conservation	Town	Sub-total	
\$ -	\$ -	\$ -	\$ 687,784	\$ 1,385,032	\$ 90,725	\$ 15,443	\$ 106,168	\$ 11,963,394
-	-	-	-	-	-	-	-	308,584
-	-	155,582	-	155,582	-	-	-	170,861
-	-	-	-	-	-	-	-	362,148
-	-	635,346	-	1,562,976	-	-	-	2,323,168
-	-	-	-	-	-	-	-	159,981
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 790,928</u>	<u>\$ 687,784</u>	<u>\$ 3,103,590</u>	<u>\$ 90,725</u>	<u>\$ 15,443</u>	<u>\$ 106,168</u>	<u>\$ 15,288,136</u>
\$ -	\$ -	\$ -	\$ 4,325	\$ 5,418	\$ -	\$ -	\$ -	\$ 412,162
-	-	-	-	-	-	-	-	512,190
244,738	162,815	790,928	-	2,989,910	-	-	-	3,075,055
-	-	-	1,800,000	1,800,000	-	-	-	1,966,667
<u>244,738</u>	<u>162,815</u>	<u>790,928</u>	<u>1,804,325</u>	<u>4,795,328</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,966,074</u>
-	-	-	-	-	-	-	-	620,592
-	-	-	-	-	20,000	15,000	35,000	35,000
-	148,531	-	-	810,782	70,725	443	71,168	11,168,990
<u>(244,738)</u>	<u>(311,346)</u>	<u>-</u>	<u>(1,116,541)</u>	<u>(2,502,520)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,502,520)</u>
<u>(244,738)</u>	<u>(162,815)</u>	<u>-</u>	<u>(1,116,541)</u>	<u>(1,691,738)</u>	<u>90,725</u>	<u>15,443</u>	<u>106,168</u>	<u>8,701,470</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 790,928</u>	<u>\$ 687,784</u>	<u>\$ 3,103,590</u>	<u>\$ 90,725</u>	<u>\$ 15,443</u>	<u>\$ 106,168</u>	<u>\$ 15,288,136</u>

(Concluded)

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

YEAR ENDED JUNE 30, 2017

	Special Revenue Funds					
	Town Gifts	School Gifts	Town Grants	School State Grants	School Federal Grants	Affordable Housing Trust
REVENUES:						
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental.....	-	-	1,042,076	1,499,442	962,870	-
Departmental and other.....	213,513	15,656	452	-	-	574,868
Contributions.....	530,982	-	-	-	-	-
Interest income.....	596	-	-	-	-	1,065
Miscellaneous.....	2,180	-	-	-	-	-
TOTAL REVENUES.....	747,271	15,656	1,042,528	1,499,442	962,870	575,933
EXPENDITURES:						
Current:						
General government.....	613,943	-	9,357	885	-	509,125
Public safety.....	41,693	-	109,497	-	-	-
Public education.....	-	9,616	-	1,371,805	1,086,213	-
Public works.....	-	-	624,420	-	-	-
Human services.....	29,428	-	59,420	-	-	-
Culture and recreation.....	115,962	-	1,820	-	-	-
Community preservation.....	-	-	-	-	-	-
TOTAL EXPENDITURES.....	801,026	9,616	804,514	1,372,690	1,086,213	509,125
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(53,755)	6,040	238,014	126,752	(123,343)	66,808
OTHER FINANCING SOURCES (USES):						
Transfers in.....	-	-	-	-	-	100,000
NET CHANGE IN FUND BALANCES.....	(53,755)	6,040	238,014	126,752	(123,343)	166,808
FUND BALANCES AT BEGINNING OF YEAR.....	584,693	29,570	(95,727)	1,090,612	319,793	860,804
FUND BALANCES AT END OF YEAR.....	\$ 530,938	\$ 35,610	\$ 142,287	\$ 1,217,364	\$ 196,450	\$ 1,027,612

Special Revenue Funds

School Revolving	Town Revolving	Town Trusts	Town Other	Preservation Projects	Conservation	Sewer Inflow/Infiltration	Sewer Maintenance	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,970	\$ 2,684,778	\$ 2,802,748
1,204,498	-	-	47,705	-	-	150	275	4,757,016
2,270,597	1,559,540	57,453	129,812	-	-	-	33,212	4,855,103
-	-	800	6,471	2,370	-	-	-	540,623
-	-	8,142	739	44,610	3,939	726	-	59,817
-	-	-	-	-	-	-	-	2,180
<u>3,475,095</u>	<u>1,559,540</u>	<u>66,395</u>	<u>184,727</u>	<u>46,980</u>	<u>3,939</u>	<u>118,846</u>	<u>2,718,265</u>	<u>13,017,487</u>
-	-	42,447	19,148	-	23,905	-	-	1,218,810
-	202,025	-	55,349	-	-	-	-	408,564
3,079,602	-	2,000	-	-	-	-	-	5,549,236
-	-	-	34,393	-	-	50,535	2,795,920	3,505,268
-	66,384	-	4,023	-	-	-	-	159,255
-	1,309,418	-	-	125,427	-	-	-	1,552,627
-	-	-	-	-	-	-	-	-
<u>3,079,602</u>	<u>1,577,827</u>	<u>44,447</u>	<u>112,913</u>	<u>125,427</u>	<u>23,905</u>	<u>50,535</u>	<u>2,795,920</u>	<u>12,393,760</u>
<u>395,493</u>	<u>(18,287)</u>	<u>21,948</u>	<u>71,814</u>	<u>(78,447)</u>	<u>(19,966)</u>	<u>68,311</u>	<u>(77,655)</u>	<u>623,727</u>
-	-	-	-	-	-	-	-	100,000
395,493	(18,287)	21,948	71,814	(78,447)	(19,966)	68,311	(77,655)	723,727
<u>3,093,777</u>	<u>868,403</u>	<u>180,948</u>	<u>565,768</u>	<u>1,524,153</u>	<u>136,807</u>	<u>256,214</u>	<u>147,498</u>	<u>9,563,313</u>
<u>\$ 3,489,270</u>	<u>\$ 850,116</u>	<u>\$ 202,896</u>	<u>\$ 637,582</u>	<u>\$ 1,445,706</u>	<u>\$ 116,841</u>	<u>\$ 324,525</u>	<u>\$ 69,843</u>	<u>\$ 10,287,040</u>

(Continued)

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

YEAR ENDED JUNE 30, 2017

	Capital Projects Funds					
	Harbor Dredging	Sewer	Foster School	Plymouth River School	Middle School Additions	Middle School Building Project
REVENUES:						
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental.....	-	-	-	-	-	-
Departmental and other.....	-	-	-	-	-	-
Contributions.....	-	-	-	-	-	-
Interest income.....	-	-	-	-	-	-
Miscellaneous.....	-	-	-	-	-	-
TOTAL REVENUES.....	-	-	-	-	-	-
EXPENDITURES:						
Current:						
General government.....	-	-	-	-	-	-
Public safety.....	-	-	-	-	-	-
Public education.....	-	-	-	-	520	87,846
Public works.....	-	158,442	-	-	-	-
Human services.....	-	-	-	-	-	-
Culture and recreation.....	-	-	-	-	-	-
Community preservation.....	-	-	-	-	-	-
TOTAL EXPENDITURES.....	-	158,442	-	-	520	87,846
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	-	(158,442)	-	-	(520)	(87,846)
OTHER FINANCING SOURCES (USES):						
Transfers in.....	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	-	(158,442)	-	-	(520)	(87,846)
FUND BALANCES AT BEGINNING OF YEAR.....	444,247	368,441	33,187	(236,907)	9,242	(539,046)
FUND BALANCES AT END OF YEAR.....	\$ 444,247	\$ 209,999	\$ 33,187	\$ (236,907)	\$ 8,722	\$ (626,892)

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	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,802,748
-	-	835,574	-	835,574	-	-	-	5,592,590
-	62,501	-	-	62,501	-	-	-	4,917,604
-	-	-	-	-	-	-	-	540,623
-	3,414	-	-	3,414	2,473	449	2,922	66,153
-	-	-	-	-	-	-	-	2,180
-	65,915	835,574	-	901,489	2,473	449	2,922	13,921,898
-	-	-	-	-	-	1,000	1,000	1,219,810
-	-	823,574	58,105	881,679	-	-	-	1,290,243
-	32,508	-	-	120,874	-	-	-	5,670,110
-	-	-	1,370,476	1,528,918	-	-	-	5,034,186
-	-	-	-	-	-	-	-	159,255
-	-	-	-	-	-	-	-	1,552,627
-	-	-	-	-	-	-	-	-
-	32,508	823,574	1,428,581	2,531,471	-	1,000	1,000	14,926,231
-	33,407	12,000	(1,428,581)	(1,629,982)	2,473	(551)	1,922	(1,004,333)
-	-	-	-	-	-	-	-	100,000
-	33,407	12,000	(1,428,581)	(1,629,982)	2,473	(551)	1,922	(904,333)
(244,738)	(196,222)	(12,000)	312,040	(61,756)	88,252	15,994	104,246	9,605,803
\$ (244,738)	\$ (162,815)	\$ -	\$ (1,116,541)	\$ (1,691,738)	\$ 90,725	\$ 15,443	\$ 106,168	\$ 8,701,470

(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, 2017

	<u>Agency Accounts July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Agency Accounts June 30, 2017</u>
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 803,610	\$ 1,795,978	\$ (1,567,810)	\$ 1,031,778
LIABILITIES				
Liabilities due depositors.....	\$ 803,610	\$ 1,795,978	\$ (1,567,810)	\$ 1,031,778

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Statistical Section



**Town of Hingham, Massachusetts
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017**

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities										
Net investment in capital assets.....	\$ 64,238,223	\$ 77,520,944	\$ 76,103,445	\$ 76,535,196	\$ 72,361,430	\$ 86,629,936	\$ 94,286,033	\$ 95,609,007	\$ 97,137,802	\$ 99,935,544
Restricted.....	1,775,597	3,746,298	3,265,064	3,319,289	4,322,038	3,091,710	4,539,617	3,725,202	3,343,337	2,431,713
Unrestricted.....	17,470,135	9,296,519	8,507,908	13,755,110	18,615,065	20,929,045	(8,501,111)	(5,068,321)	(3,908,332)	(9,889,395)
Total governmental activities net position	\$ 83,483,955	\$ 90,563,761	\$ 87,876,417	\$ 93,609,595	\$ 95,298,533	\$ 110,650,691	\$ 90,324,539	\$ 94,265,888	\$ 96,572,807	\$ 92,477,862
Business-type Activities										
Net investment in capital assets.....	32,511,793	33,774,892	34,175,368	33,475,349	32,642,589	32,068,037	31,991,194	31,335,098	37,401,714	39,127,509
Restricted.....	-	-	-	-	6,843,356	8,175,888	10,129,197	12,651,262	12,651,262	6,959,061
Unrestricted.....	3,592,241	2,743,613	2,976,623	4,098,106	602,229	2,199,054	2,692,522	1,623,049	(1,700,461)	5,419,514
Total business-type activities net position.....	\$ 36,104,034	\$ 36,518,505	\$ 37,151,991	\$ 37,573,455	\$ 40,088,174	\$ 42,442,979	\$ 44,812,913	\$ 45,609,409	\$ 48,352,515	\$ 51,506,084
Primary government										
Net investment in capital assets.....	96,750,016	111,295,836	110,278,813	110,010,545	105,004,019	118,697,973	126,277,227	126,944,105	134,539,516	139,063,053
Restricted.....	1,775,597	3,746,298	3,265,064	3,319,289	11,165,394	11,267,598	14,668,814	16,376,464	15,994,599	9,390,774
Unrestricted.....	21,062,376	12,040,132	11,484,531	17,853,216	19,217,294	23,128,099	(5,808,589)	(3,445,272)	(5,608,793)	(4,469,881)
Total primary government activities net position.....	\$ 119,587,989	\$ 127,082,266	\$ 125,028,408	\$ 131,183,050	\$ 135,386,707	\$ 153,093,670	\$ 135,137,452	\$ 139,875,297	\$ 144,925,322	\$ 143,983,946

