



Town of Hingham, Massachusetts  
Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2018

On the Cover:

Hingham Town Hall, located on Central Street, was built in 1928 as a High School. In 1954, due to increased population, a new High School was built and the High School became Central Junior High School. In 1989, the school closed and the building remained vacant until September 1998 when renovations were completed and the building became home to the Town Offices, the Police, School, Light, Recreation Department, and the Department of Elder Services. Many of the old features remain, such as hardwood floors, oak doors, and woodwork and replicas of the original windows.

Town Hall Study Committee: formed Dec. 2012 to study present and future uses of the building and to consider various potential options, with the intention that the Senior Center and Rec Department would move to other locations. Finding privately-owned land for that purpose was unsuccessful. The committee reconvened in January 2017.

Town Meeting 2017 appropriated \$50,000 to be spent at the direction of the selectmen for the purpose of studying space needs and operational requirements of town departments, agencies, committees, and the school department offices -- but not the schools -- evaluating the feasible options for addressing infrastructure needs at Town Hall or elsewhere, and reporting the results and recommendations to a future Town Meeting, which has the final say. There's also an auditorium and the popular Hingham Rec gym -- which along with the Senior Center, police department, school administration offices, and other government functions are currently housed in the 210 Central St. Town Hall building.

Spring 2018: Town applied for a \$2 million grant under the Municipal Bond Bill, a statewide infrastructure program, toward Town Hall upgrades.

Cover Picture taken by: Kate Richardsson, Town of Hingham

Source: Town Hall records, Hingham Journal article

# TOWN OF HINGHAM, MASSACHUSETTS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2018



Prepared by:

Accounting Department  
Town Accountant  
Susan M. Nickerson

**TOWN OF HINGHAM, MASSACHUSETTS**  
*COMPREHENSIVE ANNUAL FINANCIAL REPORT*  
*FOR THE YEAR ENDED JUNE 30, 2018*

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# *Introductory Section*



Town of Hingham, Massachusetts  
Comprehensive Annual Financial Report  
For the Year Ended June 30, 2018

# TOWN OF HINGHAM

OFFICE OF THE SELECTMEN

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



Tom Mayo, Town Administrator  
Michelle Monsegur,  
Assistant Town Administrator

## Letter of Transmittal

January 17, 2019

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

The Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2018 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 CliftonLarsonAllen LLP, 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, 2018 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, 2018 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 it does 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, Wompatuck offers hiking trails in the summer which become cross country skiing trails in the winter, and extensive camping facilities are provided.

The Town is located in Plymouth County and 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**

The Town of Hingham continues to reflect a strong economic condition; per capita income is significantly higher than state averages and the unemployment rate has always been extremely low as compared to state and national averages. The Town remains a very desirable community given its close proximity to Boston and the level and quality of services provided. The residential sales market has been and continues to be very strong, reflecting the great interest in the community.

Over the past ten years the town's population has increased approximately 5% while school enrollment has increased 12%. Hingham is known throughout the state for its high quality school system; Hingham students consistently score in the top percentiles on national and state tests and an extremely high percentage of students graduating from the high school go on to pursue higher education.

## **Long-term Financial Planning**

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

## **Major Initiatives**

Since the mid 1990's the Town has consistently made capital expenditures a high priority. In the early 2000's due to economic conditions and budget restraints the amount of capital spending was reduced from normal levels of \$2-\$3 million annually. The Town expects to be able to appropriate capital spending in the \$2-\$2.3 million range for fiscal year 2019.

## **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 assists in the selection and monitoring of an independent auditing firm to conduct annual audits of the financial statements of the Town. The Committee supervises and reviews the conduct of the audit and the

auditor's relationship with the Town. After a thorough search and exhaustive request for proposal process, the Town elected to engage a new vendor for audit services in 2018.

**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 in 1992. This change has not only eliminated the need for temporary borrowings, which were costing the Town \$150,000 per year, but also provided temporary excess cash beyond immediate needs which is available for short-term investment.

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

The Town Administrator 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, 2017. This was the twenty-second 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, 2018 were audited by the public accounting firm of CliftonLarsonAllen LLP. 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 James Piotrowski and Christian Rogers, Manager and Principal at CliftonLarsonAllen LLP, whose attention to the 2018 financial statements was invaluable. We want to express our appreciation to the accounting personnel, Steve Becker, Huong Pham, 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,



Tom Mayo  
Town Administrator



Susan M. Nickerson  
Town Accountant



Government Finance Officers Association

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

Presented to

**Town of Hingham  
Massachusetts**

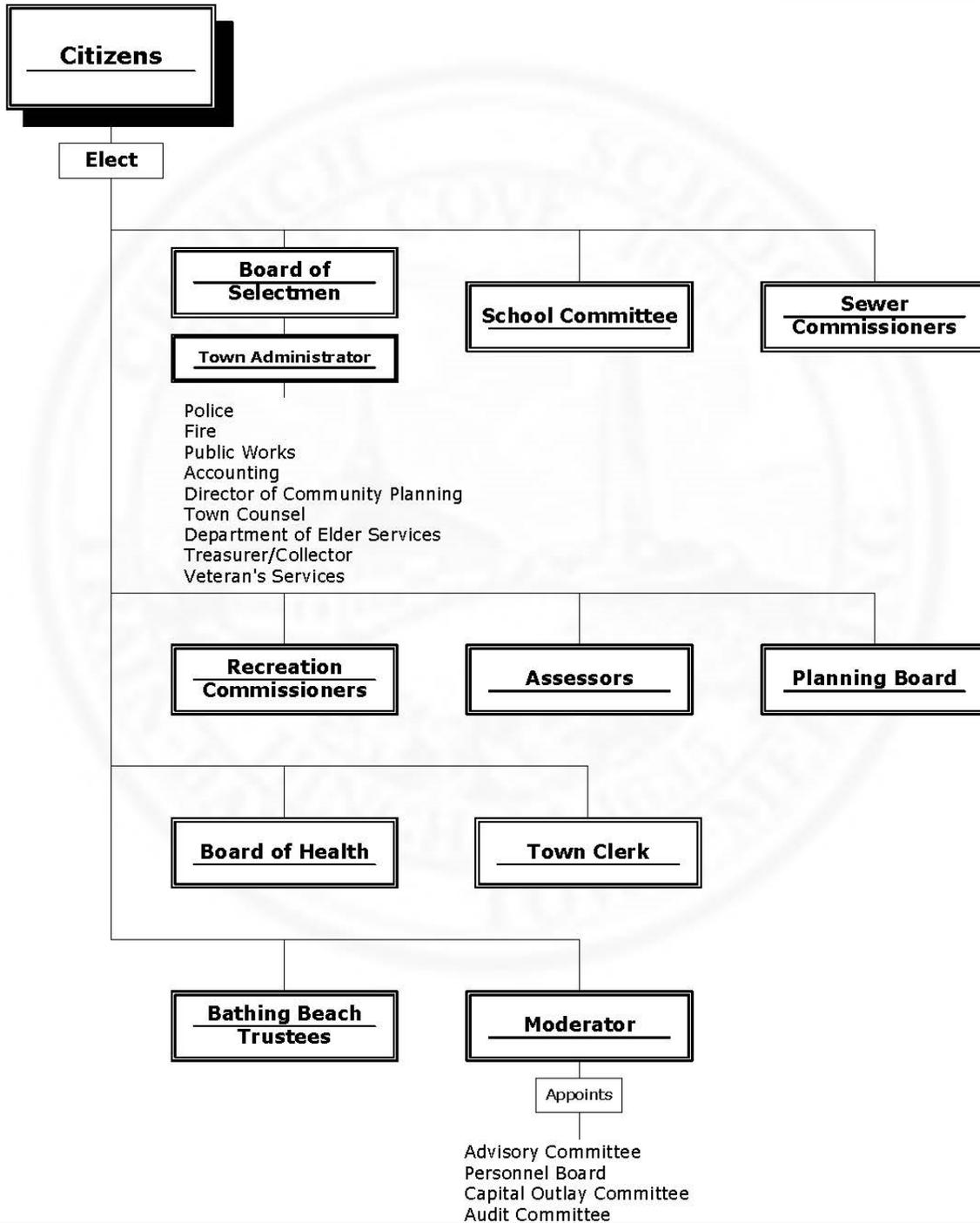
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morrill*

Executive Director/CEO

# The Town of Hingham Organizational Chart



## Elected Officials

		<u>Term Expires</u>
MODERATOR (1 Year Term)	Michael J. Puzo	2019
BOARD OF SELECTMEN (3 Year Term)	Paul K. Healey Karen A. Johnson Mary M. Power	2019 2020 2021
TOWN CLERK (3 Year Term)	Eileen A. McCracken	2021
BOARD OF ASSESSORS (3 Year Term)	Charlton A. Chambers Stuart Gregory Hall, Chair Christine M. Roberts	2021 2020 2019
BOARD OF HEALTH (3 Year Term)	Peter B. Bickford, Chair Elizabeth Eldredge Kirk J. Shilts	2021 2020 2019
SCHOOL COMMITTEE (3 Year Term)	Elizabeth Emerson Lewiecki Kerry J. Ni Michelle Ayer Edward j. Schreier Elizabeth O'Reilly Carlos A.F. DaSilva Kay L. Praschma	2021 2021 2020 2020 2019 2019 2019
PLANNING BOARD (5 Year Term)	Gordon M. Carr Judith Sneath Jennifer M. Gay Smith William C. Ramsey Gary Tondorf-Dick	2022 2023 2019 2020 2021
SEWER COMMISSIONERS (3 Year Term)	Robert M. Higgins Stephen Harold Kirk J. Shilts	2021 2020 2019

## Administrative Staff

<u>Position</u>	<u>Official</u>
Town Administrator	Thomas Mayo
Superintendent of Schools	Dr. Dorothy H. Galo
Chief of Police	Glenn Olsson
Fire Chief	Steven Murphy
Assistant Town Administrator	Michelle Monsegur
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	Kevin Whelan
DPW Superintendent	Randy Sylvester
Town Engineer	Roger Fernandes
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

# *Financial Section*



Town of Hingham, Massachusetts  
Comprehensive Annual Financial Report  
For the Year Ended June 30, 2018

## INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Selectmen  
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 aggregately 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, 2018 (except for the Hingham Municipal Lighting Plant, Hingham Contributory Retirement System and Lincoln Apartments, LLC, a discretely presented component unit, which is as of and for the year ended December 31, 2017), and the related notes to the financial statements, which collectively comprise the Town of Hingham, Massachusetts' 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 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, 2017, which is both a major fund and represents 84%, 83%, 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 of 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 from material misstatement. The financial statements of the Hingham Municipal Lighting Plant were not audited in accordance with *Government Auditing Standards*.

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, 2018 (except for the Hingham Municipal Lighting Plant, Hingham Contributory Retirement System and Lincoln Apartments, presented component unit, which is as of and for the year ended December 31, 2017), 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.

### *Emphasis of Matters*

During the fiscal year ended June 30, 2018, the Town adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. As a result, the Town reported a restatement for a change in accounting principle (See Note 23). Our auditors' opinions were not modified with respect to the restatement.

As discussed in Note 23, the Town has restated its beginning net position for the correction of errors. The restatements are due to errors in the reporting of capital assets, accounts receivable, capital lease obligation, Hingham Municipal Light Plant investments, Hingham Municipal Light Plant net OPEB obligation, and Lincoln Apartments' deferred rent. Our auditors' opinions were not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (located on pages 15 through 24) and general fund and community preservation fund budgetary comparisons and certain pension and other postemployment benefits information (located on pages 85 through 98) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hingham, Massachusetts' 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 relate 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. In our opinion, the combining and individual fund financial 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 January 17, 2019, 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 solely 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 effectiveness of the Town's 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, Massachusetts' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen, LLP**

Boston, Massachusetts  
January 17, 2019

# **Management's Discussion and Analysis**

## Management's Discussion and Analysis

This analysis, prepared by 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, 2018. This is the 16th 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 \$52.6 million and \$54.4 million (net position) for governmental activities and business-type activities, respectively.
- At the close of the current year, the Town of Hingham's general fund reported an ending fund balance of \$35.7 million, including \$3.3 million set aside in stabilization funds, an increase of \$3.1 million over the prior year. Total fund balance represents 31.8% of total general fund expenditures. Approximately \$31.3 million of this total amount is available for appropriation at the Town's discretion.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented this year. This standard required the Town to record its net OPEB 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 of resources and liabilities and deferred inflows of resources, 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 \$107 million at the close of 2018.

Government-wide net position of \$142.4 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, \$23.3 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 \$58.7 million mainly related to the cumulative effects of recording pension and other postemployment liabilities.

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

**Governmental activities.** The governmental activities net position increased by \$10.2 million during the current year as compared to a decrease in net position of \$4.1 million during the prior year. Total revenues increased 5.7%, while total expenses decreased 5.7%, mainly from changes in related to pensions and other employee benefits.

*Governmental Activities Consolidated Statement of Net Position*

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Current assets.....	65,135,995	56,076,051
Noncurrent assets (excluding capital).....	4,359,811	5,883,075
Capital assets, non depreciable.....	21,028,039	19,951,933
Capital assets, net of accumulated depreciation.....	<u>149,975,548</u>	<u>153,265,478</u>
Total assets.....	<u>240,499,393</u>	<u>235,176,537</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<u>13,871,554</u>	<u>9,381,195</u>
<b>LIABILITIES</b>		
Current liabilities (excluding debt).....	8,502,715	7,307,998
Noncurrent liabilities (excluding debt).....	102,498,035	58,886,672
Current debt.....	17,895,695	18,171,811
Noncurrent debt.....	<u>58,270,867</u>	<u>65,578,141</u>
Total liabilities.....	<u>187,167,312</u>	<u>149,944,622</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<u>14,580,235</u>	<u>2,135,248</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets.....	102,148,838	99,935,544
Restricted.....	14,794,270	2,431,713
Unrestricted.....	<u>(64,319,708)</u>	<u>(9,889,395)</u>
Total Net Position.....	<u>\$ 52,623,400</u>	<u>\$ 92,477,862</u>

Current assets increased by \$9.1 million primarily for increases in cash (\$8.4 million) and user charges receivable (\$1.3 million). Noncurrent liabilities increased \$36.3 million primarily for other postemployment benefits (\$52.5 million) net of the decrease in the net pension liability (\$10 million).

As mentioned above, governmental activities net position increased by \$10.2 million this year compared to a decrease of \$4.1 million last year. The change of \$14.3 million is primarily due to the decrease in the net pension liability of \$10 million. Charges for services increased \$3.5 million (28.5%) and real estate and other taxes increased \$1.8 million (2.1%). These revenue gains were offset by increased expenses for employee salaries and health insurance, OPEB, and depreciation expenses.