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**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government.....	\$ 5,990,823	\$ 4,631,169	\$ 4,970,623	\$ 4,890,174	\$ 5,942,879	\$ 5,531,669	\$ 6,838,831	\$ 7,084,511	\$ 6,532,229	\$ 8,119,185
Public safety.....	13,384,339	14,972,434	15,901,991	15,056,274	20,189,039	17,064,620	17,188,102	17,979,243	18,974,841	21,457,244
Public education.....	48,223,524	55,777,553	58,665,520	59,143,074	60,092,877	61,329,548	63,532,065	62,771,088	69,690,936	76,810,877
Public works.....	10,240,661	9,592,257	10,035,307	11,560,586	10,743,766	10,283,605	11,089,791	13,586,602	12,654,118	13,331,559
Human services.....	1,119,653	1,276,418	1,196,017	1,068,951	1,191,783	1,307,992	1,232,437	1,339,016	1,396,198	1,500,507
Culture and recreation.....	2,803,297	2,996,585	4,616,526	3,228,299	3,127,819	3,122,258	3,344,603	3,700,943	4,009,169	4,646,565
Community Preservation.....	-	60,905	6,304	81,220	123,324	376,463	134,873	432,954	1,588,118	661,240
Claims and judgments.....	-	-	-	547,000	-	-	-	-	-	-
Unallocated interest on long term debt.....	2,187,955	1,945,209	2,545,526	2,352,715	1,940,022	2,430,517	2,177,845	2,051,283	2,427,821	1,861,076
Total Governmental activities expenses.....	83,950,252	91,252,530	97,937,814	97,928,293	103,351,509	101,446,672	105,548,547	108,955,640	117,273,430	128,388,253
Business-type activities:										
Country Club.....	1,631,808	1,574,791	1,654,620	1,629,085	2,061,404	1,976,008	2,128,067	2,250,244	2,723,430	2,209,167
Hingham Municipal Lighting Plant.....	27,488,101	27,542,592	27,195,703	28,800,853	27,268,237	26,296,157	26,115,318	28,318,206	27,691,721	26,271,581
Total business-type activities expenses.....	29,119,909	29,117,383	28,850,323	30,429,938	29,329,641	28,272,165	28,243,385	30,568,450	30,415,151	28,480,748
Total primary government expenses.....	\$ 113,070,161	\$ 120,369,913	\$ 126,788,137	\$ 128,358,231	\$ 132,681,150	\$ 129,718,837	\$ 133,791,932	\$ 139,524,090	\$ 147,688,581	\$ 156,869,001
Program Revenues										
Governmental activities:										
Charges for services:										
General government.....	\$ 1,931,970	\$ 796,484	\$ 1,208,001	\$ 1,699,823	\$ 2,511,730	\$ 2,786,484	\$ 2,759,337	\$ 2,474,151	\$ 2,150,106	\$ 2,285,997
Public safety.....	1,428,864	1,993,270	2,465,158	2,125,909	1,630,163	1,590,872	1,483,042	1,472,816	2,248,458	1,989,220
Public education.....	1,974,201	1,925,323	2,041,456	2,313,647	2,275,103	2,306,585	2,522,500	2,786,563	3,412,475	3,338,218
Public works.....	2,092,231	2,338,091	2,195,688	2,693,651	2,746,526	2,606,859	2,851,187	2,796,747	2,870,934	3,100,188
Human services.....	84,490	148,620	192,296	187,121	228,815	228,411	230,160	229,334	237,767	256,830
Culture and recreation.....	-	639,376	703,866	708,975	696,642	721,804	741,109	1,043,489	1,207,250	1,334,366
Operating grants and contributions.....	2,138,547	18,497,416	19,246,742	20,934,750	21,061,709	20,313,250	21,849,504	17,624,819	20,838,882	23,053,214
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	1,173,057	328,187
Total Governmental activities program revenues.....	9,650,303	36,649,298	29,103,189	33,427,876	33,857,671	42,744,474	42,621,283	30,649,725	34,138,929	35,686,220
Business-type activities:										
Charges for services:										
Country Club.....	1,653,287	1,668,284	1,700,467	1,663,537	1,982,729	1,957,909	2,048,677	1,928,182	1,981,411	1,857,554
Hingham Municipal Lighting Plant.....	26,367,251	27,622,993	27,840,141	29,662,512	30,060,173	28,603,027	29,473,287	31,468,866	31,359,635	30,112,054
Capital contributions - Country Club.....	-	-	233,863	-	-	-	-	-	-	-
Total business-type activities program revenues.....	28,020,538	29,291,277	29,814,471	31,326,049	32,042,902	30,560,936	31,521,964	33,397,048	33,341,046	31,969,608
Total primary government program revenues.....	\$ 37,670,841	\$ 65,940,575	\$ 58,917,660	\$ 64,753,925	\$ 65,900,573	\$ 73,305,410	\$ 74,143,247	\$ 64,046,773	\$ 67,479,975	\$ 67,655,828
Net (Expense)/Revenue										
Governmental activities.....	\$ (74,299,949)	\$ (54,603,232)	\$ (68,834,625)	\$ (64,500,417)	\$ (69,493,838)	\$ (58,702,198)	\$ (62,927,264)	\$ (78,305,915)	\$ (83,134,501)	\$ (92,702,033)
Business-type activities.....	(1,099,371)	173,894	964,148	896,111	2,713,261	2,288,771	3,278,579	2,828,598	2,925,895	3,488,860
Total primary government net expense.....	\$ (75,399,320)	\$ (54,429,338)	\$ (67,870,477)	\$ (63,604,306)	\$ (66,780,577)	\$ (56,413,427)	\$ (59,648,685)	\$ (75,477,317)	\$ (80,208,606)	\$ (89,213,173)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes.....	\$ 55,999,333	\$ 59,064,292	\$ 63,715,553	\$ 66,335,378	\$ 68,836,981	\$ 71,812,957	\$ 74,831,789	\$ 79,846,398	\$ 82,859,668	\$ 85,705,687
Unrestricted grants and contributions.....	15,401,426	1,964,357	1,534,498	1,683,802	1,576,677	1,604,856	1,809,955	1,685,759	1,722,571	1,766,163
Penalties and interest on taxes.....	303,699	208,962	286,495	335,810	431,791	252,485	398,883	269,223	339,622	331,201
Investment earnings.....	1,008,741	445,427	128,168	92,048	89,498	157,975	155,149	117,884	272,598	394,533
Miscellaneous.....	2,784,756	-	-	-	-	-	14,082	1,000	2,247	2,180
Gain on the sale of capital assets.....	-	-	-	1,250,000	-	250,561	-	-	-	-
Transfers.....	(203,650)	-	(482,567)	(536,557)	(247,829)	(24,478)	(500,989)	(327,000)	(244,714)	(407,324)
Total Governmental activities.....	75,294,305	61,683,038	66,147,281	70,233,595	71,182,776	74,054,356	77,710,847	82,247,264	85,441,420	88,607,088
Business-type activities:										
Investment earnings.....	411,668	240,577	151,905	61,910	49,287	41,556	54,782	64,325	61,925	72,033
Transfers.....	203,650	-	(482,567)	(536,557)	(247,829)	24,478	(500,989)	(327,000)	(244,714)	(407,324)
Total business-type activities.....	615,318	240,577	(330,662)	(474,647)	(198,542)	66,034	(446,207)	(262,675)	(182,789)	(335,291)
Total primary government.....	\$ 75,909,623	\$ 61,923,615	\$ 65,816,619	\$ 69,758,948	\$ 70,984,234	\$ 74,120,390	\$ 77,264,640	\$ 81,984,589	\$ 85,258,631	\$ 88,271,797
Changes in Net Position										
Governmental activities.....	\$ 994,356	\$ 7,079,806	\$ (2,687,344)	\$ 5,733,178	\$ 1,688,938	\$ 15,352,158	\$ 14,783,583	\$ 3,941,349	\$ 2,306,919	\$ (4,094,945)
Business-type activities.....	(484,053)	414,471	633,486	421,464	2,514,719	2,354,805	2,832,372	2,565,923	2,743,106	3,153,569
Total primary government.....	\$ 510,303	\$ 7,494,277	\$ (2,053,858)	\$ 6,154,642	\$ 4,203,657	\$ 17,706,963	\$ 17,615,955	\$ 6,507,272	\$ 5,050,025	\$ (941,376)

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

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General fund										
Reserved.....	\$ 3,239,286	\$ 978,675	\$ 892,169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	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	1,250,000	1,250,000
Committed.....	-	-	-	472,759	610,152	1,033,485	1,473,926	1,428,425	519,030	1,759,764
Assigned.....	-	-	-	736,580	2,325,501	2,679,682	2,374,893	3,488,503	4,230,263	2,811,447
Unassigned.....	-	-	-	11,760,485	14,467,148	16,706,680	20,610,844	25,203,869	25,503,897	26,739,817
Total general fund.....	<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>	<u>\$ 31,503,190</u>	<u>\$ 32,561,028</u>
All Other Governmental Funds										
Reserved.....	\$ -	\$ 35,000	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	6,719,840	6,476,412	6,459,001	-	-	-	-	-	-	-
Capital project funds.....	(1,630,042)	6,864,106	2,527,736	-	-	-	-	-	-	-
Permanent funds.....	1,767,888	64,902	65,116	-	-	-	-	-	-	-
Nonspendable.....	-	-	-	35,000	35,000	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	12,052,931	11,168,990
Unassigned.....	-	-	-	(451,058)	(3,020,664)	(23,814,076)	(39,791,279)	(4,958,748)	(5,077,510)	(9,685,531)
Total all other governmental funds.....	<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>	<u>\$ 7,010,421</u>	<u>\$ 1,518,459</u>

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

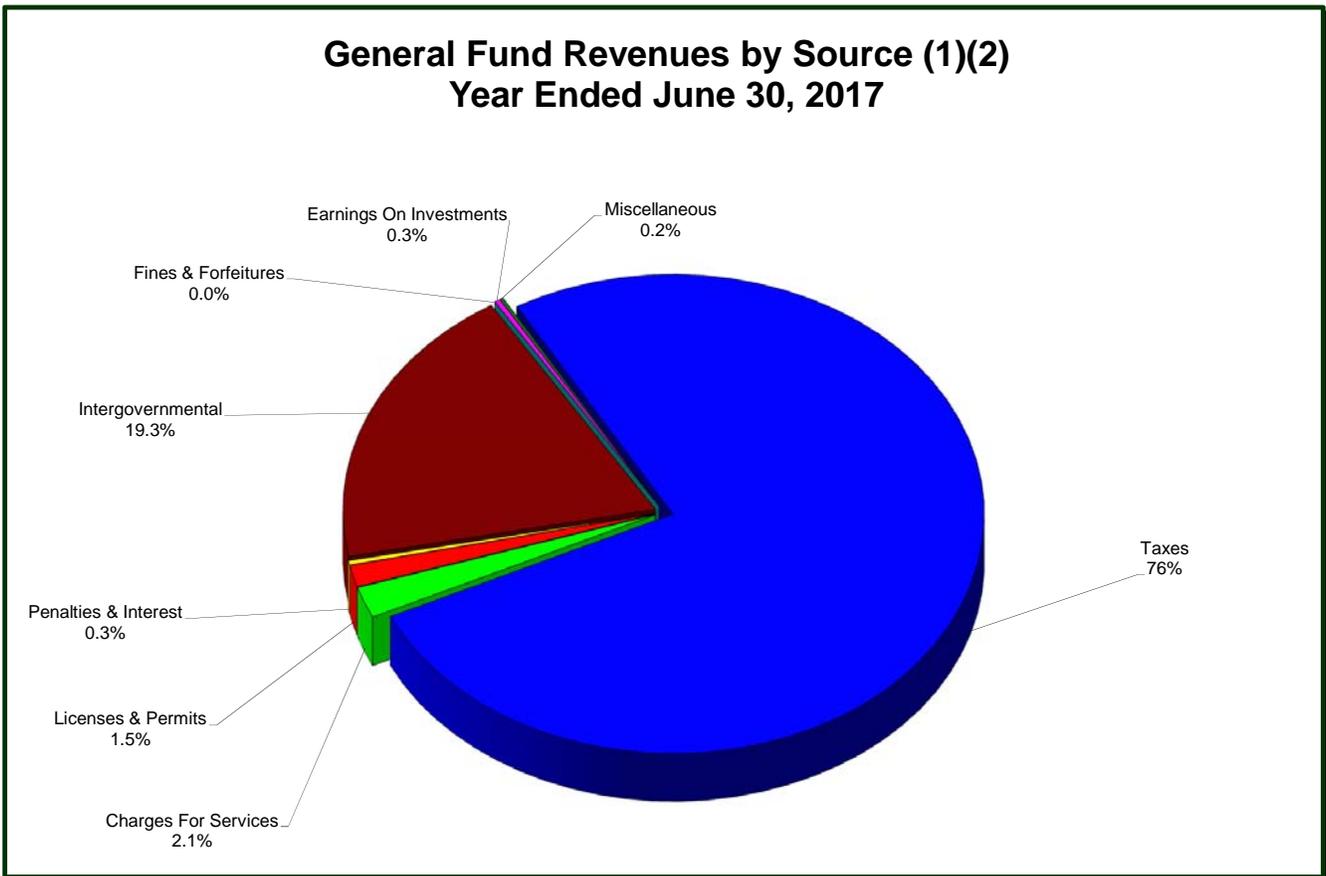
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS**