*Governmental Activities Consolidated Statement of Activities*

	2018	2017
<b>PROGRAM REVENUES:</b>		
Charges for services.....	\$ 15,815,858	\$ 12,304,819
Operating grants and contributions.....	24,332,438	23,053,214
Capital grants and contributions.....	323,792	328,187
<b>GENERAL REVENUES:</b>		
Real estate, personal property taxes, and motor vehicle and other excise taxes.....	87,478,598	85,705,687
Penalties and interest.....	319,948	331,201
Nonrestricted grants, contributions and other.....	1,869,845	1,766,163
Unrestricted investment income.....	758,447	394,533
Other miscellaneous revenue.....	-	2,180
Total revenues.....	130,898,926	123,885,984
<b>EXPENSES:</b>		
General government.....	6,197,234	8,119,185
Public safety.....	17,366,820	21,457,244
Education.....	76,009,002	76,810,877
Public works.....	12,704,994	13,331,559
Human services.....	1,829,560	1,500,507
Culture and recreation.....	4,160,669	4,646,565
Community preservation.....	549,084	661,240
Interest.....	2,189,431	1,861,076
Total expenses.....	121,006,794	128,388,253
<b>EXCESS (DEFICIENCY) BEFORE TRANSFERS</b> .....	9,892,132	(4,502,269)
Transfers.....	320,586	407,324
<b>CHANGE IN NET POSITION</b> .....	10,212,718	(4,094,945)
Net Position - Beginning of Year (As Restated*).....	42,410,682	96,572,807
<b>NET POSITION - END OF YEAR</b> .....	\$ 52,623,400	\$ 92,477,862

\*See Note 23 for detail on the restatement of net position related to the implementation of GASB 75.

*Other financial notes related to governmental activities:*

- Charges for services represented 12.1% 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 18.6% 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 0.2% of the governmental activities resources. In 2018 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 66.8% of current revenues.
- All other revenues comprised a total of 2.3% percent of the governmental activities resources. These primarily include penalties & interest and unrestricted contributions.

- Education is by far the largest governmental activity of the Town. After subtracting \$25.7 million of program revenues (charges for services and operating grants) as shown on the Statement of Activities, approximately \$50 million in taxes and other revenues were needed to cover its 2018 net operating expenses. A pension contribution of approximately \$11.3 million made by the State on-behalf of Hingham teachers was recorded as an expense and grant revenue in 2018. The 2017 amount was \$10.6 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 \$14.6 million and \$8.1 million, respectively, of taxes and other revenue were needed to cover their 2018 operating expenses.

**Business-type activities.** Business-type activities, consisting of the South Shore Country Club and the Hingham Municipal Lighting Plant, increased the Town’s net position by \$2.7 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 \$54.3 million at the close of 2018. Net investment in capital assets was \$40.2 million, net position restricted for depreciation was \$8.5 million, and unrestricted net position was \$5.6 million.

*Business-Type Activities Consolidated Statement of Net Position*

	2018	2017
<b>ASSETS</b>		
Current assets.....	28,524,686	24,285,487
Noncurrent assets (excluding capital).....	362,170	1,769,070
Capital assets, non depreciable.....	7,596,603	7,590,740
Capital assets, net of accumulated depreciation.....	33,033,109	32,248,187
Total assets.....	69,516,568	65,893,484
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>1,084,542</b>	<b>1,305,986</b>
<b>LIABILITIES</b>		
Current liabilities (excluding debt).....	3,497,137	3,296,589
Noncurrent liabilities (excluding debt).....	6,000,815	6,210,881
Current debt.....	441,813	496,610
Noncurrent debt.....	-	214,808
Total liabilities.....	9,939,765	10,218,888
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>6,308,810</b>	<b>5,474,498</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets.....	40,187,899	39,127,509
Restricted.....	8,542,548	6,959,061
Unrestricted.....	5,622,088	5,419,514
Total Net Position.....	\$ 54,352,535	\$ 51,506,084

The South Shore Country Club includes facilities for golf, bowling, tennis, swimming, and dining. Total revenues amounted to \$1.8 million; as compared to \$1.9 million in 2017. Expenses decreased by \$300,000 mainly relating to pension expense being higher last year. The Country Club’s net position increased by \$104,000 this past year.

The Hingham Municipal Lighting Plant provides electricity to Hingham residents. Total revenues amounted to \$27.7 million as compared to \$30.1 million in the prior year. Expenses decreased by \$1.6 million, and after transferring \$490,000 to the general fund the Lighting Plant’s net position increased by \$2.6 million for the year.

*Business-Type Activities Consolidated Statement of Activities*

	<u>2018</u>	<u>2017</u>
<b>PROGRAM REVENUES:</b>		
Charges for services - South Shore Country Club.....	\$ 1,821,105	\$ 1,857,554
Charges for services - Hingham Municipal Light Plant.....	27,527,844	30,112,054
Capital grants and contributions.....	95,150	-
<b>GENERAL REVENUES:</b>		
Unrestricted investment income.....	<u>112,694</u>	<u>72,033</u>
Total revenues.....	<u>29,556,793</u>	<u>32,041,641</u>
<b>EXPENSES:</b>		
South Shore Country Club.....	1,886,961	2,209,167
Hingham Municipal Light Plant.....	<u>24,609,627</u>	<u>26,271,581</u>
Total expenses.....	<u>26,496,588</u>	<u>28,480,748</u>
<b>EXCESS (DEFICIENCY) BEFORE TRANSFERS</b> .....	3,060,205	3,560,893
Transfers.....	<u>(320,586)</u>	<u>(407,324)</u>
<b>CHANGE IN NET POSITION</b> .....	2,739,619	3,153,569
Net Position - Beginning of Year (As Restated*).....	<u>51,612,916</u>	<u>48,352,515</u>
<b>NET POSITION - END OF YEAR</b> .....	<u>\$ 54,352,535</u>	<u>\$ 51,506,084</u>

\*See Note 23 for detail on the restatement of net position related to the implementation of GASB 75.

**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 \$39.9 million, an increase of \$5.8 million for the year. This is mainly related to prior year expenses of \$5.7 million in the Community preservation fund that were funded by short-term notes.

*General Fund*

The General Fund is the chief operating fund of the Town. At the end of the current year, the unassigned fund balance of the general fund was \$31.3 million, while the total fund balance was \$35.7 million. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures. The unassigned fund balance represents 27.9% of total general fund expenditures, while the total fund balance represents 31.8% of that same amount.

The total fund balance of the General Fund increased by \$3.1 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 increased by \$569,000, which was due to the excess of CPA surcharges in excess of expenditures.

### *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 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 \$820,000 primarily for police and fire protection and public works.

Total general fund revenues exceeded budget overall by approximately 2%.

Total expenditures and carryovers were less than budgeted amounts by approximately \$1.9 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.

### Long-Term Debt

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. These bond ratings are consistent with the prior year. 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, 2018, totaled \$65.6 million, a decrease of \$7.5 million from the prior year due to scheduled principal 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 \$214,000 in Country Club debt used to install an irrigation system and to purchase mowers for the golf course.

Additional information on the Town's long-term debt can be found in Note 12 of this report.

### Capital Assets

The Town's investment in capital assets for its governmental and business-type activities at the end of the fiscal year totaled \$211,633,299 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery and equipment, and infrastructure.

Major capital asset events that occurred during the fiscal year include the following:

- Public works machinery and equipment purchases of \$600,000
- Public safety machinery and equipment purchases of \$167,000
- Road improvements construction in progress totaling \$615,000

Additional information on the Town's capital assets can be found in Note 6 of this report.

### **Pension Trust Fund**

The Pension Trust Fund (System) realized an increase in net position of \$17 million for the year. Contributions and other additions of \$8.1 million and net investment income of \$17.7 million were offset by \$8.9 million of benefits and other deductions. Total net position of the System amounted to \$119.5 million at December 31, 2017.

### **Other Postemployment Benefits**

The Town implemented GASB Statement 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as of June 30, 2018. The governmental-activities have accumulated a liability for other postemployment benefits in the amount of \$63.9 million at June 30, 2018.

The Hingham Municipal Lighting Plant implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)*, as of December 31, 2010. The related business-type activities have accumulated a net OPEB obligation of \$2,000 as of December 31, 2017.

The OPEB Plan's total assets set aside in trust for future benefits amounted to approximately \$13.9 million at year-end. As discussed in Note 17, the Plan's Net OPEB Liability at June 30, 2018 amounted to \$64.9 million.

### **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.

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# Basic Financial Statements

**TOWN OF HINGHAM, MASSACHUSETTS  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

ASSETS	Primary Government			Component Units	
	Governmental	Business-Type	Total	Hingham Public	Lincoln
	Activities	Activities		Library	Apartments, LLC (December 31, 2017)
<b>Current Assets:</b>					
Cash and Cash Equivalents.....	\$ 55,360,831	\$ 20,143,701	\$ 75,504,532	\$ 235,719	\$ 480,098
Investments.....	1,070,277	3,650,000	4,720,277	1,849,810	-
Receivables, Net of Allowance for Uncollectible Amounts:					
Real Estate and Personal Property Taxes.....	1,522,152	-	1,522,152	-	-
Tax and Utility Liens.....	848,500	-	848,500	-	-
Motor Vehicle and Other Excise Taxes.....	479,777	-	479,777	-	-
User Charges.....	1,621,943	1,759,869	3,381,812	-	-
Special Assessments.....	134,610	-	134,610	-	-
Departmental and Other.....	563,880	506,823	1,070,703	-	1,905
Intergovernmental.....	3,069,587	-	3,069,587	-	-
Due from Agency Funds.....	186,444	-	186,444	-	-
Internal Balances.....	118,013	(118,013)	-	-	-
Other Assets.....	-	-	-	-	2,529,619
Inventory.....	-	998,665	998,665	-	-
Purchase Power Advance Deposits.....	-	1,583,641	1,583,641	-	-
Assets Held for Resale.....	159,981	-	159,981	-	-
<b>Total Current Assets.....</b>	<b>65,135,995</b>	<b>28,524,686</b>	<b>93,660,681</b>	<b>2,085,529</b>	<b>3,011,622</b>
<b>Noncurrent Assets:</b>					
Receivables, Net of Allowance for Uncollectible Amounts:					
Special Assessments.....	728,182	-	728,182	-	-
Intergovernmental.....	3,325,596	-	3,325,596	-	-
Tax Foreclosures.....	306,033	-	306,033	-	-
Investment in Energy Providers.....	-	362,170	362,170	-	-
Capital Assets not being Depreciated.....	21,028,039	7,596,603	28,624,642	154,036	-
Capital Assets, Net of Accumulated Depreciation.....	149,975,548	33,033,109	183,008,657	-	234,417
<b>Total Noncurrent Assets.....</b>	<b>175,363,398</b>	<b>40,991,882</b>	<b>216,355,280</b>	<b>154,036</b>	<b>234,417</b>
<b>Total Assets.....</b>	<b>240,499,393</b>	<b>69,516,568</b>	<b>310,015,961</b>	<b>2,239,565</b>	<b>3,246,039</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension Related.....	5,174,598	1,084,542	6,259,140	-	-
OPEB Related.....	7,064,896	-	7,064,896	-	-
Deferred Loss on Debt Refunding.....	1,632,060	-	1,632,060	-	-
<b>Total Deferred Outflows of Resources.....</b>	<b>13,871,554</b>	<b>1,084,542</b>	<b>14,956,096</b>		
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Warrants Payable.....	1,499,096	2,378,577	3,877,673	4,322	16,173
Accrued Payroll.....	2,837,673	-	2,837,673	-	-
Accrued Liabilities.....	-	389,428	389,428	-	-
Tax Refunds Payable.....	450,000	-	450,000	-	-
Other Liabilities.....	991,854	695,130	1,686,984	-	192,682
Accrued Interest.....	460,002	1,477	461,479	-	-
Capital Lease Obligations.....	204,222	-	204,222	-	-
Workers' Compensation Claims.....	107,529	-	107,529	-	-
Advance Collections - Fees.....	623,356	-	623,356	-	1,226
Compensated Absences.....	1,328,983	32,525	1,361,508	-	-
Short-Term Notes Payable.....	10,598,421	227,005	10,825,426	-	-
Long-Term Bonds and Notes Payable.....	7,297,274	214,808	7,512,082	-	-
<b>Total Current Liabilities.....</b>	<b>26,398,410</b>	<b>3,938,950</b>	<b>30,337,360</b>	<b>4,322</b>	<b>210,081</b>
<b>Noncurrent Liabilities:</b>					
Capital Lease Obligations.....	1,192,473	-	1,192,473	-	-
Workers' Compensation Claims.....	103,313	-	103,313	-	-
Compensated Absences.....	442,994	-	442,994	-	-
Customer Deposits.....	-	1,706,607	1,706,607	-	-
Net OPEB Obligation.....	-	1,970	1,970	-	-
Net OPEB Liability.....	63,897,592	-	63,897,592	-	-
Net Pension Liability.....	36,861,663	4,292,238	41,153,901	-	-
Long-Term Bonds and Notes Payable.....	58,270,867	-	58,270,867	-	-
<b>Total Noncurrent Liabilities.....</b>	<b>160,768,902</b>	<b>6,000,815</b>	<b>166,769,717</b>		
<b>Total Liabilities.....</b>	<b>187,167,312</b>	<b>9,939,765</b>	<b>197,107,077</b>	<b>4,322</b>	<b>210,081</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Pension Related.....	10,493,812	356,757	10,850,569	-	-
OPEB Related.....	2,328,416	-	2,328,416	-	-
Deferred Rate Stabilization Reserve.....	-	5,952,053	5,952,053	-	-
Taxes Collected in Advance.....	1,758,007	-	1,758,007	-	-
<b>Total Deferred Inflows of Resources.....</b>	<b>14,580,235</b>	<b>6,308,810</b>	<b>20,889,045</b>		
<b>NET POSITION</b>					
Net Investment in Capital Assets.....	102,148,838	40,187,899	142,336,737	154,036	234,417
Restricted for:					
Permanent Funds:					
Expendable.....	70,832	-	70,832	-	-
Nonexpendable.....	35,000	-	35,000	-	-
Depreciation.....	-	8,542,548	8,542,548	-	-
Grants and gifts.....	14,688,438	-	14,688,438	-	-
Unrestricted.....	(64,319,708)	5,622,088	(58,697,620)	2,081,207	2,801,541
<b>Total Net Position.....</b>	<b>\$ 52,623,400</b>	<b>\$ 54,352,535</b>	<b>\$ 106,975,935</b>	<b>\$ 2,235,243</b>	<b>\$ 3,035,958</b>

See notes to basic financial statements.