	<u>2008</u>	<u>2009 (1)</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013 (1)</u>	<u>2014 (1)</u>	<u>2015 (1)</u>	<u>2016</u>	<u>2017</u>
REVENUES										
Taxes.....	\$ 57,314,221	\$ 59,269,620	\$ 64,449,558	\$ 64,070,863	\$ 70,205,364	\$ 71,142,869	\$ 74,453,910	\$ 79,020,413	\$ 82,231,703	\$ 85,123,935
Licenses and fees.....	1,606,900	-	-	-	-	-	-	-	-	-
Intergovernmental.....	19,916,398	30,325,931	22,445,941	26,057,658	26,472,612	35,037,693	34,440,598	23,392,379	24,474,784	27,276,871
Charges for services.....	4,344,359	3,802,150	4,161,968	4,173,594	4,451,604	4,713,862	4,751,993	4,744,135	4,314,600	4,786,987
Investment income.....	1,008,741	445,427	128,168	92,048	89,498	157,975	155,149	117,884	272,598	394,533
Other revenues.....	4,891,394	5,460,915	6,033,277	6,539,941	6,768,709	8,105,592	7,263,968	7,292,384	8,650,185	8,656,192
Total Revenues.....	<u>89,082,013</u>	<u>99,304,043</u>	<u>97,218,912</u>	<u>100,934,104</u>	<u>107,987,787</u>	<u>119,157,991</u>	<u>121,065,618</u>	<u>114,567,195</u>	<u>119,943,870</u>	<u>126,238,518</u>
EXPENDITURES										
General government.....	3,693,535	12,120,424	3,938,343	3,598,765	4,388,371	8,093,357	5,093,279	5,345,171	5,556,583	5,713,417
Public safety.....	10,823,407	11,198,838	10,856,492	12,557,453	13,240,642	12,466,949	12,268,192	14,392,868	13,705,450	14,511,026
Public education.....	46,096,435	65,455,163	44,968,570	42,437,085	45,757,078	73,406,386	70,881,088	53,375,067	52,495,567	54,109,031
Public works.....	8,849,401	14,941,072	8,143,631	9,036,226	9,807,486	8,024,323	9,332,181	12,053,075	10,676,352	10,871,547
Human services.....	986,568	1,020,889	912,482	818,590	883,629	994,695	1,023,134	1,018,277	1,019,261	1,048,858
Culture and recreation.....	2,215,516	2,301,559	3,781,741	2,292,205	2,183,380	2,284,767	2,528,016	2,980,834	3,057,891	4,492,109
Pension benefits.....	2,725,478	2,827,885	2,862,331	2,967,933	3,532,879	3,648,502	3,716,341	3,845,487	3,881,034	4,030,938
Group health insurance.....	3,430,971	4,148,112	6,112,888	8,070,819	8,963,822	8,247,415	8,257,215	8,338,761	8,224,135	9,163,823
Community preservation.....	-	2,972,916	1,240,212	164,410	342,411	2,070,939	740,381	922,202	1,790,296	5,695,980
Other.....	5,890,864	3,134,332	1,147,657	1,684,829	1,135,085	1,165,666	572,432	1,380,342	1,451,744	1,497,397
Intergovernmental.....	2,677,907	7,345,883	7,721,843	8,174,736	8,635,341	9,258,650	9,857,159	4,792,053	7,445,934	10,571,652
Debt service										
Principal.....	2,940,669	3,167,071	5,393,592	5,378,828	5,489,462	5,525,064	5,081,369	4,985,065	7,077,307	7,060,083
Interest.....	2,015,523	2,197,932	2,501,206	2,663,727	2,337,998	2,336,510	2,414,941	2,193,598	2,737,150	2,391,922
Total expenditures.....	<u>92,346,274</u>	<u>132,832,076</u>	<u>99,580,988</u>	<u>99,845,606</u>	<u>106,697,584</u>	<u>137,523,223</u>	<u>131,765,728</u>	<u>115,622,800</u>	<u>119,118,704</u>	<u>131,157,783</u>
Excess of revenues over (under) expenditures.....	<u>(3,264,261)</u>	<u>(33,528,033)</u>	<u>(2,362,076)</u>	<u>1,088,498</u>	<u>1,290,203</u>	<u>(18,365,232)</u>	<u>(10,700,110)</u>	<u>(1,055,605)</u>	<u>825,166</u>	<u>(4,919,265)</u>
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	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	2,760,752	77,817
Issuance of refunding bonds.....	-	-	3,700,000	19,080,000	-	-	-	-	19,688,046	-
Payments to refunding bonds escrow agent.....	-	-	(3,660,000)	(20,662,913)	-	-	-	-	(22,448,798)	-
Sale of capital assets.....	-	-	-	1,250,000	-	-	-	-	-	-
Transfers in.....	2,639,179	1,076,766	1,095,419	572,502	841,908	564,518	514,653	888,500	2,402,625	594,999
Transfers out.....	<u>(2,842,829)</u>	<u>(1,076,766)</u>	<u>(612,852)</u>	<u>(35,945)</u>	<u>(594,079)</u>	<u>(588,996)</u>	<u>(13,664)</u>	<u>(561,500)</u>	<u>(2,157,911)</u>	<u>(187,675)</u>
Total other financing sources (uses).....	<u>4,805,212</u>	<u>38,325,991</u>	<u>2,689,668</u>	<u>1,786,557</u>	<u>359,746</u>	<u>(24,478)</u>	<u>500,989</u>	<u>41,695,216</u>	<u>244,714</u>	<u>485,141</u>
Net change in fund balances.....	<u>\$ 1,540,951</u>	<u>\$ 4,797,958</u>	<u>\$ 327,592</u>	<u>\$ 2,875,055</u>	<u>\$ 1,649,949</u>	<u>(18,389,710)</u>	<u>(10,199,121)</u>	<u>\$ 40,639,611</u>	<u>\$ 1,069,880</u>	<u>\$ (4,434,124)</u>
Ratio of Annual Debt Service to Non-Capital Expenditures.....	6.30%	6.14%	8.45%	8.28%	7.79%	7.79%	7.17%	6.64%	8.49%	7.67%

(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 (4)	Penalties & Interest	Fines & Forfeitures	Earnings On Investments	Misc.	Total
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
2016	\$ 81,892	\$ 2,201	\$ 1,377	\$ 17,821	\$ 340	\$ -	\$ 165	\$ 272	\$ 104,068
2017	\$ 84,790	\$ 2,339	\$ 1,634	\$ 21,483	\$ 331	\$ -	\$ 328	\$ 203	\$ 111,108



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

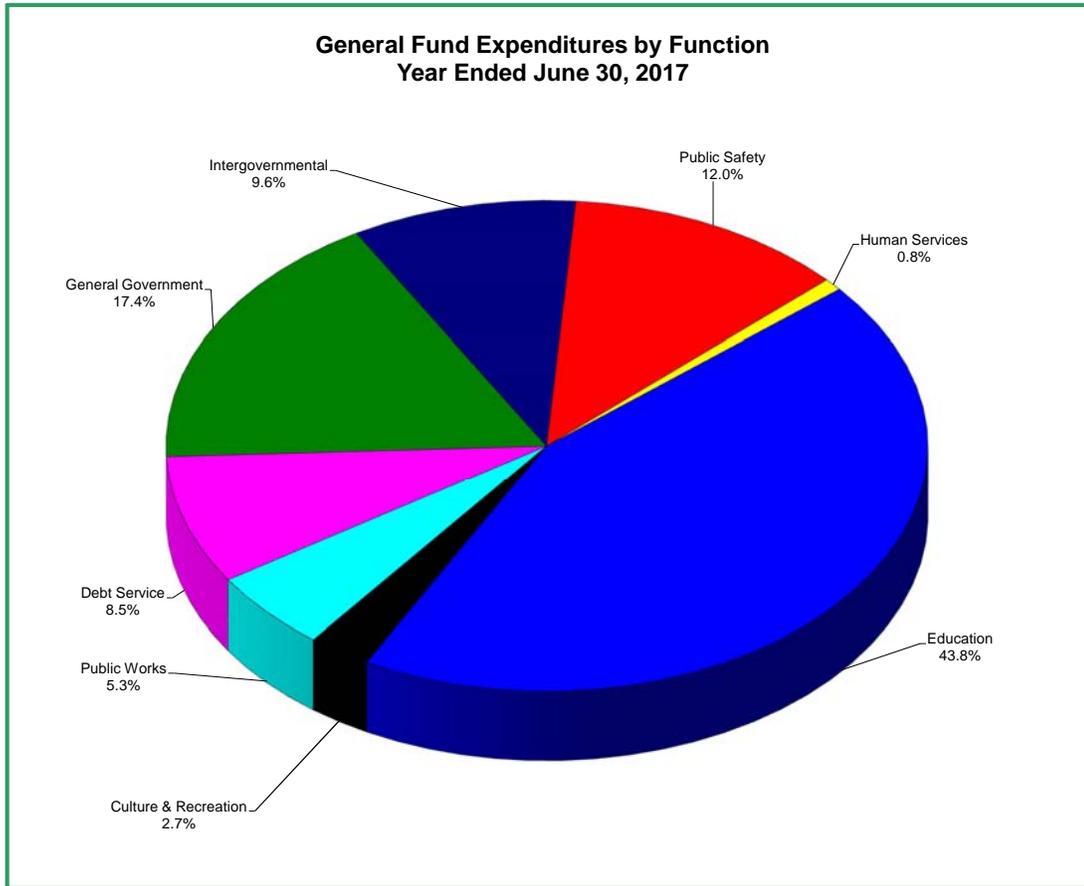
(2) Excluding transfers in.

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

(4) Intergovernmental revenues primarily represent State funding for School operations, Teacher's pensions and the Town's share in State Lottery proceeds.

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

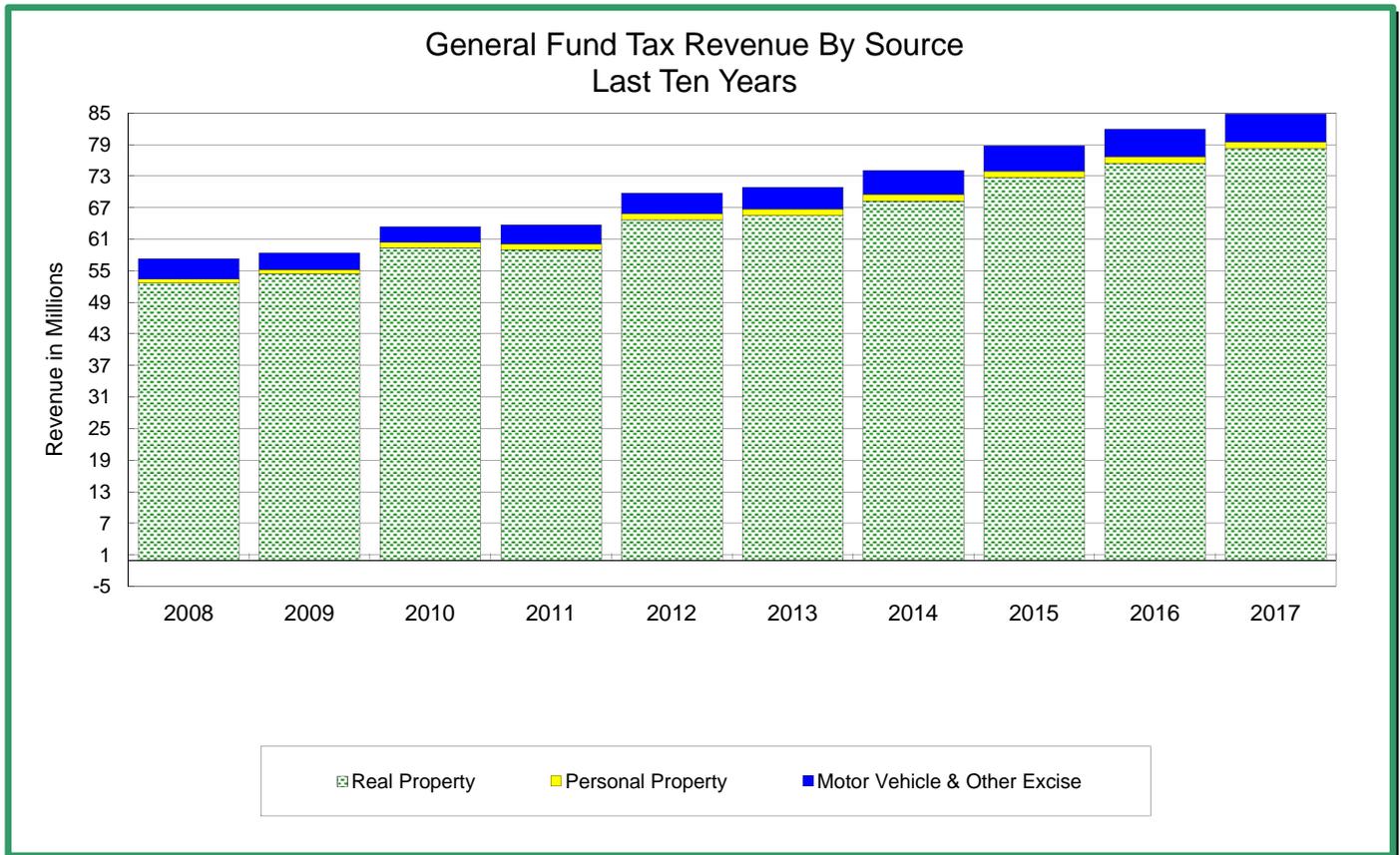
Year Ended June 30,	General Government(2)	Public Safety	Public Education	Public Works	Human Services	Culture & Recreation(3)	Inter-Governmental (4)	Debt Services	Total
2008	\$ 10,698	\$ 10,061	\$ 40,751	\$ 4,947	\$ 754	\$ 1,685	\$ 2,678	\$ 4,809	\$ 76,383
2009	\$ 13,303	\$ 10,416	\$ 35,130	\$ 5,682	\$ 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
2016	\$ 17,892	\$ 12,667	\$ 46,147	\$ 5,987	\$ 876	\$ 1,782	\$ 7,446	\$ 9,814	\$ 102,611
2017	\$ 19,186	\$ 13,221	\$ 48,471	\$ 5,837	\$ 890	\$ 2,939	\$ 10,572	\$ 9,452	\$ 110,568



(1) All amounts in thousands (000's).
(2) Includes employee benefits and miscellaneous.
(3) Includes General Fund expenditures for Library component unit.
(4) Intergovernmental expenses consist of the gross-up for State funded Teacher's pensions.