**TOWN OF HINGHAM, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
Governmental Activities:					
General Government.....	\$ 6,197,234	\$ 4,474,945	\$ 1,071,378	\$ -	\$ (650,911)
Public Safety.....	17,366,820	2,062,676	685,154	24,000	(14,594,990)
Education.....	76,009,002	3,504,692	22,196,483	-	(50,307,827)
Public Works.....	12,704,994	4,035,312	262,578	299,792	(8,107,312)
Health and Human Services.....	1,829,560	254,179	76,610	-	(1,498,771)
Culture and Recreation.....	4,160,669	1,484,054	6,971	-	(2,669,644)
Community Preservation.....	549,084	-	-	-	(549,084)
Debt Service-Interest.....	2,189,431	-	33,264	-	(2,156,167)
Total Governmental Activities.....	<u>121,006,794</u>	<u>15,815,858</u>	<u>24,332,438</u>	<u>323,792</u>	<u>(80,534,706)</u>
Business-Type Activities:					
South Shore Country Club.....	1,886,961	1,821,105	-	-	(65,856)
Electric Light.....	24,609,627	27,527,844	95,150	-	3,013,367
Total Business-Type Activities.....	<u>26,496,588</u>	<u>29,348,949</u>	<u>95,150</u>	<u>-</u>	<u>2,947,511</u>
Total Primary Government.....	<u>\$ 147,503,382</u>	<u>\$ 45,164,807</u>	<u>\$ 24,427,588</u>	<u>\$ 323,792</u>	<u>\$ (77,587,195)</u>
<b>Component Units:</b>					
Hingham Public Library.....	\$ 1,984,937	\$ 73,789	\$ 153,019	\$ -	\$ (1,758,129)
Lincoln Apartments, LLC.....	934,020	326,600	933,736	-	326,316
Total Component Units	<u>\$ 2,918,957</u>	<u>\$ 400,389</u>	<u>\$ 1,086,755</u>	<u>\$ -</u>	<u>\$ (1,431,813)</u>

(Continued)

See notes to basic financial statements.

**TOWN OF HINGHAM, MASSACHUSETTS  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Hingham Public Library	Lincoln Apartments, LLC (December 31, 2017)
<b>CHANGES IN NET POSITION</b>					
Net (Expense) Revenue (From Previous Page).....	\$ (80,534,706)	\$ 2,947,511	\$ (77,587,195)	\$ (1,758,129)	\$ 326,316
General Revenues:					
Real Estate and Personal Property Taxes.....	80,549,084	-	80,549,084	-	-
Motor Vehicle and Other Excise Taxes.....	4,872,028	-	4,872,028	-	-
Tax Liens.....	199,815	-	199,815	-	-
Meals Tax.....	815,598	-	815,598	-	-
Penalties and Interest on Taxes.....	319,948	-	319,948	-	-
Community Preservation Taxes.....	1,042,073	-	1,042,073	-	-
Grants and Contributions not Restricted to Specific Programs.....	1,869,845	-	1,869,845	-	-
Unrestricted Investment Income.....	758,447	112,694	871,141	277,013	74
Payments from Town of Hingham.....	-	-	-	1,719,676	-
Transfers, Net.....	320,586	(320,586)	-	-	-
Total General Revenues and Transfers.....	<u>90,747,424</u>	<u>(207,892)</u>	<u>90,539,532</u>	<u>1,996,689</u>	<u>74</u>
<b>CHANGE IN NET POSITION</b> .....	10,212,718	2,739,619	12,952,337	238,560	326,390
Net Position - Beginning of Year (As Restated).....	<u>42,410,682</u>	<u>51,612,916</u>	<u>94,023,598</u>	<u>1,996,683</u>	<u>2,709,568</u>
<b>NET POSITION - END OF YEAR</b> .....	<u>\$ 52,623,400</u>	<u>\$ 54,352,535</u>	<u>\$ 106,975,935</u>	<u>\$ 2,235,243</u>	<u>\$ 3,035,958</u>

(Concluded)

See notes to basic financial statements.

**TOWN OF HINGHAM, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2018**

ASSETS	General	Community Preservation	Recreation Drive	Nonmajor Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents.....	\$ 39,810,405	\$ 1,754,303	\$ -	\$ 13,796,123	\$ 55,360,831
Investments.....	-	-	-	1,070,277	1,070,277
Receivables, Net of Allowance for Uncollectible Amounts:					
Real Estate and Personal Property Taxes.....	1,522,152	-	-	-	1,522,152
Tax Liens.....	816,911	-	-	31,589	848,500
Motor Vehicle and Other Excise taxes.....	479,777	-	-	-	479,777
User Charges.....	-	-	-	1,621,943	1,621,943
Special Assessments.....	862,792	-	-	-	862,792
Departmental and Other.....	402,292	6,007	-	155,581	563,880
Intergovernmental.....	4,973,495	-	-	1,421,688	6,395,183
Due from Other Funds.....	2,916,361	-	-	-	2,916,361
Tax Foreclosures	306,033	-	-	-	306,033
Assets Held for Sale.....	-	-	-	159,981	159,981
<b>Total Assets.....</b>	<b>\$ 52,090,218</b>	<b>\$ 1,760,310</b>	<b>\$ -</b>	<b>\$ 18,257,182</b>	<b>\$ 72,107,710</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Warrants Payable.....	\$ 1,298,996	\$ 3,915	\$ -	\$ 196,185	\$ 1,499,096
Accrued Payroll.....	2,758,426	631	-	78,616	2,837,673
Tax Refunds Payable.....	450,000	-	-	-	450,000
Other Liabilities.....	991,854	-	-	-	991,854
Advance Collections - Fees.....	-	-	-	623,356	623,356
Due to Other Funds.....	-	-	193,857	2,418,047	2,611,904
Short-Term Notes Payable.....	-	4,734,615	3,435,000	2,428,806	10,598,421
<b>Total Liabilities.....</b>	<b>5,499,276</b>	<b>4,739,161</b>	<b>3,628,857</b>	<b>5,745,010</b>	<b>19,612,304</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue.....	9,174,849	6,007	-	1,653,532	10,834,388
Taxes Collected in Advance.....	1,758,007	-	-	-	1,758,007
<b>Total Deferred Inflows of Resources.....</b>	<b>10,932,856</b>	<b>6,007</b>	<b>-</b>	<b>1,653,532</b>	<b>12,592,395</b>
<b>FUND BALANCES</b>					
Nonspendable.....	-	-	-	35,000	35,000
Restricted.....	1,250,000	-	-	13,194,383	14,444,383
Committed.....	1,990,081	-	-	-	1,990,081
Assigned.....	1,166,574	-	-	-	1,166,574
Unassigned.....	31,251,431	(2,984,858)	(3,628,857)	(2,370,743)	22,266,973
<b>Total Fund Balances.....</b>	<b>35,658,086</b>	<b>(2,984,858)</b>	<b>(3,628,857)</b>	<b>10,858,640</b>	<b>39,903,011</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances.....</b>	<b>\$ 52,090,218</b>	<b>\$ 1,760,310</b>	<b>\$ -</b>	<b>\$ 18,257,182</b>	<b>\$ 72,107,710</b>

See notes to basic financial statements.

**TOWN OF HINGHAM, MASSACHUSETTS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018**

Total Governmental Fund Balances .....	\$	39,903,011
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		171,003,587
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.....		10,834,388
In the statement of net position, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.....		(460,002)
In the statement of net position, deferred inflows of resources are reported for the loss on advanced refunding transactions.....		1,632,060
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds and Notes Payable.....		(65,568,141)
Capital Lease Obligations.....		(1,396,695)
Workers' Compensation Claims.....		(210,842)
Compensated Absences.....		(1,771,977)
Net OPEB Liability, Net of Deferred Outflows and Inflows of Resources.....		(59,161,112)
Net Pension Liability, Net of Deferred Outflows and Inflows of Resources.....		<u>(42,180,877)</u>
Net Position of Governmental Activities .....	\$	<u>52,623,400</u>

*See notes to basic financial statements.*

**TOWN OF HINGHAM, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2018**

	General	Community Preservation	Recreation Drive	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Real Estate and Personal Property Taxes.....	\$ 79,843,410	\$ -	\$ -	\$ -	\$ 79,843,410
Motor Vehicle and Other Excise Taxes.....	4,778,258	-	-	-	4,778,258
Meals Tax.....	815,598	-	-	-	815,598
Tax Liens.....	214,865	-	-	-	214,865
Community Preservation Taxes.....	-	1,042,374	-	-	1,042,374
Charges for Services.....	4,377,747	-	-	3,533,180	7,910,927
Intergovernmental.....	10,908,254	224,017	-	5,882,421	17,014,692
State Grant for Teachers Pension.....	11,288,646	-	-	-	11,288,646
Penalties and Interest on Taxes.....	319,948	-	-	-	319,948
Departmental and Other.....	2,153,100	-	-	5,980,198	8,133,298
Contributions.....	-	-	-	576,046	576,046
Investment Income.....	757,067	-	-	1,380	758,447
Total Revenues.....	<u>115,456,893</u>	<u>1,266,391</u>	<u>-</u>	<u>15,973,225</u>	<u>132,696,509</u>
<b>EXPENDITURES</b>					
Current:					
General Government.....	4,779,040	-	-	1,168,615	5,947,655
Public Safety.....	13,225,590	-	-	551,962	13,777,552
Education.....	50,508,509	-	-	6,247,547	56,756,056
Public Works.....	6,349,000	-	-	4,382,046	10,731,046
Health and Human Services.....	856,425	-	-	173,287	1,029,712
Culture and Recreation.....	1,895,561	-	-	1,536,493	3,432,054
Community Preservation.....	-	549,084	-	-	549,084
Teachers Pension Benefits - State Funded.....	11,288,646	-	-	-	11,288,646
Pension Benefits.....	4,221,102	-	-	-	4,221,102
Employee Benefits.....	8,377,982	-	-	-	8,377,982
Property and Liability Insurance.....	629,428	-	-	-	629,428
State and County Charges.....	909,520	-	-	-	909,520
Debt Service:					
Principal.....	6,540,683	-	-	355,899	6,896,582
Interest.....	2,599,064	-	-	138,217	2,737,281
Total Expenditures.....	<u>112,180,550</u>	<u>549,084</u>	<u>-</u>	<u>14,554,066</u>	<u>127,283,700</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<u>3,276,343</u>	<u>717,307</u>	<u>-</u>	<u>1,419,159</u>	<u>5,412,809</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Premium from Issuance of Bonds and Notes.....	90,129	-	-	-	90,129
Transfers In.....	490,000	-	-	738,011	1,228,011
Transfer Out.....	(759,414)	(148,011)	-	-	(907,425)
Total Other Financing Sources (Uses).....	<u>(179,285)</u>	<u>(148,011)</u>	<u>-</u>	<u>738,011</u>	<u>410,715</u>
<b>NET CHANGE IN FUND BALANCES.....</b>	3,097,058	569,296	-	2,157,170	5,823,524
Fund Balances - Beginning of Year.....	<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>
<b>FUND BALANCES - END OF YEAR.....</b>	<u>\$ 35,658,086</u>	<u>\$ (2,984,858)</u>	<u>\$ (3,628,857)</u>	<u>\$ 10,858,640</u>	<u>\$ 39,903,011</u>

See notes to basic financial statements.

**TOWN OF HINGHAM, MASSACHUSETTS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2018**

Net Change in Fund Balances - Total Governmental Funds.....	\$	5,823,524
<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. These amounts represent the related activity of the current period.</p>		
Capital Outlays.....		2,166,438
Depreciation.....		(7,288,365)
<p>Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.....</p>		
		(1,887,713)
<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 impact 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. These amounts represent the related activity of the current period.</p>		
Bond Maturities.....		6,896,582
Amortization of Bond Premiums.....		665,742
Capital Lease Maturities.....		199,536
<p>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable.....</p>		
		30,477
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:</p>		
Workers' Compensation.....		164,716
Compensated Absences.....		(377,457)
Net OPEB Liability, Net.....		4,848,843
Net Pension Liability, Net.....		(881,236)
<p>In the statement of activities, deferred outflows related to the loss on advanced refunding transactions are amortized and recognized as interest expense. This amount represents the net change in deferred outflows related to advanced refunding transactions.....</p>		
		(148,369)
Changes in Net Position of Governmental Activities.....	\$	10,212,718

*See notes to basic financial statements.*

**TOWN OF HINGHAM, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF FUND NET POSITION  
 JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds		
	South Shore Country Club	Lighting Plant (December 31, 2017)	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents.....	\$ -	\$ 20,143,701	\$ 20,143,701
Investments.....	-	3,650,000	3,650,000
Receivables, Net of Allowance for Uncollectible Amounts:			
User Charges.....	-	1,759,869	1,759,869
Departmental and Other.....	-	506,823	506,823
Inventory.....	-	998,665	998,665
Purchase Power Advance Deposits.....	-	1,583,641	1,583,641
<b>Total Current Assets.....</b>	<b>-</b>	<b>28,642,699</b>	<b>28,642,699</b>
Noncurrent Assets:			
Investment in Energy Providers.....	-	362,170	362,170
Capital Assets not being Depreciated.....	7,008,200	588,403	7,596,603
Capital Assets, Net of Accumulated Depreciation.....	3,985,731	29,047,378	33,033,109
<b>Total Noncurrent Assets.....</b>	<b>10,993,931</b>	<b>29,997,951</b>	<b>40,991,882</b>
<b>Total Assets.....</b>	<b>10,993,931</b>	<b>58,640,650</b>	<b>69,634,581</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related.....	131,775	952,767	1,084,542
<b>LIABILITIES</b>			
Current Liabilities:			
Warrants Payable.....	15,289	2,363,288	2,378,577
Accrued Liabilities.....	-	389,428	389,428
Other Liabilities.....	-	695,130	695,130
Due to Other Funds.....	118,013	-	118,013
Accrued Interest.....	1,477	-	1,477
Compensated Absences.....	32,525	-	32,525
Short-Term Notes Payable.....	227,005	-	227,005
Long-Term Bonds and Notes Payable.....	214,808	-	214,808
<b>Total Current Liabilities.....</b>	<b>609,117</b>	<b>3,447,846</b>	<b>4,056,963</b>
Noncurrent Liabilities:			
Customer Deposits.....	-	1,706,607	1,706,607
Net OPEB Obligation.....	-	1,970	1,970
Net Pension Liability.....	938,706	3,353,532	4,292,238
<b>Total Noncurrent Liabilities.....</b>	<b>938,706</b>	<b>5,062,109</b>	<b>6,000,815</b>
<b>Total Liabilities.....</b>	<b>1,547,823</b>	<b>8,509,955</b>	<b>10,057,778</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Rate Stabilization Reserve.....	-	5,952,053	5,952,053
Pension Related.....	267,232	89,525	356,757
<b>Total Deferred Inflows.....</b>	<b>267,232</b>	<b>6,041,578</b>	<b>6,308,810</b>
<b>FUND NET POSITION</b>			
Net Investment in Capital Assets.....	10,552,118	29,635,781	40,187,899
Restricted for:			
Depreciation.....	-	8,542,548	8,542,548
Unrestricted.....	(1,241,467)	6,863,555	5,622,088
<b>Total Net Position.....</b>	<b>\$ 9,310,651</b>	<b>\$ 45,041,884</b>	<b>\$ 54,352,535</b>

See notes to basic financial statements.