GENERAL FUND TAX REVENUE BY SOURCE LAST TEN YEARS

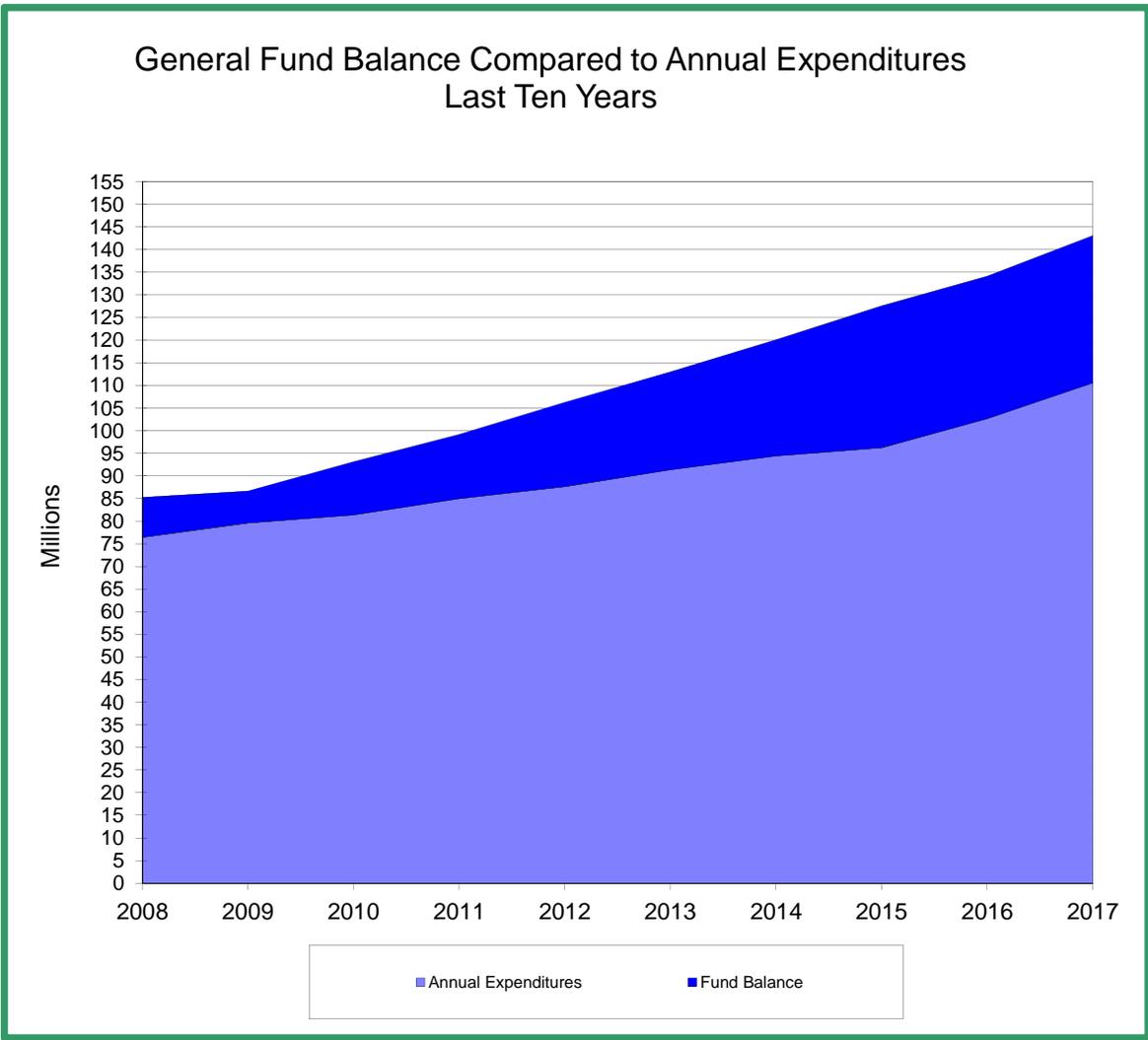
Year Ended June 30,	Real Property	Personal Property	Motor Vehicle & Other Excise	Total
2008	\$ 52,729,826	\$ 690,885	\$ 3,893,511	\$ 57,314,222
2009	\$ 54,470,186	\$ 773,283	\$ 3,130,199	\$ 58,373,668
2010	\$ 59,388,413	\$ 1,043,711	\$ 2,974,353	\$ 63,406,477
2011	\$ 59,054,046	\$ 1,091,352	\$ 3,589,655	\$ 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
2016	\$ 75,459,842	\$ 1,229,702	\$ 5,202,537	\$ 81,892,081
2017	\$ 78,275,722	\$ 1,237,879	\$ 5,279,133	\$ 84,792,734



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

GENERAL FUND BALANCE COMPARED TO ANNUAL EXPENDITURES LAST TEN YEARS

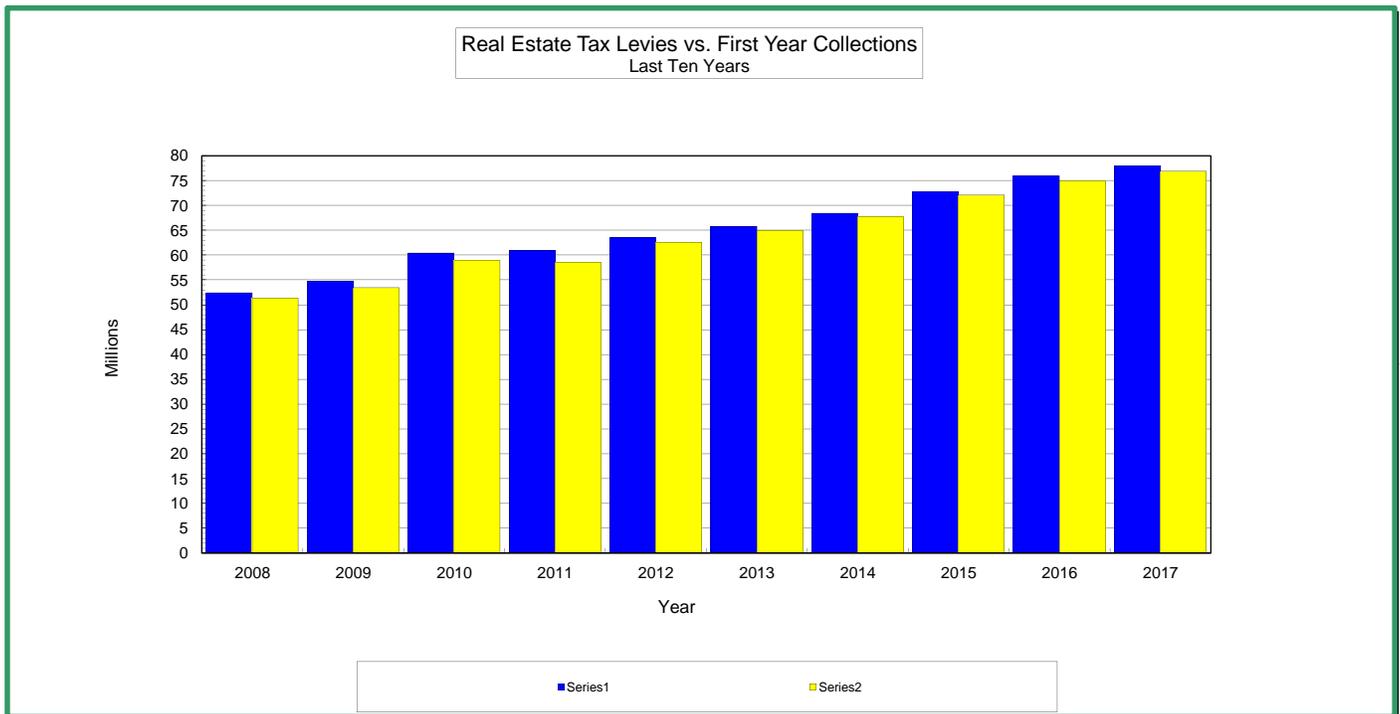
Year Ended June 30,	Fund Balance	Annual Expenditures	Balance as % of Expenditures
2008	\$ 8,884,711	\$ 76,382,718	11.63%
2009	\$ 7,099,935	\$ 79,559,960	8.92%
2010	\$ 11,781,094	\$ 81,342,054	14.48%
2011	\$ 14,219,824	\$ 84,929,680	16.74%
2012	\$ 18,652,801	\$ 87,621,170	21.29%
2013	\$ 21,669,847	\$ 91,311,575	23.73%
2014	\$ 25,709,663	\$ 94,378,040	27.24%
2015	\$ 31,370,797	\$ 96,214,249	32.61%
2016	\$ 31,503,190	\$ 102,610,743	30.70%
2017	\$ 32,561,028	\$ 110,535,572	29.46%



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

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

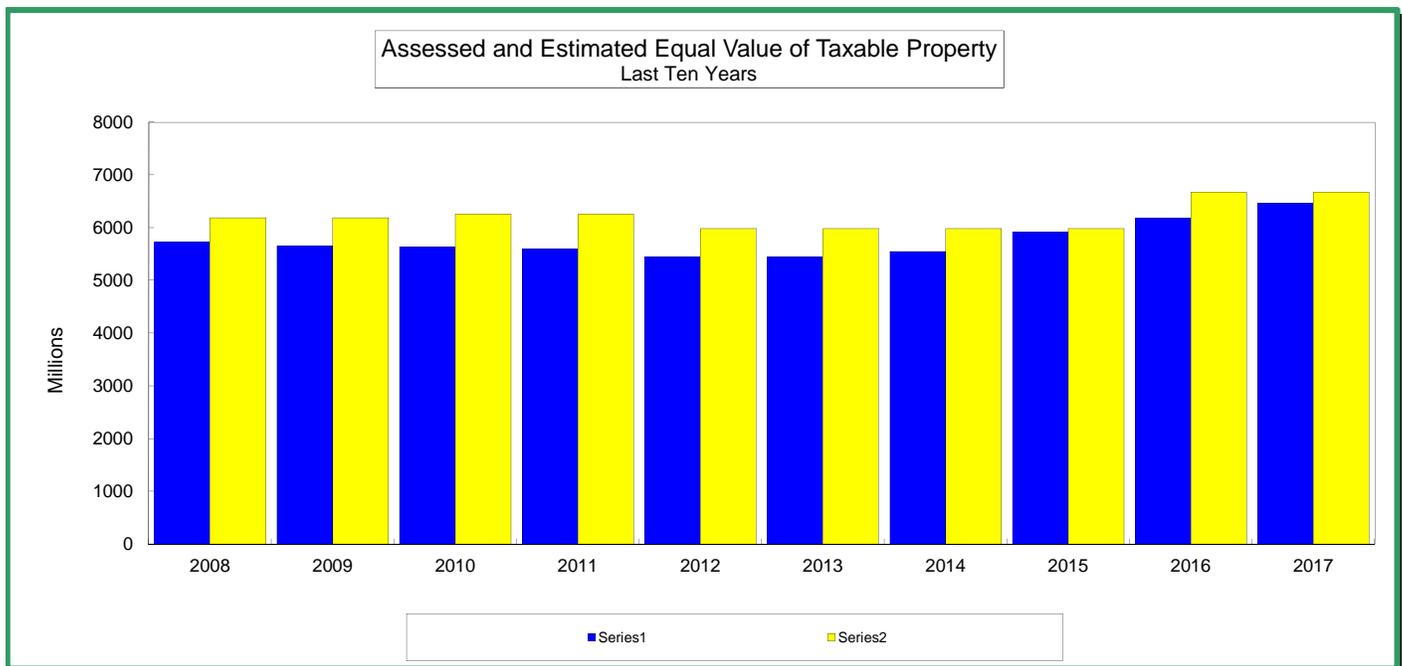
Year Ended June 30,	Real Estate Tax Levy (1)	First Year Current Tax Collections (2)	Percent of Levy Collected	Delinquent Levy Tax Collections	Total Tax Collections To Date	Percent of Levy Collected
2008	\$ 52,379,293	\$ 51,298,580	97.9%	\$ 65,279	\$ 51,363,859	98.1%
2009	\$ 54,789,488	\$ 53,444,778	97.5%	\$ 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%	\$ 641,471	\$ 72,693,185	99.9%
2016	\$ 75,896,635	\$ 74,959,517	98.8%	\$ 511,765	\$ 75,471,282	99.4%
2017	\$ 77,962,344	\$ 76,868,786	98.6%	\$ -	\$ 76,868,786	98.6%



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
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
2016	\$ 6,175,354,200	\$ 6,668,867,000	01/01/2016	92.6%	\$ 12.49
2017	\$ 6,465,789,910	\$ 6,668,867,000	01/01/2016	97.0%	\$ 12.25



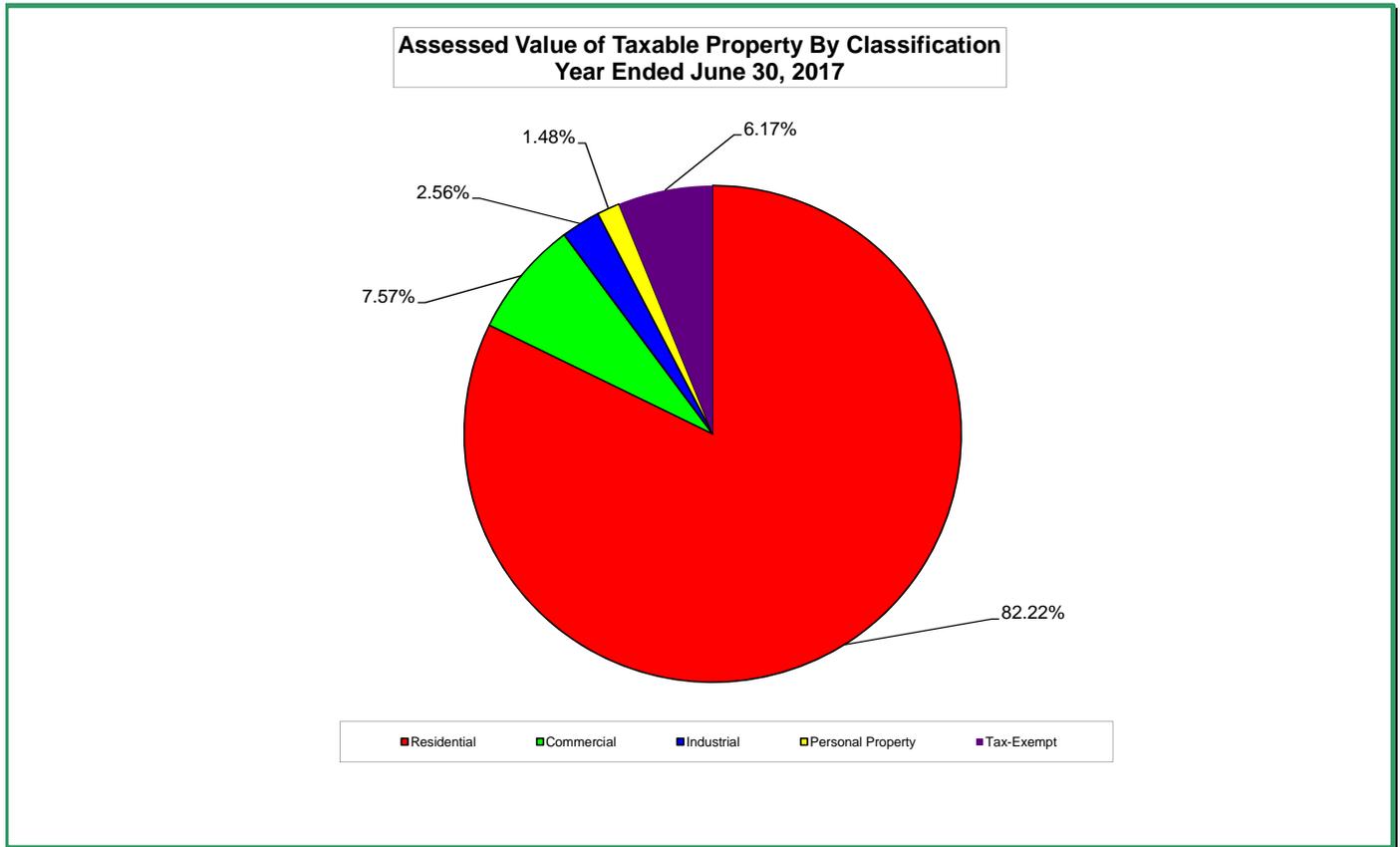
Source: Assessors Department, Town of Hingham

(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
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
2016	\$ 5,411,453,260	\$ 495,113,900	\$ 170,024,500	\$ 98,762,540	\$ 408,537,000	\$ 5,766,817,200
2017	\$ 5,665,777,460	\$ 521,896,100	\$ 176,387,600	\$ 101,728,750	\$ 424,892,600	\$ 6,040,897,310
10 yr. average	\$ 5,006,557,413	\$ 468,162,119	\$ 175,641,458	\$ 92,784,199	\$ 386,130,045	\$ 5,357,015,144



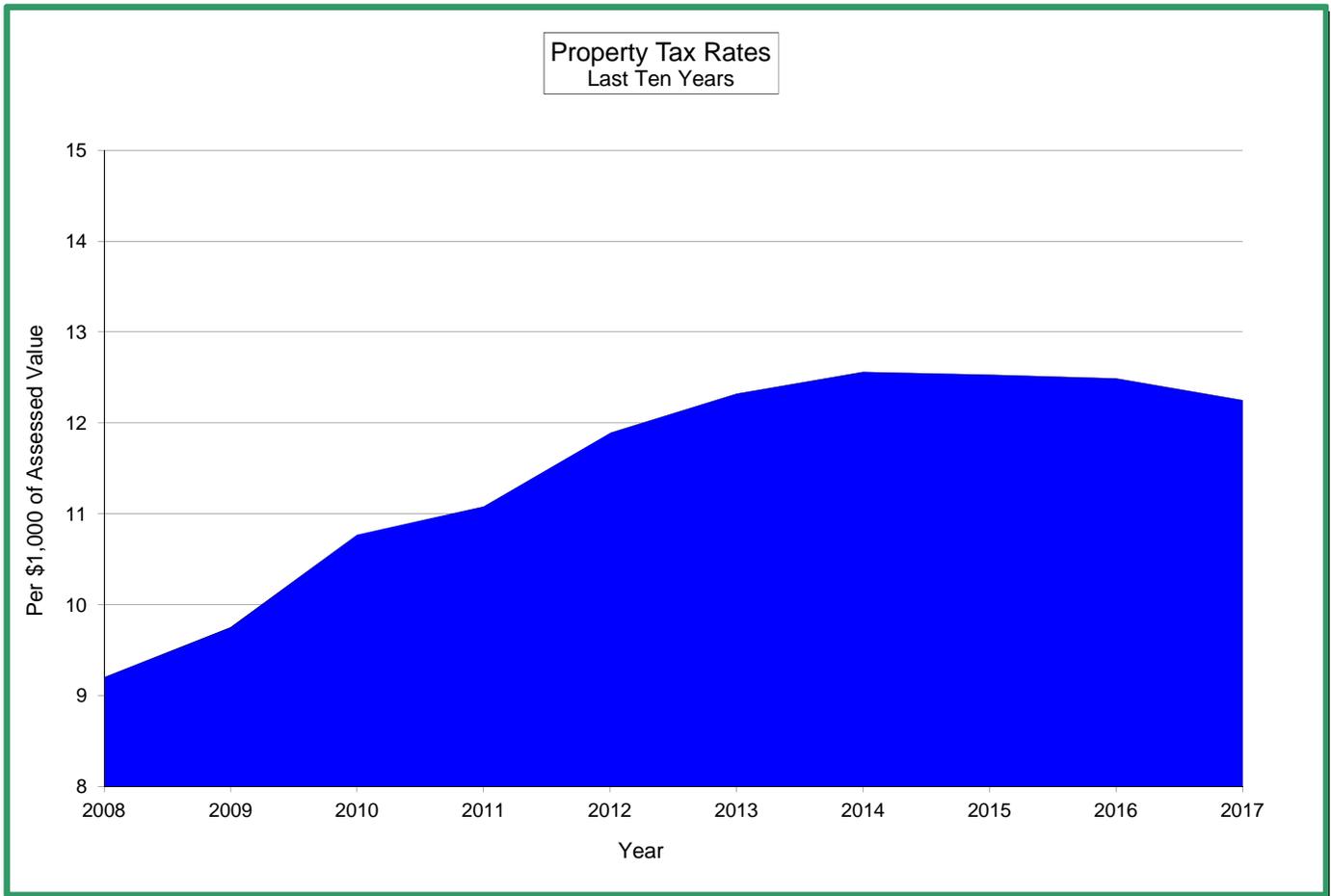
Source: Assessors Department, Town of Hingham

(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, 2011, 2014 and 2017.

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

Year Ended June 30,	Residential	Commercial (1)	Industrial (1)	Personal
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
2016	\$ 12.49	\$ 12.49	\$ 12.49	\$ 12.49
2017	\$ 12.25	\$ 12.25	\$ 12.25	\$ 12.25

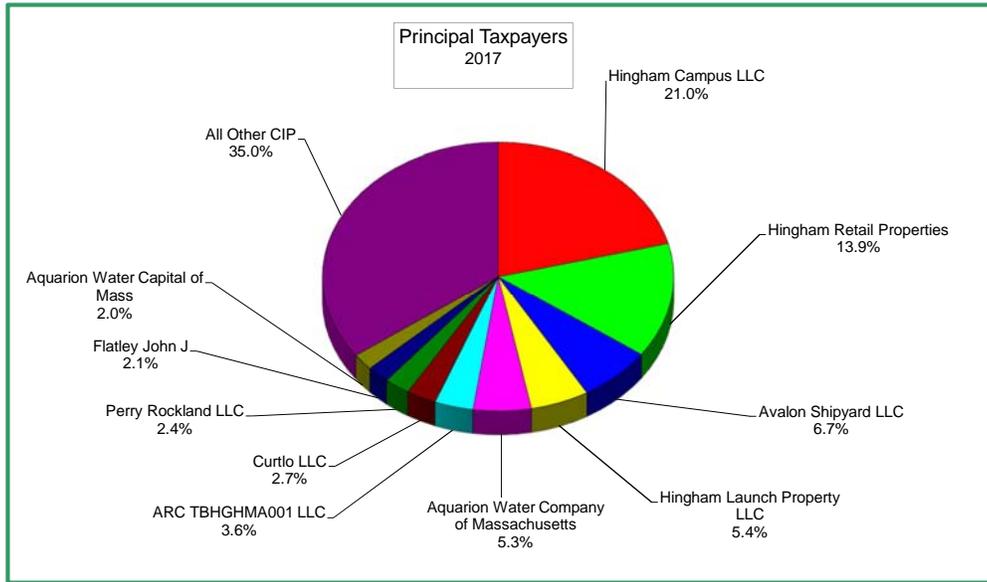


SOURCE: Assessor's Department, Town of Hingham

(1) 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	2017			2008		
		Assessed Valuation	Rank	Percentage of CIP(2)	Percentage of Total Tax Levy(3)	Assessed Valuation	Rank
Hingham Campus LLC	Housing	\$167,894,100	1	21.0%	2.6%	-	
Hingham Retail Properties	Mall	\$110,987,600	2	13.9%	1.7%	\$104,319,900	2
Avalon Shipyard LLC	Retail/Comm. Real Estate	\$53,920,900	3	6.7%	0.8%	\$17,476,000	8
Hingham Launch Property LLC	Apartments	\$43,031,100	4	5.4%	0.7%	\$10,240,800	10
Aquarion Water Company of Massachusetts	Retail	\$42,540,022	5	5.3%	0.7%	-	
ARC TBHGHMA001 LLC	Utilities	\$28,463,800	6	3.6%	0.4%	\$66,247,840	3
Curtlo LLC	Land Comm. & Ind. Bldg.	\$21,833,500	7	2.7%	0.3%	\$22,428,300	5
Perry Rockland LLC	Mall	\$18,856,100	8	2.4%	0.3%	\$14,638,200	9
Flatley John J	Land Comm. & Ind. Bldg.	\$16,620,200	9	2.1%	0.3%	-	
Aquarion Water Capital of Mass	Office/Manufacturing	\$15,836,680	10	2.0%	0.2%	-	
CNL Retirement-LP	Real Estate	-	-	-	-	\$238,482,400	1
Black Rock Golf Club	Golf	-	-	-	-	\$21,101,200	7
South Shore Ind. Park T.	Land	-	-	-	-	\$19,190,000	6
J. Jill Group Inc	Retail	-	-	-	-	\$27,891,400	4
		<u>\$ 519,984,002</u>		<u>65.0%</u>	<u>8.0%</u>	<u>\$542,016,040</u>	



(1) SOURCE: Assessor's Department, Town of Hingham
(2) Total Commercial, Industrial & Personal Property (CIP) valuation \$800,012,450.
(3) Total valuation of all property \$6,465,789,910.