**TOWN OF HINGHAM, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 YEAR ENDED JUNE 30, 2018**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>South Shore Country Club</u>	<u>Hingham Municipal Lighting Plant (December 31, 2017)</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for Services.....	\$ 1,821,105	\$ 27,370,838	\$ 29,191,943
Other	-	157,006	157,006
Total Operating Revenues.....	<u>1,821,105</u>	<u>27,527,844</u>	<u>29,348,949</u>
<b>OPERATING EXPENSES</b>			
Program Expenses.....	97,932	19,866,052	19,963,984
Administrative and General Salaries and Wages.....	950,166	172,112	1,122,278
Grounds and Custodial Expenses.....	317,826	591,546	909,372
Other Administrative Expenses.....	203,863	1,785,385	1,989,248
Facilities Expenses.....	136,762	339,414	476,176
Depreciation.....	165,682	1,845,215	2,010,897
Total Operating Expenses.....	<u>1,872,231</u>	<u>24,599,724</u>	<u>26,471,955</u>
<b>OPERATING INCOME (LOSS)</b> .....	<u>(51,126)</u>	<u>2,928,120</u>	<u>2,876,994</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental.....	-	95,150	95,150
Investment Income.....	56	112,638	112,694
Interest Expense.....	(14,730)	(9,903)	(24,633)
Total Nonoperating Revenues (Expenses), Net.....	<u>(14,674)</u>	<u>197,885</u>	<u>183,211</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b> .....	(65,800)	3,126,005	3,060,205
Transfers In.....	169,414	-	169,414
Transfers Out.....	-	(490,000)	(490,000)
Total Transfers.....	<u>169,414</u>	<u>(490,000)</u>	<u>(320,586)</u>
<b>CHANGE IN FUND NET POSITION</b> .....	103,614	2,636,005	2,739,619
Fund Net Position - Beginning of Year (As Restated).....	<u>9,207,037</u>	<u>42,405,879</u>	<u>51,612,916</u>
<b>FUND NET POSITION - END OF YEAR</b> .....	<u>\$ 9,310,651</u>	<u>\$ 45,041,884</u>	<u>\$ 54,352,535</u>

See notes to basic financial statements.

**TOWN OF HINGHAM, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds		
	South Shore Country Club	Hingham Municipal Lighting Plant (December 31, 2017)	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers and Users.....	\$ 1,860,243	\$ 27,411,213	\$ 29,271,456
Payments to Vendors.....	(948,089)	(18,744,886)	(19,692,975)
Payments to Employees.....	(821,014)	(3,223,376)	(4,044,390)
Net Cash Provided (Used) by Operating Activities.....	<u>91,140</u>	<u>5,442,951</u>	<u>5,534,091</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers In.....	169,414	-	169,414
Advances from Other Funds.....	93,744	-	93,744
Net Cash Provided by Noncapital Financing Activities.....	<u>263,158</u>	<u>-</u>	<u>263,158</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from the Issuance of Bonds and Notes.....	227,005	-	227,005
Intergovernmental Revenues.....	-	95,150	95,150
Acquisition and Construction of Capital Assets.....	(70,019)	(1,194,320)	(1,264,339)
Principal Payments on Bonds and Notes.....	(496,610)	-	(496,610)
Interest Paid.....	(14,730)	(13,588)	(28,318)
Net Cash Provided (Used) by Capital and Related Financing Activities.....	<u>(354,354)</u>	<u>(1,112,758)</u>	<u>(1,467,112)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Investments.....	-	(3,650,000)	(3,650,000)
Investment Income.....	56	112,638	112,694
Net Cash Provided by Investing Activities.....	<u>56</u>	<u>(3,537,362)</u>	<u>(3,537,306)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>-</b>	<b>792,831</b>	<b>792,831</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	-	19,350,870	19,350,870
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ -</b>	<b>\$ 20,143,701</b>	<b>\$ 20,143,701</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>			
Operating Income (Loss).....	\$ (51,126)	\$ 2,928,120	\$ 2,876,994
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Changes in Assets and Liabilities not Requiring Current Cash Flows:			
Depreciation.....	165,682	1,845,215	2,010,897
Net OPEB Obligation.....	-	(21,642)	(21,642)
Rate Stabilization Reserve.....	-	625,346	625,346
Net Pension Liability.....	(258,119)	43,727	(214,392)
Deferred Outflows/Inflows of Resources Related to Pensions.....	280,557	149,853	430,410
Effect of Changes in Operating Assets and Liabilities:			
Investment in Energy Providers.....	-	(30,375)	(30,375)
User Charges.....	-	525,278	525,278
Departmental and Other.....	39,138	(537,455)	(498,317)
Inventory.....	-	(188,561)	(188,561)
Purchased Power Advances Deposits.....	-	114,482	114,482
Warrants Payable.....	(78,887)	(8,912)	(87,799)
Accrued Liabilities.....	-	(16,792)	(16,792)
Other Liabilities.....	-	12,311	12,311
Customer Deposits.....	-	2,356	2,356
Compensated Absences.....	(6,105)	-	(6,105)
Total Adjustments.....	<u>142,266</u>	<u>2,514,831</u>	<u>2,657,097</u>
Net Cash Provided (Used) by Operating Activities.....	<u>\$ 91,140</u>	<u>\$ 5,442,951</u>	<u>\$ 5,534,091</u>

See notes to basic financial statements.

**TOWN OF HINGHAM, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2018**

<b>ASSETS</b>	Pension and Other Postemployment Benefit Trust Funds	Private Purpose Trust Funds	Agency Funds
	Trust Funds	Trust Funds	Funds
Cash and Cash Equivalents.....	\$ 2,402,957	\$ 217,166	\$ 1,142,567
Investments:			
Equities and Equity Mutual Funds.....	-	4,380,620	-
Certificates of Deposit.....	-	484,857	-
US Treasuries and Agencies.....	-	297,591	-
External Investment Pool (PRIT).....	130,816,579	-	-
Receivables, Net of Allowance for Uncollectible Amounts:			
Departmental and Other.....	143,948	-	-
	133,363,484	5,380,234	\$ 1,142,567
<b>LIABILITIES</b>			
Warrants Payable.....	14,178	-	28,064
Accrued Payroll.....	-	-	39,558
Liabilities Due Depositors.....	-	-	888,501
Due to Other Funds.....	-	-	186,444
	14,178	-	\$ 1,142,567
<b>NET POSITION</b>			
Restricted for Pensions and Other Purposes.....	\$ 133,349,306	\$ 5,380,234	

See notes to basic financial statements.

**TOWN OF HINGHAM, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2018**

	Pension and Other Postemployment Benefit Trust Funds	Private Purpose Trust Funds
	<u>Trust Funds</u>	<u>Trust Funds</u>
<b>ADDITIONS</b>		
Contributions:		
Employer.....	\$ 9,034,197	\$ -
Plan Members.....	2,972,604	-
Private Donations.....	-	217,456
	<u>12,006,801</u>	<u>217,456</u>
Total Contributions.....		
Net Investment Income:		
Net Change in Fair Value of Investments.....	16,289,296	457,389
Interest.....	3,089,172	-
	<u>19,378,468</u>	<u>457,389</u>
Total Investment Income.....		
Less: Investment Expense.....	(604,958)	-
	<u>18,773,510</u>	<u>457,389</u>
<b>NET INVESTMENT INCOME.....</b>		
Intergovernmental.....	83,981	-
Transfers from Other Systems.....	264,904	-
	<u>31,129,196</u>	<u>674,845</u>
Total Additions.....		
<b>DEDUCTIONS</b>		
Administration.....	141,797	-
Retirement Benefits and Refunds.....	8,445,632	-
Other Postemployment Benefits .....	3,461,484	-
Transfers to Other Systems.....	277,477	-
Scholarships Awarded.....	-	222,850
	<u>12,326,390</u>	<u>222,850</u>
Total Deductions.....		
<b>CHANGE IN NET POSITION.....</b>	18,802,806	451,995
Net Position - Beginning of Year.....	<u>114,546,500</u>	<u>4,928,239</u>
<b>NET POSITION - END OF YEAR.....</b>	<u>\$ 133,349,306</u>	<u>\$ 5,380,234</u>

See notes to basic financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. General**

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.

**B. 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.

**Fiduciary Fund Component Units**

- (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 in the pension and other postemployment benefits trust funds in the fiduciary fund financial statements.
- (2) The Hingham Other Postemployment Benefits Trust Fund ("Fund") was established to accumulate resources to provide post-retirement benefits other than pensions to retirees and their beneficiaries. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the Fund. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Fund is presented using the accrual basis of accounting and is reported in the pension and other postemployment benefits trust funds 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:

- (3) 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.
- (4) 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 did not issue a separately audited financial statement. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by writing to the Hingham Retirement Board, 210 Central Street, Hingham, MA 02043.

The Hingham Other Postemployment Benefits Trust Fund does not issue a publicly available financial report that includes financial statements and related notes. The Fund is included as a pension and other postemployment benefits trust fund in the fiduciary fund financial statements. Additional note disclosures can be found at Note 17.

The Hingham Public Library issues an unaudited 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 2018 assessment totaled \$817,576. 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.

### C. *Implementation of New Accounting Principles*

For the year ended June 30, 2018, the Town implemented the following pronouncements issued by the GASB:

- GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions
- GASB Statement No. 81, Irrevocable Split-Interest Agreements
- GASB Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73
- GASB Statement No. 85, Omnibus 2017
- GASB Statement No. 86, Certain Debt Extinguishment Issues

The implementation of GASB 75 required the restatement of beginning net position in the governmental activities, business-type activities, and major enterprise funds; as well as the presentation of certain disclosures and required supplementary information related to the Town's Net Other Postemployment Benefits Liability.

The implementation of GASB Statement No's 81, 82, 85 and 86 had no reporting impact for the Town.

### D. *Government-Wide and Fund 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.

Fiduciary funds are reported by fund type.

### E. *Measurement Focus, Basis of Accounting and Basis of 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.

Except for charges between the general fund and enterprise funds, 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 funds** 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 fund is financed primarily by real estate tax surcharges and intergovernmental revenues.

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:

*Special revenue funds* are 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.

*Capital projects funds* are 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. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

*Permanent funds* are used to account for and report financial resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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

The following fiduciary fund types are reported:

The *pension and other postemployment benefits trust funds* are used to account for the activities of the Hingham Contributory Retirement System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries. The funds are also 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.

## ***F. 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, net asset value (NAV) or amortized cost, as further described in Note 4.

## ***G. 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 Taxes, 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.

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 Taxes**

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.

## **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.

## **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.

**Special Assessments**

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

**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.

**H. Allowance for Uncollectible Amounts**

The allowance for uncollectible amounts is estimated based on historical trends and specific account analysis for the following accounts receivable:

- Personal property taxes
- Motor vehicle and other excise taxes
- Departmental and other (includes allowance for ambulance accounts receivable)
- User Charges

The following types of accounts receivable are secured via the lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible amounts is not reported.

- Real estate taxes and tax liens
- Special assessments

Intergovernmental receivables are considered 100% collectible.

**I. 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.

**J. Capital Assets****Government-Wide and Proprietary Funds 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 Funds Financial Statements

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

*K. 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 related to the loss on refunding of long-term debt in this category. The Town has also reported deferred outflows of resources related to pensions and OPEB 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 and OPEB 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.

#### *L. 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.

#### *M. 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.

#### *N. Unavailable Revenue*

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.

## *O. Net Position and Fund Balances*

### Government-Wide and Proprietary Funds 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.

“Other specific purposes” represents amounts held for school grants, and other grants and gift funds.

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.

### Governmental Funds 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.

#### ***P. 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, net asset value (NAV), or amortized cost as further described in Note 4.

#### ***Q. 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.

### *R. 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.

### *S. 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.

### *T. 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.

### *U. 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 - 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 2018 general fund and community preservation fund budgets consisted of approximately \$103,986,568 and \$559,379, respectively, in appropriations and other amounts to be raised, including \$1,262,447 in the general fund for amounts carried over from previous years. During 2018, the Town authorized supplemental appropriations for the General Fund totaling \$820,515, for a total budget of \$104,807,083.

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

**B. Fund Deficits**

At June 30, 2018, the following governmental fund deficits exist:

Fund	Amount	Funding Source
Recreation Drive.....	\$ 3,628,857	Issuance of Long-Term Debt
CPA Fund.....	2,984,858	Issuance of Long-Term Debt
Other capital projects.....	1,142,408	Issuance of Long-Term Debt
Middle School Building Project.....	583,454	Issuance of Long-Term Debt
New Elementary School.....	244,738	Issuance of Long-Term Debt
Plymouth River School Improvements.....	236,907	Issuance of Long-Term Debt
High School Fields.....	163,236	Issuance of Long-Term Debt

**NOTE 3 – 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 throughout the remaining life of the rental agreement (fiscal year 2033) as additional rent under the terms of the agreement. As of June 30, 2018, the remaining balance owed to the Town is \$166,667.

**NOTE 4 – CASH AND INVESTMENTS***General – Town and Pension Trust*

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, 2018 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 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 following table reconciles total Town cash and investments as reported in the financial statements to presentation of these same amounts in the Notes to Basic Financial Statements:

	Primary Government		Fiduciary Funds					Totals
	Governmental Activities	Business-Type Activities	Pension and Other Postemployment Benefits Trust Funds		Other Fiduciary Funds			
			Other Postemployment Benefits Trust Fund	Pension Trust (As of 12/31/17)	Subtotal Pension and Other Postemployment Benefits Trust Funds	Private Purpose Trust Funds	Agency Fund	
Cash and Cash Equivalents.....	\$ 55,360,831	\$ 20,143,701	\$ 1,892,194	\$ 510,763	\$ 2,402,957	\$ 217,166	\$ 1,142,567	\$ 79,267,222
Investments.....	1,070,277	3,650,000	12,005,969	118,810,610	130,816,579	5,163,068	-	140,699,924
<b>Total.....</b>	<b>\$ 56,431,108</b>	<b>\$ 23,793,701</b>	<b>\$ 13,898,163</b>	<b>\$ 119,321,373</b>	<b>\$ 133,219,536</b>	<b>\$ 5,380,234</b>	<b>\$ 1,142,567</b>	<b>\$ 219,967,146</b>
Carrying value of cash:								
Primary Government.....	30,080,410							
Pension Trust.....	510,763							
Investments Considered Cash & Cash Equivalents:								
Money Market Mutual Funds.....	3,363,893							
External Investment Pool MMDT.....	45,312,156							
Cash and Cash Equivalents.....	79,267,222							
Investments:								
U.S. Treasury Securities.....	297,592							
Equity Mutual Funds.....	3,691,994							
Fixed Income Mutual Funds.....	1,471,074							
Equity Securities.....	287,828							
PRIT Investments.....	130,816,579							
Certificates of Deposit.....	4,134,857							
Investments.....	140,699,924							
Total Cash, Cash Equivalents and Investments.....	\$ 219,967,146							

**Deposits and Investments - Town (Excluding Pension Trust)**

Deposits - Custodial Credit Risk

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 \$30,080,410 and the bank balances (all as of June 30, 2018) totaled \$29,953,498. Of the bank balance, \$2,500,000 was covered by Federal Depository Insurance, \$7,952,472 was covered by the Depositors Insurance Fund, \$780,109 was covered by Share Insurance Fund, \$32,990 was collateralized, and \$18,687,927 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.

Investments Summary

The Town's investments at June 30, 2018 are presented as follows:

Investment Type	Total Amount	Investment Maturities (in Years)	
		Less Than 1	1 - 5
<u>Debt Securities:</u>			
U.S. Treasury Securities.....	\$ 297,592	\$ 297,592	\$ -
Money Market Mutual Funds.....	3,363,893	3,363,893	-
Fixed Income Mutual Funds.....	1,471,074	1,471,074	-
Certificates of Deposit.....	4,134,857	992,212	3,142,645
External Investment Pool MMDT.....	45,312,156	45,312,156	-
Total Debt Securities.....	54,579,572	\$ 51,436,927	\$ 3,142,645
<u>Other Investments:</u>			
Equity Securities.....	287,828		
Equity Mutual Funds.....	3,691,994		
PRIT Investments -OPEB Trust.....	12,005,969		
Total Investments - Town	\$ 70,565,363		

Investments - 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.