**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
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	22,552	\$ 1,299,310,928	\$ 5,439,457,670	\$ 55,512,838	-	\$ 2,462	4.27%	1.02%
2014	22,428	\$ 1,292,166,792	\$ 5,439,457,670	\$ 50,222,555	-	\$ 2,239	3.89%	0.92%
2015	22,051	\$ 1,270,446,314	\$ 5,919,438,780	\$ 82,841,960	-	\$ 3,757	6.52%	1.40%
2016	23,051	\$ 1,328,060,314	\$ 6,175,354,200	\$ 80,904,795		\$ 3,510	6.09%	1.31%
2017	22,741	\$ 1,310,199,974	\$ 6,465,789,910	\$ 73,130,465		\$ 3,216	5.58%	1.13%

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
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	\$ 2,509	4.36%	1.04%
2014	\$ 805,000	\$ 84,567	\$ 51,112,122	\$ 2,279	3.96%	0.94%
2015	\$ 846,418	\$ 42,938	\$ 83,731,316	\$ 3,797	6.59%	1.41%
2016	\$ 635,516	\$ -	\$ 81,540,311	\$ 3,537	6.14%	1.32%
2017	\$ 427,662	\$ -	\$ 73,558,127	\$ 3,235	5.61%	1.14%

(1) South Shore Country Club

Source: Audited Financial Statements, U.S. Census

Note: The 2013 and 2014 amounts for population and personal income were estimated because actual data was not available.

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Equalized value established January 1 by Comm. of Massachusetts.....	\$ <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>	\$ <u>6,668,867</u>	\$ <u>6,668,867</u>
Debt limit.....	\$ 309,521	\$ 309,521	\$ 312,867	\$ 312,867	\$ 299,231	\$ 299,231	\$ 299,082	\$ 299,082	\$ 333,443	\$ 333,443
Less:										
Total net debt applicable to limit.....	\$ <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>	\$ <u>75,568</u>	\$ <u>68,300</u>
Legal debt margin.....	\$ <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>	\$ <u>257,875</u>	\$ <u>265,143</u>
Total net debt applicable to the limit as a percentage of debt limit.....	14.21%	14.21%	22.87%	21.15%	20.14%	18.35%	16.61%	27.98%	22.66%	20.48%

(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, 2017 the most recent valuation was as of Jan 1, 2016. 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, 2017**

	<u>Outstanding Long Term Debt</u>	<u>Hingham's Estimated Share (1)</u>	<u>2017 Dollar Assessment (2)</u>
Plymouth County Overlapping Debt (3).. \$	-	N/A	\$ 132,200
MWRA Overlapping Debt (4).....	3,553,343,000	0.0506%	1,798,028
Town direct debt.....	73,130,465	N/A	-
Town direct and overlapping debt..... \$	<u>3,626,473,465</u>		<u>\$ 1,930,228</u>

(1) Estimated share based upon operating expenses.

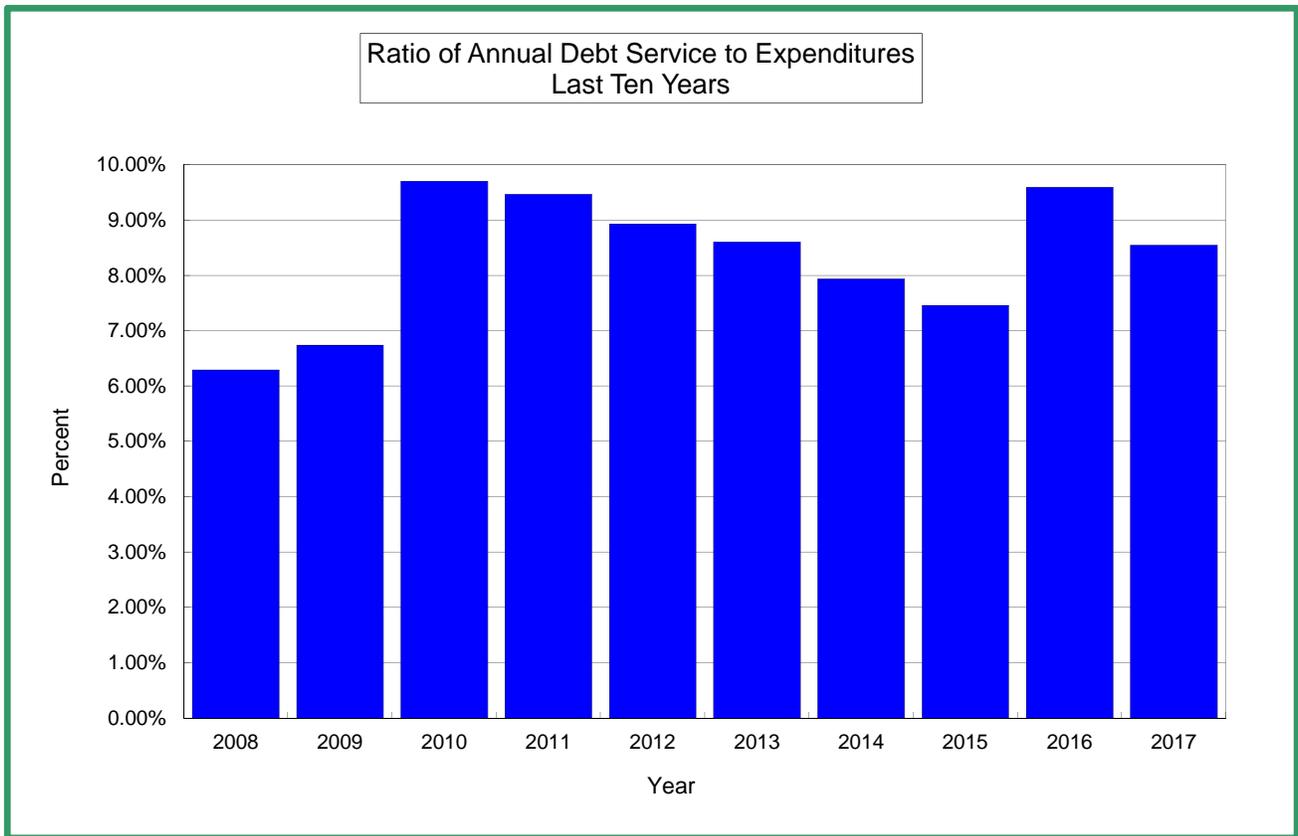
(2) Estimated dollar assessment based upon total net operating expenses, inclusive, where applicable, of debt service.

(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, 2016. 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**

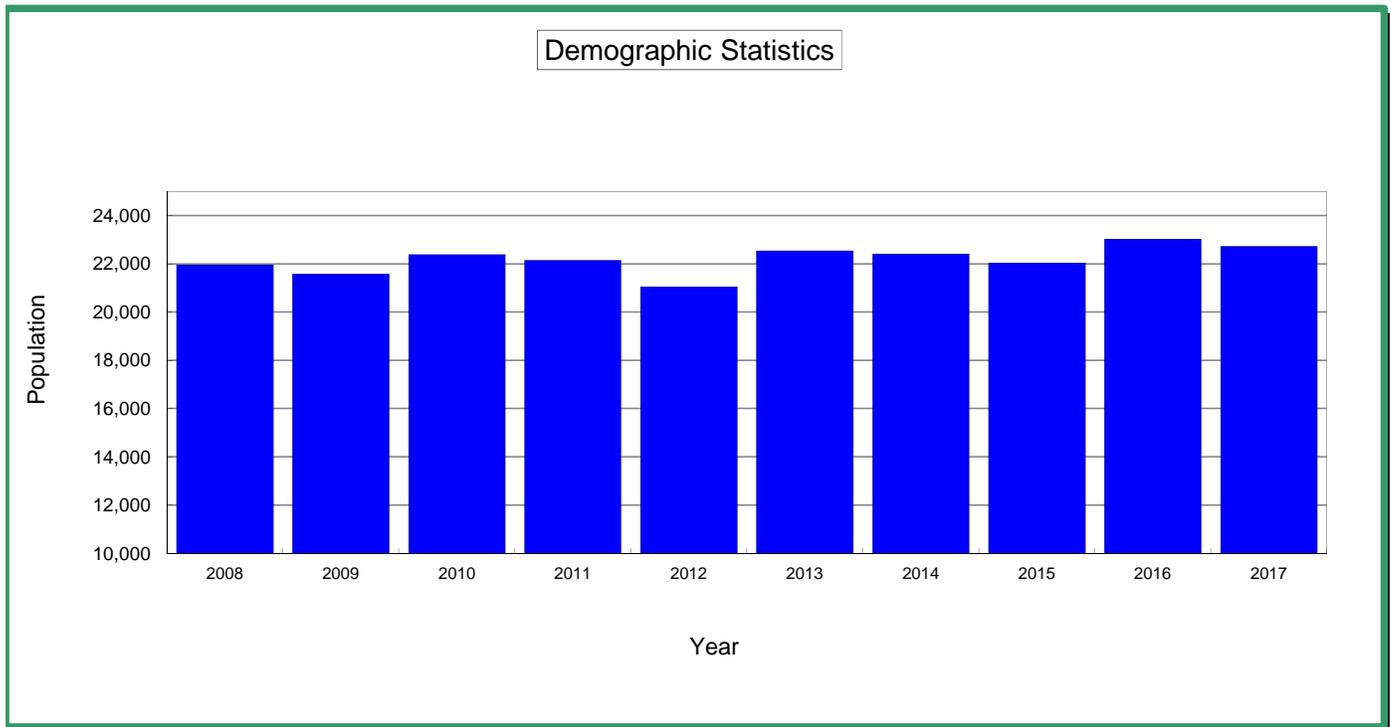
Year Ended Ended June 30,	Annual Debt Service	Total General Fund Expenditures	Ratio of Annual Debt Service to Expenditures
2008	\$ 4,809,000	\$ 76,382,718	6.3%
2009	\$ 5,365,003	\$ 79,559,960	6.7%
2010	\$ 7,894,798	\$ 81,342,054	9.7%
2011	\$ 8,042,555	\$ 84,929,680	9.5%
2012	\$ 7,827,460	\$ 87,621,170	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%
2016	\$ 9,814,457	\$ 102,610,743	9.6%
2017	\$ 9,452,005	\$ 110,535,572	8.6%



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)
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
2016	23,051	510,393	6,794,422
2017	22,741	513,565	6,811,779

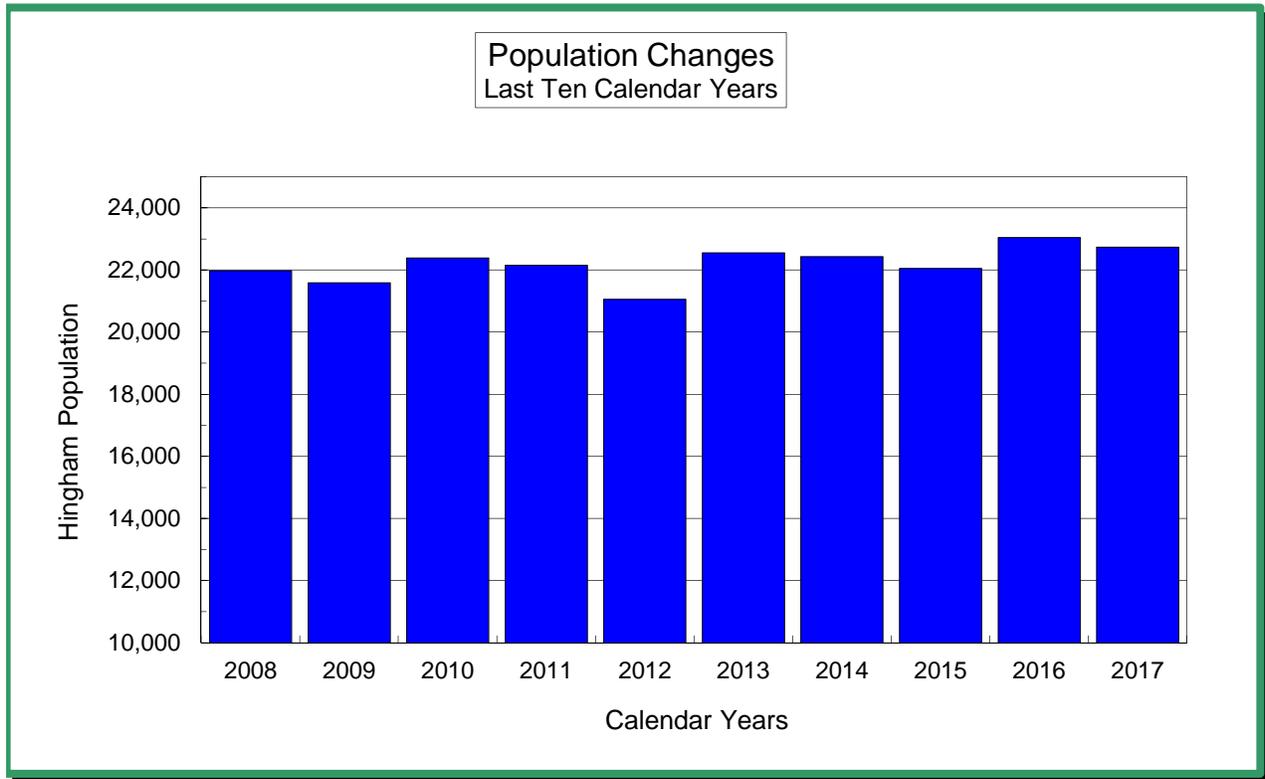


(1) Source: Hingham Town Clerk's Office.

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

POPULATION CHANGES LAST TEN CALENDAR YEARS

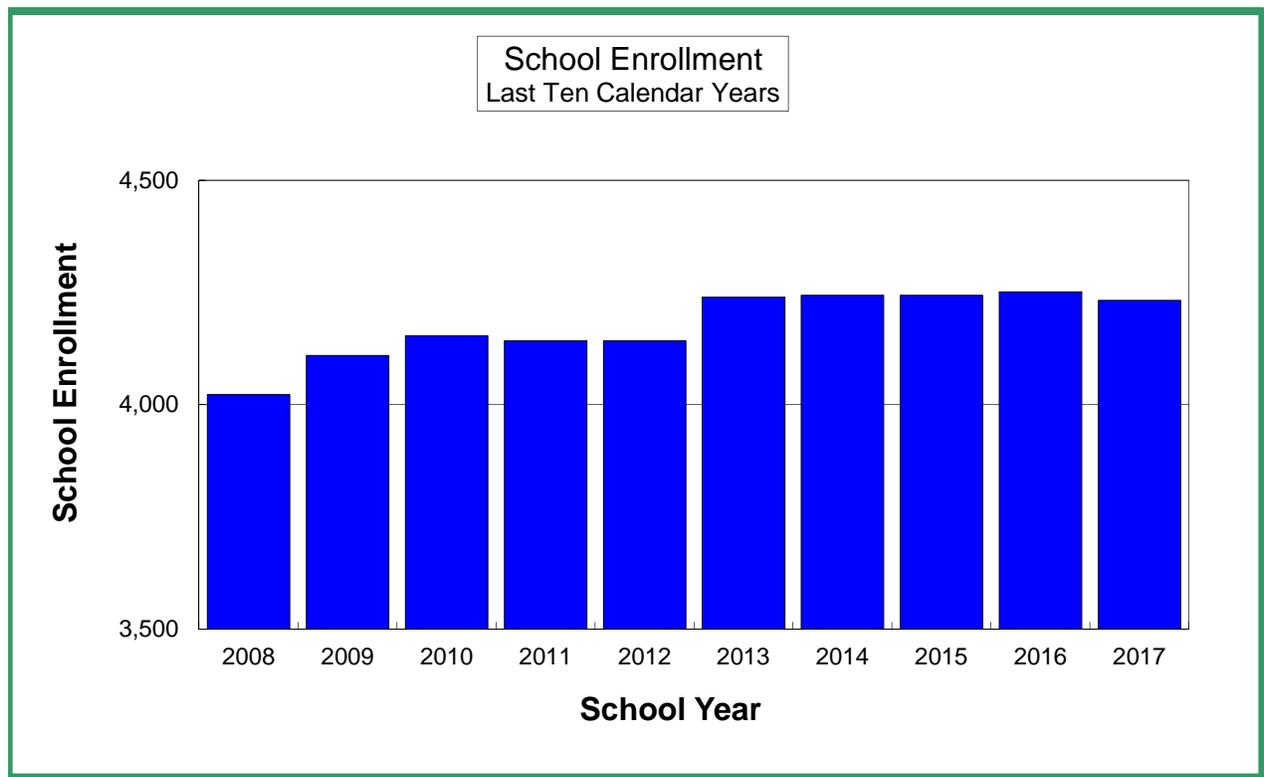
Year	Population	Increase (Decrease)
2008	21,978	703
2009	21,589	(389)
2010	22,394	805
2011	22,157	(237)
2012	21,065	(1,092)
2013	22,552	1,487
2014	22,428	(124)
2015	22,051	(377)
2016	23,051	1,000
2017	22,741	(310)



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

SCHOOL ENROLLMENT STATISTICS LAST TEN YEARS

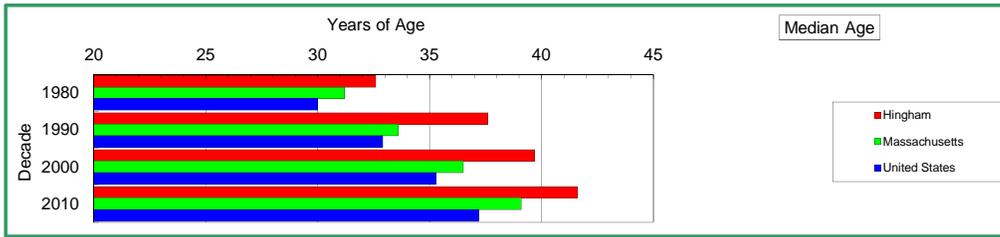
School Year	School Enrollment	Increase (Decrease)
2008	4,023	173
2009	4,110	87
2010	4,154	44
2011	4,143	(11)
2012	4,143	0
2013	4,240	97
2014	4,244	4
2015	4,244	0
2016	4,252	8
2017	4,233	(19)



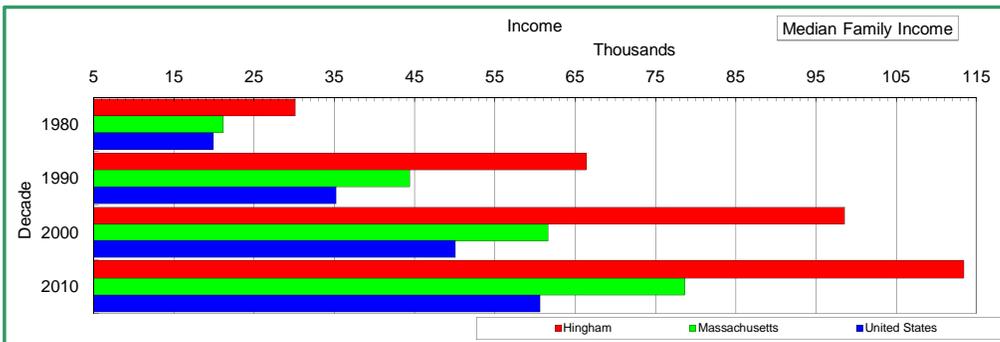
Source: Hingham's School Business Administration Office (K-12)

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

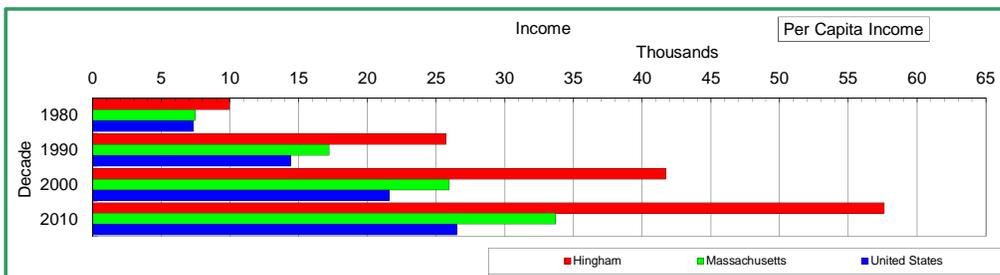
Median Age	Hingham	Massachusetts	United States
1980	32.6	31.2	30.0
1990	37.6	33.6	32.9
2000	39.7	36.5	35.3
2010	41.6	39.1	37.2



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



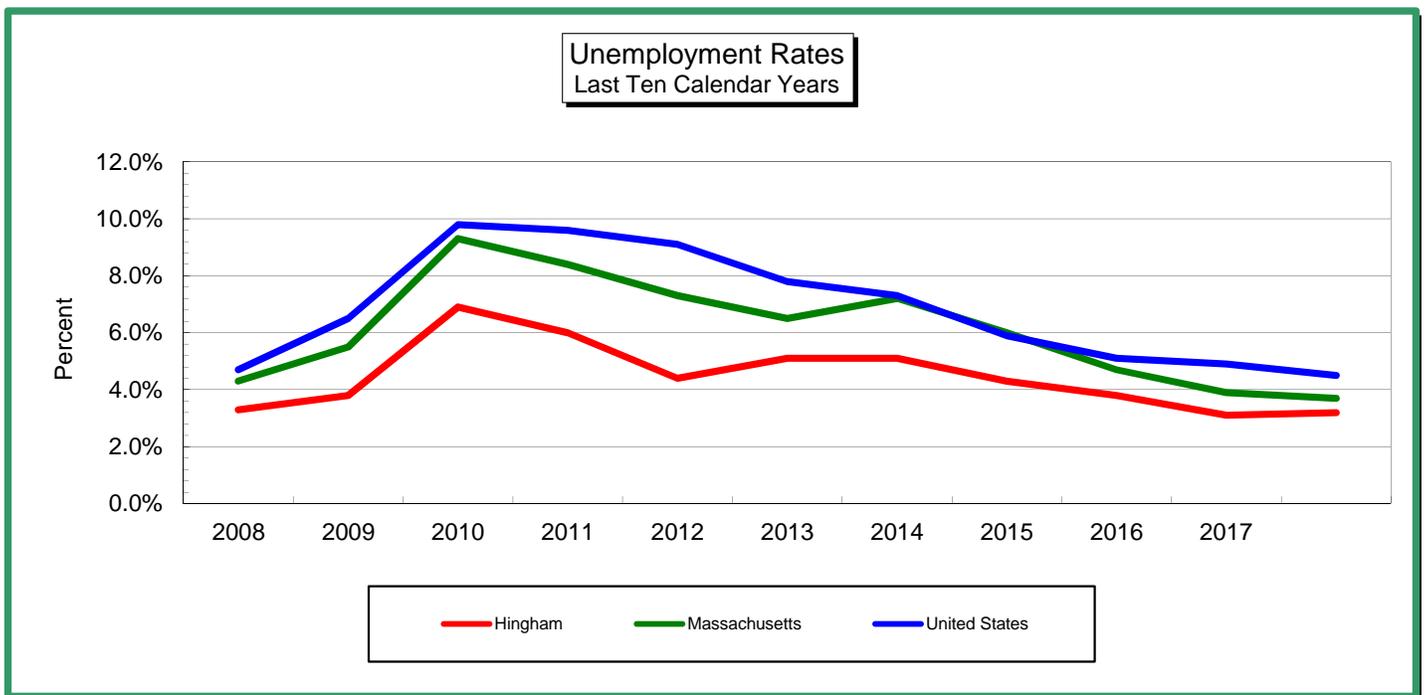
Per Capita Income	Hingham	Massachusetts	United States
1980	\$ 9,949	\$ 7,459	\$ 7,313
1990	\$ 25,726	\$ 17,224	\$ 14,420
2000	\$ 41,703	\$ 25,952	\$ 21,587
2010	\$ 57,614	\$ 33,704	\$ 26,505



Source: Federal Bureau of the Census.