Investments - Custodial Credit Risk

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.

As of June 30, 2018, the Town's investments were not exposed to custodial credit risk.

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.

Investments - Credit Risk of Debt Securities

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, 2018 the Town's investments in U.S. Treasury Securities were rated AAA. The Town's investments in money market mutual funds, fixed income mutual funds, external investment pools, and certificates of deposit were unrated at June 30, 2018.

#### Investments – 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 does not have any investments in any one issuer that represents 5% or more of its total investments requiring disclosure in these financial statements.

#### Investments – Fair Value Measurements

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 Town has the following recurring fair value measurements as of June 30, 2018:

Investment Type	Total Amount	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)
<u>Investments Measured by Fair Value Level</u>				
U.S. Treasury Securities.....	\$ 297,592	\$ 297,592	\$ -	\$ -
Equity Securities.....	287,828	287,828	-	-
Equity Mutual Funds.....	3,691,994	3,691,994	-	-
Fixed Income Mutual Funds.....	1,471,074	-	1,471,074	-
Total Investments at Fair Value.....	5,748,488	\$ 4,277,414	\$ 1,471,074	\$ -
<u>Investments Measured at Amortized Cost:</u>				
Money Market Mutual Funds.....	3,363,893			
Certificates of Deposit.....	4,134,857			
External Investment Pool MMDT.....	45,312,156			
Total Investments Measured at Amortized Cost.....	52,810,906			
Total Investments Measured by Fair Value Level.....	58,559,394			
<u>Investments Measured at Net Asset Value (NAV):</u>				
PRIT Investments - OPEB Trust.....	12,005,969			
Total Investments - Town	\$ 70,565,363			

U.S. Treasury securities, equity securities, and equity mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fixed income mutual funds 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.

Money market mutual funds, certificates of deposit, and 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.

#### ***Deposits and Investments - Pension Trust Fund - Hingham Contributory Retirement System (System)***

##### Deposits - Custodial Credit Risk

At December 31, 2017 the carrying amount (book value) of the Retirement System's deposits totaled \$510,763; which equaled the bank balance. The bank balance was fully insured by Federal Depository Insurance.

##### Investments - Custodial Credit Risk

At December 31, 2017, the System's \$118,810,610 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.

##### Investments - Concentration of Credit Risk

As of December 31, 2017, the Retirement System had investments in PRIT's general allocation fund; which are not subject to concentration of credit risk.

##### Investments - Fair Value Measurements

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.

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 5 - ACCOUNTS RECEIVABLE**

At June 30, 2018, receivables for the individual major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Real Estate and Personal Property Taxes.....	\$ 1,522,152	\$ -	\$ 1,522,152
Tax and Utility Liens.....	848,500	-	848,500
Motor Vehicle and Other Excise Taxes.....	479,777	-	479,777
User charges.....	1,621,943	-	1,621,943
Special Assessments.....	862,792	-	862,792
Departmental and Other.....	1,382,510	(674,682)	707,828
Intergovernmental.....	6,395,183	-	6,395,183
	<u>\$ 13,112,857</u>	<u>\$ (674,682)</u>	<u>\$ 12,438,175</u>

At December 31, 2017 receivables for the Hingham Municipal Light Plant enterprise fund consisted of the following:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
<i>Hingham Municipal Lighting Plant</i>			
User Charges.....	\$ 1,809,869	\$ (50,000)	\$ 1,759,869
Departmental and Other.....	506,823	-	506,823
	<u>\$ 2,316,692</u>	<u>\$ (50,000)</u>	<u>\$ 2,266,692</u>

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	July 1, 2017 Balance	Increases	Decreases	June 30, 2018 Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land.....	\$ 19,152,311	\$ -	\$ -	\$ 19,152,311
Construction in progress.....	799,622	1,076,106	-	1,875,728
Sub-total .....	<u>19,951,933</u>	<u>1,076,106</u>	<u>-</u>	<u>21,028,039</u>
Capital assets being depreciated:				
Land improvements.....	2,862,784	47,837	-	2,910,621
Buildings.....	211,955,616	67,121	-	212,022,737
Machinery and Equipment.....	21,751,034	928,397	-	22,679,431
Infrastructure.....	57,748,363	46,977	-	57,795,340
Sub-total.....	<u>294,317,797</u>	<u>1,090,332</u>	<u>-</u>	<u>295,408,129</u>
Less: accumulated depreciation:				
Land improvements.....	(822,546)	(117,584)	-	(940,130)
Buildings.....	(89,538,425)	(4,829,856)	-	(94,368,281)
Machinery and Equipment.....	(15,587,281)	(1,280,510)	-	(16,867,791)
Infrastructure.....	(32,195,964)	(1,060,415)	-	(33,256,379)
Sub-total.....	<u>(138,144,216)</u>	<u>(7,288,365)</u>	<u>-</u>	<u>(145,432,581)</u>
Capital assets being depreciated, net.....	<u>156,173,581</u>	<u>(6,198,033)</u>	<u>-</u>	<u>149,975,548</u>
Governmental capital assets, net.....	<u>\$ 176,125,514</u>	<u>\$ (5,121,927)</u>	<u>\$ -</u>	<u>\$ 171,003,587</u>
	July 1, 2017 Balance	Increases	Decreases	June 30, 2018 Balance
<b>South Shore Country Club</b>				
Capital assets not being depreciated:				
Land.....	\$ 7,008,200	\$ -	\$ -	\$ 7,008,200
Capital assets being depreciated:				
Land improvements.....	2,233,762	40,919	-	2,274,681
Buildings.....	3,068,980	7,257	-	3,076,237
Machinery and Equipment.....	1,677,149	21,843	-	1,698,992
Sub-total.....	<u>6,979,891</u>	<u>70,019</u>	<u>-</u>	<u>7,049,910</u>
Less: accumulated depreciation:				
Land improvements.....	(728,237)	(75,374)	-	(803,611)
Buildings.....	(924,142)	(25,841)	-	(949,983)
Machinery and Equipment.....	(1,246,118)	(64,467)	-	(1,310,585)
Sub-total.....	<u>(2,898,497)</u>	<u>(165,682)</u>	<u>-</u>	<u>(3,064,179)</u>
Capital assets being depreciated, net.....	<u>4,081,394</u>	<u>(95,663)</u>	<u>-</u>	<u>3,985,731</u>
South Shore Country Club capital assets, net.....	<u>\$ 11,089,594</u>	<u>\$ (95,663)</u>	<u>\$ -</u>	<u>\$ 10,993,931</u>

	January 1, 2017		December 31, 2017	
	Balance	Increases	Decreases	Balance
<b>Hingham Municipal Lighting Plant</b>				
Capital assets not being depreciated:				
Land.....	\$ 434,863	\$ -	\$ -	\$ 434,863
Construction in progress.....	147,677	5,863	-	153,540
Sub-total	<u>582,540</u>	<u>5,863</u>	<u>-</u>	<u>588,403</u>
Capital assets being depreciated:				
Plant in service.....	61,507,194	1,188,457	(94,163)	62,601,488
Less: accumulated depreciation:				
Plant in Service.....	(31,803,058)	(1,845,215)	94,163	(33,554,110)
Capital assets being depreciated, net.....	<u>29,704,136</u>	<u>(656,758)</u>	<u>-</u>	<u>29,047,378</u>
Hingham Municipal Lighting Plant capital assets, net.....	\$ <u>30,286,676</u>	\$ <u>(650,895)</u>	\$ <u>-</u>	\$ <u>29,635,781</u>

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

**Governmental Activities:**

General Government.....	\$ 418,592
Public Safety.....	735,812
Public Education.....	4,180,984
Public works administration and support.....	1,575,475
Human Services.....	17,791
Culture and Recreation.....	359,711
	<u>\$ 7,288,365</u>

**Business-Type Activities:**

South Shore Country Club.....	\$ 165,682
Hingham Municipal Lighting Plant.....	1,845,215
	<u>\$ 2,010,897</u>

**NOTE 7 - NET INVESTMENT IN CAPITAL ASSETS**

The Town’s net investment in capital assets at June 30, 2018 is summarized as follows:

*Governmental Activities*

Capital Assets, Net of Accumulated Depreciation.....	\$ 171,003,587
Less Outstanding Bonds and Notes Payable, net of Deferred Loss on Refunding.....	(74,534,502)
Less outstanding capital leases.....	(1,396,695)
Add outstanding bonds and notes payable that is not capital related.....	5,929,615
Add Unspent Proceeds of Capital Related Debt.....	<u>1,146,833</u>
Net Investment in Capital Assets.....	<u><u>\$ 102,148,838</u></u>

*Business-Type Activities*

Capital Assets, Net of Accumulated Depreciation.....	\$ 40,629,712
Less Outstanding Bonds and Notes Payable.....	<u>(441,813)</u>
Net Investment in Capital Assets.....	<u><u>\$ 40,187,899</u></u>

**NOTE 8 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables and payables between funds at June 30, 2018, as summarized as follows:

Receivable Fund	Payable Fund	Amount
General Fund.....	Middle School Building.....	\$ 626,887 (1)
General Fund.....	South Shore Regional Communications Center.....	452,414 (1)
General Fund.....	High School Fields Improvement.....	311,350 (1)
General Fund.....	Town Grants.....	269,089 (1)
General Fund.....	New Elementary School Project.....	244,738 (1)
General Fund.....	Plymouth River School.....	236,907 (1)
General Fund.....	Recreation Drive.....	193,857 (1)
General Fund.....	Police Detail.....	186,444 (1)
General Fund.....	School Federal Grants.....	172,081 (1)
General Fund.....	South Shore Country Club.....	118,013 (1)
General Fund.....	Sewer Infiltration.....	<u>104,581 (1)</u>
		<u><u>\$ 2,916,361</u></u>

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

Interfund transfers for the fiscal year ended June 30, 2018 are summarized as follows:

Transfers Out:	Transfers In:			Total	
	General Fund	Nonmajor Governmental Funds	South Shore Country Club Enterprise Fund		
General Fund.....	\$ -	\$ 590,000	\$ 169,414	\$ 759,414	(1)
Community Preservation Fund.....	-	148,011	-	148,011	(2)
Hingham Municipal Light Plant Enterprise Fund.....	490,000	-	-	490,000	(3)
	<u>\$ 490,000</u>	<u>\$ 738,011</u>	<u>\$ 169,414</u>	<u>\$ 1,397,425</u>	

- (1) Represents year-end reserve fund transfers from the General Fund to the South Shore Country Club (\$169,414). Also represents budgeted transfers to the Hingham Harbor (\$240,000) and New Bath House (\$350,000) capital projects funds.
- (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 9 - CAPITAL LEASE

The Town leases school buses under a capital lease for which payments conclude in fiscal year 2022. The lease began in fiscal year 2017 with equal payments annually for 5 years, followed by one final payment of \$788,255. The lease agreement contains a bargain purchase option which would allow the Town to purchase the buses at the end of the lease term. The cost of the lease for the year ended June 30, 2018, 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, 2018:

Fiscal Years Ending June 30,	Amount
2019.....	\$ 237,019
2020.....	237,019
2021.....	237,019
2022.....	787,600
Total Minimum Lease Payments.....	1,498,657
Less: Amounts Representing Interest.....	(101,962)
Present Value of Minimum Lease Payments.....	<u>\$ 1,396,695</u>

Machinery and equipment and the related accumulated depreciation under the capital lease is as follows:

Asset:	Governmental Activities
Machinery and Equipment.....	\$ 1,833,250
Less: Accumulated Amortization.....	(611,083)
Total	<u>\$ 1,222,167</u>

**NOTE 10 - 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 the short-term debt activity for the fiscal year ended June 30, 2018, is as follows:

*Notes Payable - Governmental Funds*

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at 7/1/2017	Increases	Decreases	Balance at 6/30/2018
BAN	Municipal Purpose.....	5/17/17	5/17/18	2.00%	\$ 10,619,487	\$ -	\$ (10,619,487)	\$ -
BAN	Municipal Purpose.....	5/16/18	5/16/19	4.00%	-	10,598,421	-	10,598,421
Total.....					\$ 10,619,487	\$ 10,598,421	\$ (10,619,487)	\$ 10,598,421

*Notes Payable - Business-Type Activities*

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at 7/1/2017	Increases	Decreases	Balance at 6/30/2018
BAN	Municipal Purpose.....	5/17/17	5/17/18	2.00%	\$ 283,756	\$ -	\$ (283,756)	\$ -
BAN	Municipal Purpose.....	5/16/18	5/16/19	4.00%	-	227,005	-	227,005
Total.....					\$ 283,756	\$ 227,005	\$ (283,756)	\$ 227,005

**NOTE 11 - LONG-TERM OBLIGATIONS**

The following represents a summary of changes that occurred in long-term obligations during the fiscal year ended June 30, 2018:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion
<b>Governmental Activities:</b>					
Bonds and Notes Payable.....	\$ 67,872,616	\$ -	\$ (6,896,582)	\$ 60,976,034	\$ 6,676,334
Unamortized Deferred Premium.....	5,257,849	-	(665,742)	4,592,107	620,940
Bonds and Notes Payable, Gross.....	73,130,465	-	(7,562,324)	65,568,141	7,297,274
Workers' Compensation Claims.....	375,558	254,395	(419,111)	210,842	107,529
Capital Lease Obligation.....	1,596,231	-	(199,536)	1,396,695	204,222
Net OPEB Liability.....	64,009,955	-	(112,363)	63,897,592	-
Net Pension Liability.....	46,997,620	-	(10,135,957)	36,861,663	-
Compensated Absences.....	1,394,520	1,046,728	(669,271)	1,771,977	1,328,983
Total.....	<u>\$ 187,504,349</u>	<u>\$ 1,301,123</u>	<u>\$ (19,098,562)</u>	<u>\$ 169,706,910</u>	<u>\$ 8,938,008</u>
<b>Business-Type Activities:</b>					
Bonds and Notes Payable.....	\$ 427,662	\$ -	\$ (212,854)	\$ 214,808	\$ 214,808
Customer Deposits.....	1,704,251	2,356	-	1,706,607	-
Net OPEB Obligation .....	23,612	86,796	(108,438)	1,970	-
Net Pension Liability.....	4,506,630	-	(214,392)	4,292,238	-
Compensated Absences.....	38,630	-	(6,105)	32,525	32,525
Total.....	<u>\$ 6,700,785</u>	<u>\$ 89,152</u>	<u>\$ (541,789)</u>	<u>\$ 6,248,148</u>	<u>\$ 247,333</u>

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

**NOTE 12 - 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 outstanding indebtedness at June 30, 2018, and the debt service requirements are as follows:

***Bonds and Notes Payable - Governmental Funds***

Project	Date of Issue	Maturity Date	Interest Rate (%)	Outstanding at June 30, 2017	Issued	Redeemed	Outstanding at June 30, 2018
MCWT - 1998 Bonds.....	11/1/98	8/1/18	2.0	\$ 434,100	\$ -	\$(213,900)	\$ 220,200
MCWT- 2001 Bonds.....	10/25/00	7/26/26	2.0	10,868	-	(5,434)	5,434
MCWT - 2006 Bonds.....	12/14/06	4/15/28	3.0 - 5.0	220,310	-	(20,102)	200,208
2007 Multi Purpose Bonds .....	9/15/07	9/15/26	4.0	255,000	-	(255,000)	-
Municipal Purpose Bonds of 2010.....	10/20/09	4/15/29	3.0 - 5.0	3,945,000	-	(1,975,000)	1,970,000
Municipal Purpose GOB of 1998 - Refunding Debt.....	10/20/09	8/15/18	2.0 - 3.0	555,000	-	(375,000)	180,000
Municipal Purpose GOB of 2002 - Refunding Debt.....	10/26/10	4/1/21	2.0 - 4.0	8,060,000	-	(2,050,000)	6,010,000
Municipal Purpose Bonds of 2015.....	5/15/16	5/15/37	3.0 - 5.0	34,719,292	-	(1,997,146)	32,722,146
2007 Multi Purpose Bonds - Refunded Debt.....	5/19/16	9/15/28	2.0 - 5.0	2,283,046	-	-	2,283,046
Municipal Purpose Refunding Bonds of 2016.....	5/19/16	9/15/28	2.0 - 5.0	17,390,000	-	(5,000)	17,385,000
Sub-Total.....				67,872,616	-	(6,896,582)	60,976,034
Add: Unamortized Premium.....				5,257,849	-	(665,742)	4,592,107
Total Governmental Funds.....				\$ 73,130,465	\$ -	\$(7,562,324)	\$ 65,568,141

Debt service requirements for principal and interest for governmental funds in future fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2019.....	\$ 6,676,334	\$ 2,308,728	\$ 8,985,062
2020.....	6,165,922	2,062,760	8,228,682
2021.....	6,131,345	1,775,262	7,906,607
2022.....	4,156,776	1,518,706	5,675,482
2023.....	4,187,216	1,310,766	5,497,982
2024.....	4,207,664	1,101,567	5,309,231
2025.....	4,093,122	911,335	5,004,457
2026.....	4,093,589	759,193	4,852,782
2027.....	4,054,066	640,416	4,694,482
2028.....	3,655,000	525,325	4,180,325
2029.....	1,685,000	450,925	2,135,925
2030.....	1,490,000	404,275	1,894,275
2031.....	1,490,000	357,712	1,847,712
2032.....	1,490,000	309,287	1,799,287
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.....	\$ 60,976,034	\$ 15,220,657	\$ 76,196,691

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$57,200 and interest costs for \$5,600. Thus, net MCWT loan repayments, including interest, are scheduled to be \$370,000. The principal subsidies are guaranteed and therefore a \$57,200 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 2018, the Town was subsidized for principal in the amount of \$52,000 and interest in the amount of \$12,000.

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 2018, approximately \$1.8 million of such assistance was received. Approximately \$4.9 million is expected to be received in future years. This amount represents reimbursement of approved construction costs. Accordingly, a \$4.9 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 \$23.6 million. The Town received approximately \$930,000 for reimbursements in 2018.

In the 2016, 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, 2018, \$18,045,000 of defeased bonds remain outstanding.

**Bonds and Notes Payable – Enterprise Funds**

Project	Date of Issue	Maturity Date	Interest Rate (%)	Outstanding at June 30, 2017	Issued	Redeemed	Outstanding at June 30, 2018
SSCC - Irrigation.....	9/15/2007	12/31/18	4.0	\$ 165,000	\$ -	\$ (165,000)	\$ -
Municipal Purpose Bonds of 2015 (Mowers).....	5/22/2015	5/15/19	5.0	95,708	-	(47,854)	47,854
Municipal Purpose Refunding Bonds of 2016.....	5/10/2016	9/15/18	2.0 - 5.0	166,954	-	-	166,954
Total Business-Type Activities.....				\$ 427,662	\$ -	\$ (212,854)	\$ 214,808

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

Fiscal Year	Principal	Interest	Total
2019.....	\$ 214,808	\$ 4,062	\$ 218,870

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, 2018, the Town had the following authorized and unissued debt:

<u>Purpose</u>	<u>Amount</u>
New Middle School.....	\$ 4,721,264
Sewer Route 3a.....	800,000
North Fire Station Design & Engineering.....	795,903
Foster School.....	750,000
Road Construction - Seawalls.....	590,000
Fire Engine/ Aerial Apparatus.....	500,000
Sewer Weir River 2.....	451,887
Road Reconstruction.....	442,000
Sewer Improvements - Mains & Piping.....	353,000
Sewer Improvements - I&I.....	200,000
Wharf Repair and Restoration.....	200,000
Wastewater Treatment Facility.....	190,000
Lincoln School Apartments Acquisition.....	100,000
High School Fields Improvement.....	75,000
Hingham Middle School.....	59,678
Sewer Construction.....	40,000
Sewer Construction/Thaxter to Kents Lane.....	35,000
School Buildings A&E.....	19,000
Sewer Green Street Court.....	17,842
	<u>10,340,574</u>
Total.....	\$ <u>10,340,574</u>

**NOTE 13 - GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

The constraints on fund balances as listed in the aggregate in the Governmental Funds Balance Sheet are detailed as follows:

	General	Community Preservation	Recreation Drive	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>					
Permanent Fund Principal.....	\$ -	\$ -	\$ -	\$ 35,000	\$ 35,000
<b>Restricted:</b>					
Town gift funds.....	-	-	-	609,640	609,640
School gift funds.....	-	-	-	83,944	83,944
Town grant funds.....	-	-	-	31,234	31,234
School state grant funds.....	-	-	-	1,404,047	1,404,047
School federal grant funds.....	-	-	-	352,209	352,209
Affordable housing trust.....	-	-	-	815,968	815,968
School revolving funds.....	-	-	-	3,935,252	3,935,252
Town revolving funds.....	-	-	-	973,331	973,331
Town trust funds.....	-	-	-	198,142	198,142
Town other funds.....	-	-	-	1,322,896	1,322,896
Preservation projects.....	-	-	-	1,351,694	1,351,694
Conservation.....	-	-	-	114,661	114,661
Sewer inflow/infiltration.....	-	-	-	1,203,351	1,203,351
Sewer maintenance.....	-	-	-	41,495	41,495
Harbor dredging.....	-	-	-	444,247	444,247
Sewer.....	-	-	-	97,242	97,242
Foster school.....	-	-	-	33,187	33,187
Middle school additions.....	-	-	-	8,722	8,722
Regional emergency communication center.....	-	-	-	102,289	102,289
Conservation permanent fund.....	-	-	-	70,438	70,438
Town permanent funds.....	-	-	-	394	394
Proceeds from the sale of the Hersey House.....	1,250,000	-	-	-	1,250,000
Sub-Total - Restricted.....	1,250,000	-	-	13,194,383	14,444,383
<b>Committed:</b>					
Hingham Affordable Housing Trust.....	1,000,000	-	-	-	1,000,000
Harbor maintenance.....	754,750	-	-	-	754,750
Continuing appropriations.....	235,331	-	-	-	235,331
Sub-Total - Committed.....	1,990,081	-	-	-	1,990,081
<b>Assigned:</b>					
General Government.....	260,011	-	-	-	260,011
Public Safety.....	158,354	-	-	-	158,354
Education.....	467,398	-	-	-	467,398
Public Works.....	113,776	-	-	-	113,776
Health and Human Services.....	11,581	-	-	-	11,581
Culture and Recreation.....	151,028	-	-	-	151,028
Other.....	4,426	-	-	-	4,426
Sub-Total - Assigned.....	1,166,574	-	-	-	1,166,574
<b>Unassigned.....</b>	31,251,431	(2,984,858)	(3,628,857)	(2,370,743)	22,266,973
	\$ 35,658,086	\$ (2,984,858)	\$ (3,628,857)	\$ 10,858,640	\$ 39,903,011

At June 30, 2018, approximately \$3.3 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.

**NOTE 14 - 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, 2018, the estimated liability for workers' compensation claims totaled \$210,842; which includes \$107,529 of claims due within one year.

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

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-end
Fiscal year 2017.....	568,620	119,003	(312,065)	375,558
Fiscal year 2018.....	375,558	254,395	(419,111)	210,842

Any liability for unemployment claims at June 30, 2018 is considered to be immaterial for these financial statements.

**NOTE 15 - PENSION PLAN - HINGHAM CONTRIBUTORY RETIREMENT SYSTEM**

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 included in the financial statements as a blended fiduciary component unit.

Benefits Provided

The System provides retirement, disability, survivor and death benefits to plan members and beneficiaries. The System provides 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, 2017.

At December 31, 2017, the System's membership consists of the following:

Active members.....	627
Retirees and beneficiaries entitled to but not yet receiving benefits.....	255
Retirees and beneficiaries currently receiving benefits.....	<u>318</u>
 Total.....	 <u><u>1,200</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, 2017 was \$4,758,538, which is 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 \$4,221,102, which equaled its actual contribution.

Pension Liabilities

The components of the net pension liability of the participating member units at December 31, 2017 were as follows:

Total pension liability.....	162,064,331
Fiduciary net position.....	<u>(119,451,143)</u>
 Net pension liability.....	 <u><u>42,613,188</u></u>

At June 30, 2018, the Town reported a liability of \$41,153,901 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017 for the Town and December 31, 2016 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, 2018 for the Town and January 1, 2016 for the Municipal Light Plant.

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, 2017, the Town's proportion was 88.71%, compared to a proportion of 88.84% in the prior year. At December 31, 2016, the Hingham Municipal Light Plant's proportion was 6.18%, compared to a proportion of 6.21% as of December 31, 2015.

Pension Expense

For the year ended June 30, 2018, the Town recognized pension expense of \$5,935,301. At June 30, 2018, the Town reported deferred outflows of resources related to pensions of \$6,259,140 and inflows of resources related to pensions of \$10,850,569, from the following deferred categories:

Deferral Category:	Town of Hingham		Municipal Lighting Plant (12/31/16)		Total		Net Deferral
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	
Differences between actual and expected experience.....	\$ -	\$ 6,114,881	\$ -	\$ 78,872	\$ -	\$ 6,193,753	\$ (6,193,753)
Differences between projected and actual earnings.....	-	3,985,877	320,626	-	320,626	3,985,877	(3,665,251)
Changes of assumptions.....	5,293,995	-	220,577	-	5,514,572	-	5,514,572
Changes in proportion and differences between actual and proportionate share of contributions.....	12,378	660,286	80,129	10,653	92,507	670,939	(578,432)
Contributions subsequent to the measurement date.....	-	-	331,435	-	331,435	-	331,435
	<u>\$ 5,306,373</u>	<u>\$ 10,761,044</u>	<u>\$ 952,767</u>	<u>\$ 89,525</u>	<u>\$ 6,259,140</u>	<u>\$ 10,850,569</u>	<u>\$ (4,591,429)</u>

The \$331,435 reported as deferred outflows of resources related to pensions resulting from the Hingham Municipal Light Plant contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. The remaining net deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Amount
2019.....	\$ (260,437)
2020.....	(430,209)
2021.....	(1,940,219)
2022.....	(2,181,168)
2023.....	(110,831)
	<u>(4,922,864)</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation date..... January 1, 2018
- Investment rate of return/Discount rate..... 7.50%, net of pension plan investment expense, including inflation (previously 7.75%)
- Projected salary increases..... Group 1: 4.25%-6.00%, based on service  
Group 4: 4.75%-7.00%, based on service
- Inflation rate..... 2.00% per year (previously 2.50%)
- Cost of living adjustments..... 3.00% 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:

- 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Longt-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Asset Allocation</u>
Global equity.....	4.91%	40.00%
Core fixed income.....	2.04%	22.00%
Private equity.....	6.50%	11.00%
Real estate.....	3.70%	10.00%
Timber/Natural Resources.....	3.25%	4.00%
Hedge Funds.....	3.40%	13.00%
		<u>100.00%</u>

### Rate of return

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.54%. 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 7.50%. 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 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
System's Net Pension Liability	\$ <u>60,611,091</u>	\$ <u>42,613,188</u>	\$ <u>27,332,663</u>

The following presents the Town's (excluding the Hingham Municipal Lighting Plant) proportionate share of the net pension liability, calculated using the discount rate of 7.50%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Town's Proportionate Share of the Net Pension Liability	\$ <u>53,765,553</u>	\$ <u>37,800,369</u>	\$ <u>24,245,657</u>

The following presents the Hingham Municipal Lighting Plant's proportionate share of the net pension liability as of the measurement date of 12/31/16, calculated using the discount rate of 7.75%, as well as what the Hingham Municipal Lighting Plant's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Hingham Municipal Lighting Plant's Proportionate Share of the Net Pension Liability	\$ <u>4,417,594</u>	\$ <u>3,353,532</u>	\$ <u>2,449,817</u>

**NOTE 16 - PENSION PLAN - MASSACHUSETTS TEACHERS RETIREMENT SYSTEM**

General Information about the Pension Plan

*Plan description.* Public school teachers and certain administrators are provided with pensions through the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Massachusetts Teachers' Retirement Board. The MTRS is part of the Commonwealth of Massachusetts' (Commonwealth) reporting entity and does not issue a stand-alone audited financial report. The MTRS is reported as a Pension Trust Fund in the Commonwealth's audited financial statements that can be obtained at <http://www.mass.gov/osc/publications-and-reports/financial-reports/cafr-reports.html>.

*Benefits provided.* MTRS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit requirements. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

*Contributions.* The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Member contributions for MTRS vary depending on the most recent date of membership, ranging from 5-11% of regular compensation. Members hired in 1979 or subsequent contribute an additional 2% of regular compensation in excess of \$30,000.

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. 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 contributing entity in MTRS.

#### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Since the Town does not contribute directly to MTRS, the Town does not report a proportionate share of the net pension liability of the MTRS at June 30, 2018. The Commonwealth's net pension liability associated with the Town was \$108,156,852.

The MTRS' net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017 rolled forward to June 30, 2017.

For the year ended June 30, 2018, the Town recognized pension expense of \$11,288,646 associated with MTRS and revenue of the same amount for support provided by the Commonwealth.

*Actuarial assumptions.* The MTRS' total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of January 1, 2017 rolled forward to June 30, 2017. This valuation used the following assumptions:

Investment rate of return - 7.50%

Salary increases - Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service

Mortality Rates - Pre-retirement reflects RP-2014 Employees table projected generationally with Scale BB and a base year of 2014 (gender distinct). Post-retirement reflects RP-2014 Healthy Annuitant table projected generationally with Scale BB and a base year of 2014 (gender distinct). Disability reflects RP-2014 Healthy Annuitant table projected generationally with Scale BB and a base year 2014 set forward 4 years.

Other - 3.5% interest rate credited to the annuity savings fund and 3.0% cost of living increase per year.