UNEMPLOYMENT RATES LAST TEN CALENDAR YEARS

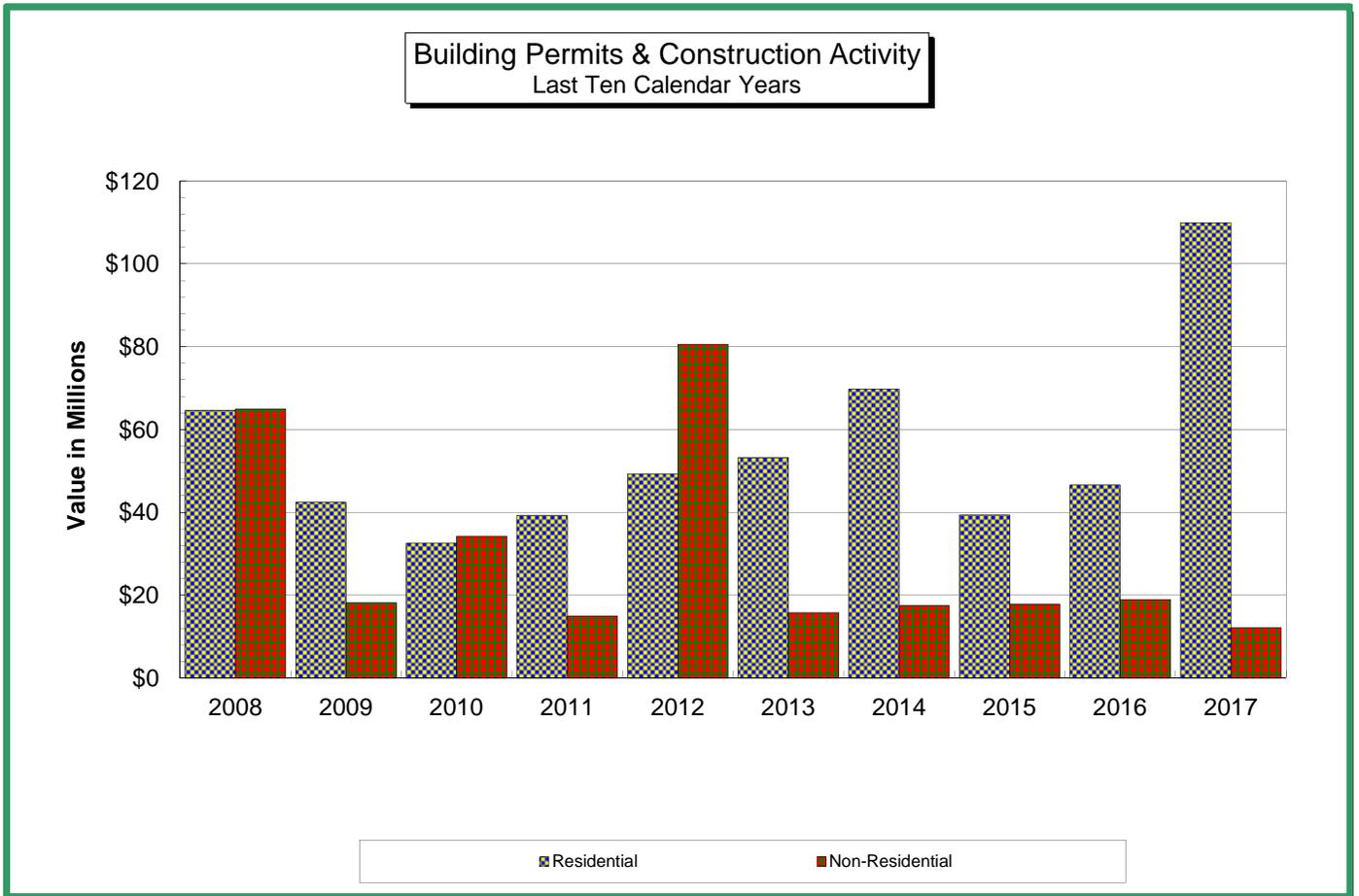
Year	Hingham (1)	Massachusetts (1)	United States (1)
2008	3.8%	5.5%	6.5%
2009	6.9%	9.3%	9.8%
2010	6.0%	8.4%	9.6%
2011	4.4%	7.3%	9.1%
2012	5.1%	6.5%	7.8%
2013	5.1%	7.2%	7.3%
2014	4.3%	6.0%	5.9%
2015	3.8%	4.7%	5.1%
2016	3.1%	3.9%	4.9%
2017	3.2%	3.7%	4.5%



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

BUILDING PERMITS AND CONSTRUCTION ACTIVITY LAST TEN CALENDAR YEARS

Year	Residential		Non-Residential		Total
	Number	Value	Number	Value	
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
2016	1057	\$ 46,649,068	301	\$ 18,911,509	\$ 65,560,577
2017	931	\$ 109,928,064 (1)	263	\$ 12,102,620	\$ 122,030,684



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

(1) The increase in Residential Values in 2017 relates to new construction and additions, and to Phase III of the Linden Ponds Retirement Community.

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

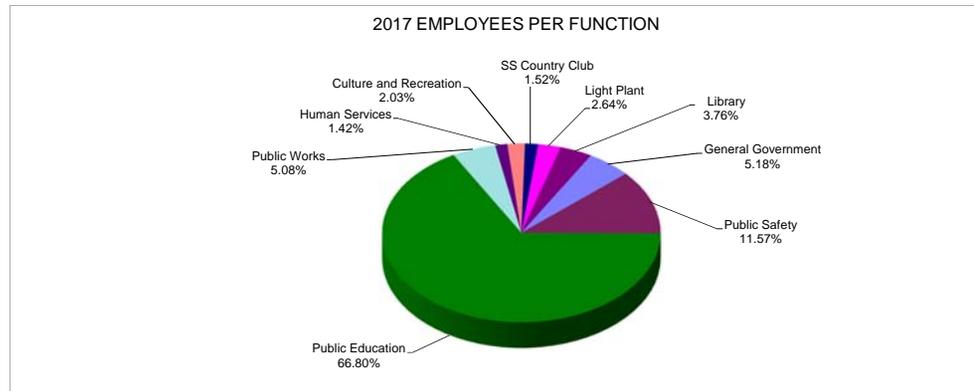
2017				
Employer	Business	Employees	Rank	% of Total Employment
Blue Cross/Blue Shield	Health Care	1,456	1	9.56%
Town of Hingham	Government	985	2	6.46%
Linden Ponds	Health Care	802	3	5.26%
Talbots	Retail Clothing	461	4	3.03%
Serono Laboratories	Bio-Technology	437	5	2.87%
Harbor House	Health Care	247	6	1.62%
Whole Foods	Retail	212	7	1.39%
Stop & Shop	Retail	196	8	1.29%
Russ Electric	Manufacturing	191	9	1.25%
Eat Well	Restaurant	170	10	1.12%
		5,157		33.85%

2008				
Employer	Business	Employees	Rank	% of Total Employment
Talbots	Retail Clothing	1,200	1	9.97%
Town of Hingham	Government	1,020	2	8.47%
Blue Cross/Blue Shield	Health Care	990	3	8.23%
Serono Laboratories	Bio-Technology	601	4	4.99%
Linden Ponds	Health Care	450	5	3.74%
Russ Electric	Manufacturing	300	6	2.49%
Stop & Shop	Retail	200	7	1.66%
Harbor House	Health Care	200	8	1.66%
Whole Foods	Retail	185	9	1.54%
Eat Well	Restaurant	170	10	1.41%
		5,316		44.17%

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

**NUMBER OF EMPLOYEES
PER FUNCTION OF GOVERNMENT**

Function	2017		2016		2015		2014		2013		2012		2011		2010		2009	
	# of Total Employees	% of Employees	# of Total Employees	% of Employees	# of Total 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	51	5.18%	50	5.05%	49	5.09%	49	5.17%	49	5.22%	48	5.07%	49	5.09%	47	4.75%	48	4.71%
Public Safety	114	11.57%	117	11.81%	111	11.53%	106	11.19%	108	11.51%	109	11.51%	122	12.68%	132	13.35%	135	13.25%
Public Education	658	66.80%	660	66.60%	635	65.94%	625	66.00%	621	66.20%	638	67.37%	634	65.90%	660	66.73%	676	66.34%
Public Works	50	5.08%	49	4.94%	49	5.09%	47	4.96%	45	4.80%	44	4.65%	46	4.78%	46	4.65%	47	4.61%
Human Services	14	1.42%	14	1.41%	15	1.56%	15	1.58%	16	1.71%	14	1.48%	15	1.56%	13	1.31%	12	1.18%
Culture and Recreation	20	2.03%	20	2.02%	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	15	1.52%	14	1.41%	14	1.45%	11	1.16%	9	0.96%	9	0.95%	6	0.62%	6	0.61%	6	0.59%
Light Plant	26	2.64%	28	2.83%	28	2.91%	28	2.96%	28	2.99%	27	2.85%	27	2.81%	27	2.73%	29	2.85%
Component Unit																		
Library	37	3.76%	39	3.94%	38	3.95%	42	4.44%	41	4.37%	35	3.70%	38	3.95%	35	3.54%	40	3.93%
TOTAL EMPLOYEES	985	100.00%	991	100.00%	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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Number of Buildings	3	3	4	4	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	4	4	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	139	139	140	140	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	98	53	22	57	56	60	48	48	73	86
Tree Removals	211	170	96	190	211	217	185	185	217	249
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	32	32	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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Town Clerk										
Population	21,275	21,978	21,589	22,394	21,157	22,973	22,249	22,451	22,368	23,132
Houses, including condominiums	7,012	7,012	7,110	7,110	7,173	7,223	7,346	7,402	7,249	7,448
Registered voters, Annual Town Election	15,056	16,009	15,322	15,731	15,939	16,995	16,595	16,546	16,768	16,768
Births	228	228	237	198	221	205	216	201	222	220
Marriages	86	89	82	80	74	73	80	85	84	78
Deaths	237	262	270	286	335	275	281	402	491	448
Community Planning										
Building Permits issued	945	1,059	869	1,000	976	964	1,051	1,125	1,312	1,217
Police										
Emergency responses	19,450	19,116	20,479	20,632	18,301	18,927	20,854	20,527	24,374	23,857
Motor vehicle accidents	1,109	870	873	838	803	819	879	776	839	855
Parking tickets issued	454	630	420	456	656	848	538	367	243	152
Fire										
Emergency responses	3,839	3,770	3,713	3,898	3,859	3,874	3,985	3,936	4,332	4,372
Public Works										
Recycling/tons	2,900	2,565	2,320	2,320	2,427	2,621	2,411	2,426	2,197	2,085
Return bottle program:										
Donated cans	216,631	332,748	269,380	305,080	263,590	263,300	247,340	271,320	348,490	368,060
Donated bottles	61,570	130,612	55,600	84,385	70,855	60,235	75,650	78,100	53,530	54,810
Snow & Ice										
Inches of snow	45	43	57	40	48	11	64	74	113	54
Snowplowing operations	6	7	8	9	12	2	6	6	20	8
Sanding operations	27	31	31	28	28	6	28	31	45	30
Council on Aging										
Van trips	5,258	4,424	5,801	5,981	5,158	5,556	4,797	5,008	4,569	4,907
Volunteers	238	176	174	168	170	167	153	142	157	141
Total Volunteer hours	14,473	12,064	11,930	10,410	10,369	11,034	9,628	10,454	10,086	10,075
Health										
Permits issued	1,392	1,226	1,135	1,296	1,298	1,069	1,856	1,941	2,065	2,283
Library										
Number of patrons	281,800	284,000	-	271,419	260,537	266,445	260,000	241,000	230,269	247,000
Check-out items	432,384	430,350	461,489	437,914	427,843	420,467	403,882	396,694	356,524	350,000
Card holders	15,101	14,331	-	12,638	14,123	14,276	13,000	12,500	12,343	12,000
Program attendance	7,175	7,175	6,940	9,250	6,216	6,354	6,968	7,547	17,000	16,800
Public Education										
Public school enrollment	3,850	4,023	4,110	4,154	4,143	4,274	4,303	4,362	4,328	4,252
Professional staff	348	321	-	359	389	380	358	359	369	369
Support staff	222	164	-	233	221	253	307	305	308	305
Recreation										
Total program revenue	\$ 472,171	\$ 548,704	\$ 566,880	\$ 652,834	\$ 645,495	\$ 632,135	\$ 662,784	\$ 685,231	\$ 958,867	\$ 1,071,443
Veteran Services										
Total Veteran's benefits	\$ 182,740	\$ 201,678	\$ 257,418	\$ 225,087	\$ 176,142	\$ 190,814	\$ 229,705	\$ 231,948	\$ 225,947	\$ 206,310
Retirement										
Total membership	886	910	917	923	944	987	1,036	1,066	1,128	1,172

Source: Annual Town Reports, Town Departments
2017 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>
FY2017.....	\$ N/A	\$ 3,894,342
FY2016.....	\$ 17,641,268	\$ 2,339,996
FY2015.....	\$ 18,172,013	\$ 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

Source: Town Records
 N/A: FY2017 Free Cash not yet available