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. 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 rates of return 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 rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund’s target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity.....	40.0%	5.0%
Portfolio Completion Strategies.....	13.0%	3.6%
Core Fixed Income.....	12.0%	1.1%
Private Equity.....	11.0%	6.6%
Value Added Fixed Income.....	10.0%	3.8%
Real Estate.....	10.0%	3.6%
Timber/Natural Resources.....	4.0%	3.2%
Hedge Funds.....	0.0%	3.6%
	<u>100.0%</u>	

*Discount rate.* The discount rate used to measure the MTRS’ total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth’s contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the 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.

*Pension plan fiduciary net position.* Detailed information about the MTRS’ fiduciary net position is available in the Commonwealth’s audited financial statements.

**NOTE 17 - OTHER POST EMPLOYMENT BENEFITS**

*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.

The number of participants as of June 30, 2018 is as follows:

Active members.....	934
Retirees and beneficiaries currently receiving benefits.....	471
Total.....	<u>1,405</u>

**Funding Policy** - Contribution requirements are also negotiated between the Town and union representatives. Retired plan members and beneficiaries currently receiving benefits are required to contribute between 10% and 50% of the cost of benefits provided depending on the plan they choose. The Town and the HMLP are required to contribute the balance of the current premiums and may contribute additional amounts to pre-fund benefits. The Town and the HMLP contributed \$3.2 million and \$108,438, respectively, during 2018 towards these benefits in addition to the pre-funding amount discussed below. Administrative costs of the Plan are assumed to be included in the fully insured premium rates.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the Postemployment Benefit Trust Fund and to enable the Town to raise taxes necessary to begin pre-funding its OPEB liabilities. During 2018, the Town pre-funded future OPEB liabilities in the amount of \$814,175.

The annual money-weighted rate of return on OPEB plan investments was 8.91%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amount actually invested.

**Components of OPEB Liability** - The following table represents the components of the Plan's Total OPEB liability as of the measurement date of June 30, 2018:

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2017	\$ 76,698,371	\$ 12,056,361	64,642,010
Changes for the year:			
Service Cost	1,941,276	-	1,941,276
Interest	5,960,440	-	5,960,440
Changes of benefit terms	(8,123,482)	-	(8,123,482)
Differences between expected and actual experience	(2,678,788)	-	(2,678,788)
Changes of assumptions	8,454,640	-	8,454,640
Contributions- employer	-	4,275,659	(4,275,659)
Net investment income	-	1,027,627	(1,027,627)
Benefit payments	(3,461,484)	(3,461,484)	-
Net Changes	<u>2,092,602</u>	<u>1,841,802</u>	<u>250,800</u>
Balance at June 30, 2018	<u>\$ 78,790,973</u>	<u>\$ 13,898,163</u>	<u>\$ 64,892,810</u>

**Significant Actuarial Methods and Assumptions** - The Plan's total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement date in accordance with GASB Statement No. 75:

Valuation date..... July 1, 2017

Actuarial cost method..... Entry Age Normal

Investment rate of return.....7.50%, net of investment expenses, including inflation

- Healthcare cost trend rate.....8 percent for 2017, decreasing .5 percent per year to 5.5 percent, then Grading down to an ultimate trend rate of 3.8 percent, utilizing the Society Of Actuaries Getzen Medical Trend Model. The ultimate medical inflation Rate is reached in 2075.
- Amortization Method..... Increasing at 3.5% over 30 years or an open amortization period
- 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 White Collar Mortality Table, projected with generational mortality improvement using scale MP-2016.
  - Post-Retirement Mortality - Teachers: RP-2014 White Collar Mortality Table, projected with generational mortality improvement using scale MP-2016.

**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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity.....	40.00%	4.94%
Private Equity.....	11.00%	6.50%
Core Fixed Income.....	12.00%	0.71%
Value Added Fixed Income.....	10.00%	3.60%
Real Estate.....	10.00%	3.70%
Timberland.....	4.00%	3.25%
Portfolio Completion Strategies.....	13.00%	3.54%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total OPEB liability was 7.50%. 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 plan’s net other postemployment benefit liability, calculated using the discount rate of 7.50%, as well as what the plan’s net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Plan's Net OPEB Liability	\$ <u>76,518,323</u>	\$ <u>64,892,810</u>	\$ <u>55,479,867</u>

The following table presents the Town’s proportionate share of the net other postemployment benefit liability, calculated using the discount rate of 7.50%, as well as what the Town’s proportionate share of the net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Town's Proportionate Share of the Net OPEB Liability	\$ <u>75,344,345</u>	\$ <u>63,897,592</u>	\$ <u>54,628,671</u>

**Sensitivity of the net OPEB liability to changes in the healthcare trend rate** - 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.

	1% Decrease	Current Trend Rate	1% Increase
Plan's Net OPEB Liability	\$ <u>54,260,183</u>	\$ <u>64,892,810</u>	\$ <u>78,248,343</u>

The following table presents Town’s proportionate share of the net other postemployment benefit liability, calculated using the current healthcare trend rate, as well as what the Town’s proportionate share of the net other postemployment benefit liability would be if it was 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease	Current Trend Rate	1% Increase
Town's Proportionate Share of the Net OPEB Liability	\$ <u>53,427,700</u>	\$ <u>63,897,592</u>	\$ <u>77,047,823</u>

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the year ended June 30, 2018, the Town recognized negative OPEB expense of \$694,601. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferral Category:	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between actual and expected experience.....	\$ -	\$ (2,238,458)	\$ (2,238,458)
Differences between projected and actual earnings.....	-	(89,958)	(89,958)
Changes of assumptions.....	7,064,896	-	7,064,896
	<u>\$ 7,064,896</u>	<u>\$ (2,328,416)</u>	<u>\$ 4,736,480</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Amount
2019.....	\$ 741,220
2020.....	741,220
2021.....	741,220
2022.....	741,222
2023.....	766,926
Thereafter.....	<u>1,004,672</u>
	<u>\$ 4,736,480</u>

**Annual OPEB Cost and Net OPEB Obligation – Hingham Municipal Lighting Plant** – The annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount determined in accordance with the parameters of GASB Statement No. 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 HMLP’s annual OPEB costs for the period, the amount actually contributed to the plan, and changes in net OPEB obligation are summarized in the following table:

	Hingham Municipal Lighting Plant (12/31/17)
Annual Required Contribution.....	\$ 86,796
Contributions Made.....	108,438
Decrease in Net OPEB Obligation.....	(21,642)
Net OPEB Obligation at Beginning of Year.....	<u>23,612</u>
Net OPEB Obligation at End of Year.....	<u>\$ 1,970</u>

**NOTE 18 – COMBINING FIDUCIARY FUND FINANCIAL STATEMENTS**

The Town’s Pension Trust Fund and OPEB Trust Fund Statements of Fiduciary net position are as follows:

	Pension Trust Fund (As of 12/31/17)	OPEB Trust Fund (As of 6/30/18)	Total
<b>ASSETS</b>			
Cash and Cash Equivalents.....	\$ 510,763	\$ 1,892,194	\$ 2,402,957
Investments:			
External Investment Pool (PRIT).....	118,810,610	12,005,969	130,816,579
Receivables, Net of Allowance for Uncollectible Amounts:			
Departmental and Other.....	<u>143,948</u>	<u>-</u>	<u>143,948</u>
Total Assets.....	<u>119,465,321</u>	<u>13,898,163</u>	<u>133,363,484</u>
<b>LIABILITIES</b>			
Warrants Payable.....	<u>14,178</u>	<u>-</u>	<u>14,178</u>
<b>NET POSITION</b>			
Restricted for Pensions and Other Post Employment Benefits.....	<u>\$ 119,451,143</u>	<u>\$ 13,898,163</u>	<u>\$ 133,349,306</u>

The Town's Pension Trust Fund and OPEB Trust Fund Statements of Fiduciary net position are as follows:

	Pension Trust Fund (Year ended 12/31/17)	OPEB Trust Fund (Year ended 6/30/18)	Total
<b>ADDITIONS</b>			
Contributions:			
Employer.....	\$ 4,758,538	\$ 4,275,659	\$ 9,034,197
Plan Members.....	2,972,604	-	2,972,604
Total Contributions.....	<u>7,731,142</u>	<u>4,275,659</u>	<u>12,006,801</u>
Net Investment Income:			
Net Appreciation in Fair Value of Investments.....	15,261,669	1,027,627	16,289,296
Interest and Dividends.....	3,089,172	-	3,089,172
Total Investment Income.....	18,350,841	1,027,627	19,378,468
Less: Investment Expense.....	(604,958)	-	(604,958)
Net Investment Income.....	<u>17,745,883</u>	<u>1,027,627</u>	<u>18,773,510</u>
Intergovernmental.....	83,981	-	83,981
Transfers from Other Systems.....	264,904	-	264,904
Total Additions.....	<u>25,825,910</u>	<u>5,303,286</u>	<u>31,129,196</u>
<b>DEDUCTIONS</b>			
Administration.....	141,797	-	141,797
Retirement Benefits and Refunds.....	8,445,632	-	8,445,632
Other Postemployment Benefits.....	-	3,461,484	3,461,484
Transfers to Other Systems.....	277,477	-	277,477
Total Deductions.....	<u>8,864,906</u>	<u>3,461,484</u>	<u>12,326,390</u>
<b>CHANGE IN NET POSITION.....</b>	<b>16,961,004</b>	<b>1,841,802</b>	<b>18,802,806</b>
Net Position - Beginning of Year.....	102,490,139	12,056,361	114,546,500
<b>NET POSITION - END OF YEAR.....</b>	<b>\$ <u>119,451,143</u></b>	<b>\$ <u>13,898,163</u></b>	<b>\$ <u>133,349,306</u></b>

#### NOTE 19 - COMMITMENTS

The Town has been authorized to borrow approximately \$10.3 million to cover various projects throughout the Town. Additionally, significant encumbrances and continuing appropriations from the general fund and community preservation fund totaled \$1,401,905 and \$10,295, respectively.

The HMLP has various power purchase commitments as more fully described in Note 20.

**NOTE 20 – POWER PURCHASE COMMITMENTS**Power Purchase Commitments

Hingham Municipal Lighting Plant has entered into various power contracts through Energy New England (ENE), as their acting agent. These power contracts began in 2008 and 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, but can burn oil if needed for reliability. The average 2017 energy price for Watson was \$0.03096/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 of electricity when the plant runs. However, due to market economics and an extended outage, Potter did not run in 2017.

HMLP is a .5% entitlement owner in the Seabrook nuclear power plant and is entitled to almost 6MW. The average 2017 energy price for Seabrook was \$0.00666/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 2017 energy price for Millstone was \$0.00666/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 HMLP entered into an initial six year contract with Brown Bear that expired during 2016. The contract was renewed through 2021. The average 2017 energy price for Brown Bear was \$0.04844/kWh.

HMLP has entered into a 15-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 2017 energy price for Spruce Mountain Wind was \$0.09925/kWh.

HMLP has entered into a 20-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 2017 energy price for Saddleback Ridge Wind was \$.09144/kWh.

The Canton Mountain Wind project commenced commercial operation and began delivering power on January 1, 2018. HMLP has an ownership entitlement of 7.25% in this 20 MW facility, which should provide about 5,000 megawatt-hours of electricity annually for the Lighting Plant. A small amount of test power was delivered during Q4 2017 at an average price of \$0.09149/kWh.

HMLP has a supply contract with the New Bedford Landfill for 25% of the output from the 3.2 megawatt plant. In 2017, HMLP received 4,778 megawatt-hours of electricity from this facility at an average cost of \$0.04581/kWh.

HMLP entered into a supply contract with Granby Landfill in 2016. Unfortunately, mutually agreeable terms to extend the contract beyond December 31, 2017 could not be reached, therefore, this contract has not been renewed. HMLP was entitled to .5MWH of renewable energy and had an ownership entitlement of about 17%. The average 2017 energy price for Granby Landfill was \$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 7,000 megawatt-hours of electricity each year with a degradation rate of approximately 0.5% per annually. In 2017, these two facilities produced a combined 2,778 megawatt-hours of electricity for HMLP at an average cost of \$0.06189/kWh.

HMLP is an entitlement owner in the Stony Brook Intermediate (4%) and Peaking (5 1/3%) units. The Intermediate units can run on either gas or oil while the peaking unit runs on oil. Units 1A, 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 2017 energy price for the Intermediate units are \$0.05428/kWh. The average 2016 energy price for the Peaking units are \$0.22397/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 2017 energy price for the NYPA units is \$0.00492/kWh.

HMLP has contracts with various generators which allows them to buy energy when various price points come into play. In 2017, the companies MLP purchased from under this agreement were NextEra, Excelon/Constellation, and PSEG. The average per kWh for NextEra was \$0.05059, the average per kWh price for Excelon/Constellation was \$0.04830, and the average per kWh for PSEG was \$0.3725/kWh.

Additionally, HMLP has the ability to purchase from ISO-New England's Energy Interchange. In 2017, HMLP paid \$0.03829/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, 2017, total capital expenditures amounted to \$1,583,481,000, of which \$62,406,000 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 \$10,680,000, of which \$415,000 is associated with the Lighting Plant's share of Project Capability.

As of December 31, 2017, MMWEC's total future debt service requirement on outstanding bonds issued for the Projects is \$11,425,000, of which \$449,000 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 \$3,984,000 and \$5,874,000 for the years ended December 31, 2017 and 2016, respectively.

HMLP's annual energy costs related to its long-term power purchase commitments as of December 31, 2017 are approximately as follows:

Years Ending 12/31	MMWEC	ENE	Watson	Total
2018	\$ 77,000	\$ 5,850,190	\$ 1,574,693	\$ 7,501,883
2019	372,000	4,350,700	1,576,453	6,299,153
2020	-	4,853,623	1,560,483	6,414,106
2021	-	4,439,949	1,557,427	5,997,376
2022	-	4,503,305	1,566,158	6,069,463
2023-2027	-	14,060,123	7,776,078	21,836,201
2028-2032	-	8,256,506	1,345,374	9,601,880
2033-2037	-	4,677,927	-	4,677,927
2038-2041	-	644,257	-	644,257
Total:	<u>\$ 449,000</u>	<u>\$ 51,636,580</u>	<u>\$ 16,956,666</u>	<u>\$ 69,042,246</u>

#### NOTE 21 - CONTINGENCIES

Various legal actions and claims are pending against the Town. 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, 2018, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2018.

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* (Uniform Guidance) through June 30, 2018, 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 the Town expects such amounts, if any, to be immaterial.

**NOTE 22 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 17, 2019, which is the date the financial statements were available to be issued.

**NOTE 23 - PRIOR PERIOD ADJUSTMENTS**

As discussed in Note 1, the implementation of GASB Statement No. 75 resulted in, among other things, the establishment of the net other postemployment benefit (OPEB) liability in the Statement of Net Position and enhanced disclosures related to the OPEB. As a result, the Town has restated its 2017 beginning net position to reflect the implementation of the Statement.

The Town discovered financial statement errors that resulted in understatements of capital assets, capital lease obligation, and accounts receivable. Accordingly, adjustments were made to increase the capital assets, capital lease obligation and accounts receivable balances.

The Hingham Municipal Lighting Plant's net OPEB obligation was understated. Accordingly, an adjustment was made to increase the net OPEB obligation.

The Hingham Municipal Lighting Plant discovered a financial statement error that resulted in an understatement of their investment in NEH/NHH. Accordingly, an adjustment was made in the amount of \$30,376 to decrease purchase power expense and increase their investment. The net effect on 2016 net income was an increase of \$30,376.

Lincoln Apartments, LLC's financial statements as of December 31, 2017 were restated to correct an understatement of deferred rent.

The cumulative effects of the change in accounting principle and corrections of errors are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>South Shore Country Club</u>	<u>Hingham Municipal Lighting Plant (12/31/17)</u>	<u>Lincoln Apartments LLC (12/31/17)</u>
Net Position, June 30, 2017, as previously reported.....	\$ 92,477,862	\$ 51,506,084	\$ 7,669,694	\$ 43,836,390	\$ 728,332
Cumulative Affects of Restatements:					
Net OPEB Liability.....	(52,652,718)	-	-	-	-
Capital Assets.....	2,908,104	1,537,343	1,537,343	-	-
Capital Lease Obligation.....	(1,596,231)	-	-	-	-
Unbilled Sewer Receivables.....	1,273,665	-	-	-	-
Hingham Municipal Lighting Plant Investment.....	-	30,376	-	30,376	-
Net OPEB Obligation.....	-	(1,460,887)	-	(1,460,887)	-
Deferred Rent.....	-	-	-	-	1,981,236
Subtotal Cumulative Affects of Restatement.....	<u>(50,067,180)</u>	<u>106,832</u>	<u>1,537,343</u>	<u>(1,430,511)</u>	<u>1,981,236</u>
Net Position, June 30, 2017, as restated.....	<u>\$ 42,410,682</u>	<u>\$ 51,612,916</u>	<u>\$ 9,207,037</u>	<u>\$ 42,405,879</u>	<u>\$ 2,709,568</u>

**NOTE 24 - FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS**

The GASB has issued the following statements:

- Statement No. 83, *Certain Asset Retirement Obligations*, which is required to be implemented during fiscal year 2019. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 84, *Fiduciary Activities*, which is required to be implemented during fiscal year 2020. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 87, *Leases*, which is required to be implemented during fiscal year 2021. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which is required to be implemented during fiscal year 2019. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented during fiscal year 2021. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements no. 14 and No. 61*, which is required to be implemented during fiscal year 2020. Management is evaluating the Statement's future impact on the basic financial statements.

These pronouncements will be implemented by their respective implementation dates.

## **Required Supplementary Information**

**TOWN OF HINGHAM, MASSACHUSETTS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
(NON-GAAP BUDGETARY BASIS)  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward to Next Year	Variance Positive/ (Negative)
	Original Budget	Final Budget			
<b>REVENUES</b>					
Real estate and personal property taxes..... \$	80,865,108	80,865,108	80,120,069	-	(745,039)
Motor vehicle and other excise taxes.....	4,209,475	4,209,475	4,819,310	-	609,835
Meals taxes.....	720,000	720,000	815,598	-	95,598
Tax liens.....	-	-	214,865	-	214,865
Charges for services.....	2,475,000	2,475,000	3,882,747	-	1,407,747
Intergovernmental.....	10,952,836	10,952,836	10,908,254	-	(44,582)
Penalties and interest on taxes.....	250,000	250,000	319,948	-	69,948
Departmental and other.....	2,600,000	2,600,000	2,096,236	-	(503,764)
Investment income.....	78,400	78,400	693,677	-	615,277
<b>TOTAL REVENUES.....</b>	<b>102,150,819</b>	<b>102,150,819</b>	<b>103,870,704</b>	<b>-</b>	<b>1,719,885</b>
<b>EXPENDITURES</b>					
<b>GENERAL GOVERNMENT</b>					
Selectmen					
Payroll.....	492,517	502,209	487,252	-	14,957
Expenditures.....	94,149	94,149	43,500	42,598	8,051
<b>Total.....</b>	<b>586,666</b>	<b>596,358</b>	<b>530,752</b>	<b>42,598</b>	<b>23,008</b>
Advisory Committee					
Reserve Fund.....	550,000	78,339	-	-	78,339
Town Accountant					
Payroll.....	276,364	281,862	274,829	-	7,033
Expenditures.....	74,102	73,707	65,731	53	7,923
<b>Total.....</b>	<b>350,466</b>	<b>355,569</b>	<b>340,560</b>	<b>53</b>	<b>14,956</b>
Information Technology.....	582,727	586,161	531,942	15,465	38,754
Assessors					
Payroll.....	246,328	251,115	249,187	-	1,928
Expenditures.....	147,053	147,053	119,685	19,060	8,308
<b>Total.....</b>	<b>393,381</b>	<b>398,168</b>	<b>368,872</b>	<b>19,060</b>	<b>10,236</b>
Treasurer and Collector					
Payroll.....	334,507	341,118	338,681	-	2,437
Expenditures.....	46,554	46,554	43,695	-	2,859
Tax Titles.....	19,556	19,556	11,672	7,884	-
<b>Total.....</b>	<b>400,617</b>	<b>407,228</b>	<b>394,047</b>	<b>7,884</b>	<b>5,297</b>
Legal Services					
Expenditures.....	272,339	721,339	685,886	29,499	5,954
Town Meetings					
Payroll.....	2,692	2,692	1,325	-	1,367
Expenditures.....	29,000	29,000	27,585	-	1,415
<b>Total.....</b>	<b>31,692</b>	<b>31,692</b>	<b>28,910</b>	<b>-</b>	<b>2,782</b>
Town Clerk					
Payroll.....	177,174	188,982	188,843	-	139
Expenditures.....	7,866	7,866	4,713	-	3,153
New Equipment.....	50,500	50,500	41,600	-	8,900
<b>Total.....</b>	<b>235,540</b>	<b>247,348</b>	<b>235,156</b>	<b>-</b>	<b>12,192</b>

(continued)

**TOWN OF HINGHAM, MASSACHUSETTS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
(NON-GAAP BUDGETARY BASIS)  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward to Next Year	Variance Positive/ (Negative)
	Original Budget	Final Budget			
<b>Elections and Registers</b>					
Payroll.....	6,850	6,850	5,395	-	1,455
Expenditures.....	10,845	10,845	10,656	-	189
<b>Total.....</b>	<b>17,695</b>	<b>17,695</b>	<b>16,051</b>	<b>-</b>	<b>1,644</b>
<b>Community Planning</b>					
Payroll.....	744,614	759,462	755,691	-	3,771
Expenditures.....	78,955	78,955	57,868	17,043	4,044
<b>Total.....</b>	<b>823,569</b>	<b>838,417</b>	<b>813,559</b>	<b>17,043</b>	<b>7,815</b>
<b>Bare Cove Park</b>					
Payroll.....	17,508	17,858	17,846	-	12
Expenditures.....	12,472	12,472	7,166	2,645	2,661
<b>Total.....</b>	<b>29,980</b>	<b>30,330</b>	<b>25,012</b>	<b>2,645</b>	<b>2,673</b>
<b>Town Office Building</b>					
Payroll.....	214,822	219,082	214,720	-	4,362
Expenditures.....	473,801	473,801	316,308	535	156,958
New Equipment.....	202,390	202,390	73,648	124,529	4,213
<b>Total.....</b>	<b>891,013</b>	<b>895,273</b>	<b>604,676</b>	<b>125,064</b>	<b>165,533</b>
<b>GAR Hall</b>					
Expenditures.....	18,888	18,888	16,024	700	2,164
<b>Total.....</b>	<b>18,888</b>	<b>18,888</b>	<b>16,024</b>	<b>700</b>	<b>2,164</b>
<b>TOTAL GENERAL GOVERNMENT.....</b>	<b>5,184,573</b>	<b>5,222,805</b>	<b>4,591,447</b>	<b>260,011</b>	<b>371,347</b>
<b>PROTECTION OF PERSONS AND PROPERTY</b>					
Public Safety and Protective Services - Police:					
Payroll.....	5,217,118	5,350,978	5,345,309	-	5,669
Expenditures.....	349,300	365,300	338,547	18,625	8,128
New Equipment.....	145,085	145,085	117,299	11,769	16,017
<b>Total.....</b>	<b>5,711,503</b>	<b>5,861,363</b>	<b>5,801,155</b>	<b>30,394</b>	<b>29,814</b>
Public Safety and Protective Services - Fire:					
Payroll.....	5,069,797	5,304,392	5,284,543	-	19,849
Expenditures.....	401,885	376,885	357,329	17,605	1,951
New Equipment.....	181,587	181,587	162,975	18,599	13
<b>Total.....</b>	<b>5,653,269</b>	<b>5,862,864</b>	<b>5,804,847</b>	<b>36,204</b>	<b>21,813</b>
Public Safety and Protective Services - All Other:					
Payroll.....	236,966	241,685	232,854	-	8,831
Expenditures.....	1,514,382	1,514,383	1,386,733	91,756	35,894
<b>Total.....</b>	<b>1,751,348</b>	<b>1,756,068</b>	<b>1,619,587</b>	<b>91,756</b>	<b>44,725</b>
<b>TOTAL PROTECTION OF PERSONS AND PROPERTY.....</b>	<b>13,116,120</b>	<b>13,480,295</b>	<b>13,225,589</b>	<b>158,354</b>	<b>96,352</b>
<b>SCHOOL DEPARTMENT</b>					
Payroll.....	41,217,149	41,217,149	41,229,950	-	(12,801)
Expenditures.....	9,002,050	9,002,050	8,578,194	467,398	(43,542)
Capital Budget.....	850,820	850,820	700,365	-	150,455
<b>TOTAL EDUCATION.....</b>	<b>51,070,019</b>	<b>51,070,019</b>	<b>50,508,509</b>	<b>467,398</b>	<b>94,112</b>
<b>PUBLIC WORKS AND FACILITIES</b>					
Project Engineering					
Payroll.....	251,342	263,440	263,439	-	1
Expenditures.....	33,350	33,350	31,428	165	1,757
New Equipment.....	300,000	358,006	340,271	-	17,735
<b>Total.....</b>	<b>584,692</b>	<b>654,796</b>	<b>635,138</b>	<b>165</b>	<b>19,493</b>

(continued)

**TOWN OF HINGHAM, MASSACHUSETTS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
(NON-GAAP BUDGETARY BASIS)  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward to Next Year	Variance Positive/ (Negative)
	Original Budget	Final Budget			
<b>Department of Public Works</b>					
Payroll.....	2,014,608	1,954,095	1,874,796	-	79,299
Expenditures.....	515,653	515,653	470,489	27,547	17,617
New Equipment.....	466,600	466,600	453,777	-	12,823
Snow Removal.....	554,325	1,044,521	1,044,521	-	-
Resurfacing.....	358,500	428,500	348,316	79,064	1,120
Total.....	<u>3,909,686</u>	<u>4,409,369</u>	<u>4,191,899</u>	<u>106,611</u>	<u>110,859</u>
<b>Landfill/Recycling</b>					
Payroll.....	520,559	537,819	534,159	-	3,660
Expenditures.....	884,456	869,456	833,842	2,000	33,614
New Equipment.....	166,716	166,716	153,963	5,000	7,753
Total.....	<u>1,571,731</u>	<u>1,573,991</u>	<u>1,521,964</u>	<u>7,000</u>	<u>45,027</u>
<b>TOTAL PUBLIC WORKS AND FACILITIES.....</b>	<b><u>6,066,109</u></b>	<b><u>6,638,156</u></b>	<b><u>6,349,001</u></b>	<b><u>113,776</u></b>	<b><u>175,379</u></b>
<b>HEALTH AND HUMAN SERVICES</b>					
<b>Health Department</b>					
Payroll.....	308,871	315,011	284,566	-	30,445
Expenditures.....	23,358	23,358	19,275	4,081	2
Total.....	<u>332,229</u>	<u>338,369</u>	<u>303,841</u>	<u>4,081</u>	<u>30,447</u>
<b>Elder Services</b>					
Personnel.....	221,435	227,560	227,559	-	1
General.....	19,971	19,971	15,939	-	4,032
Total.....	<u>241,406</u>	<u>247,531</u>	<u>243,498</u>	<u>-</u>	<u>4,033</u>
<b>Veteran's Services</b>					
Payroll.....	100,246	102,256	102,255	-	1
Expenditures.....	6,325	6,320	6,313	-	7
Benefits.....	262,449	262,449	194,116	7,500	60,833
Total.....	<u>369,020</u>	<u>371,025</u>	<u>302,684</u>	<u>7,500</u>	<u>60,841</u>
Plymouth County Rape Crisis Center.....	2,700	2,700	2,700	-	-
South Shore Women's Center.....	3,700	3,700	3,700	-	-
<b>TOTAL HEALTH AND HUMAN SERVICES.....</b>	<b><u>949,055</u></b>	<b><u>963,325</u></b>	<b><u>856,423</u></b>	<b><u>11,581</u></b>	<b><u>95,321</u></b>
<b>CULTURE AND RECREATION</b>					
<b>Library:</b>					
Payroll.....	1,365,837	1,392,906	1,348,855	-	44,051
Expenditures.....	335,326	335,326	288,514	5,748	41,064
New Equipment.....	277,734	277,734	82,309	96,320	99,105
Total.....	<u>1,978,897</u>	<u>2,005,966</u>	<u>1,719,678</u>	<u>102,068</u>	<u>184,220</u>
<b>Recreation:</b>					
Payroll.....	93,202	95,054	94,579	-	475
Total.....	<u>93,202</u>	<u>95,054</u>	<u>94,579</u>	<u>-</u>	<u>475</u>
<b>Trustees of Bathing Beach:</b>					
Payroll.....	18,447	18,816	18,815	-	1
Expenditures.....	54,194	72,194	50,290	15,960	5,944
New Equipment.....	-	33,000	-	33,000	-
Total.....	<u>72,641</u>	<u>124,010</u>	<u>69,105</u>	<u>48,960</u>	<u>5,945</u>
Celebrations.....	12,199	12,199	12,199	-	-
<b>TOTAL CULTURE AND RECREATION.....</b>	<b><u>2,156,939</u></b>	<b><u>2,237,229</u></b>	<b><u>1,895,561</u></b>	<b><u>151,028</u></b>	<b><u>190,640</u></b>
<b>DEBT SERVICE</b>					
Principal.....	6,502,218	6,502,218	6,483,819	-	18,399
Interest.....	2,705,952	2,705,952	2,599,064	-	106,888

(continued)

**TOWN OF HINGHAM, MASSACHUSETTS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
(NON-GAAP BUDGETARY BASIS)  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward to Next Year	Variance Positive/ (Negative)
	Original Budget	Final Budget			
TOTAL DEBT SERVICE.....	9,208,170	9,208,170	9,082,883	-	125,287
PENSION BENEFITS.....	4,221,102	4,221,102	4,221,102	-	-
PROPERTY AND LIABILITY INSURANCE.....	635,250	635,250	635,250	-	-
EMPLOYEE BENEFITS.....	8,562,326	8,430,721	7,837,776	-	592,945
STATE AND COUNTY CHARGES.....	1,027,712	1,027,712	909,520	4,076	114,116
SPECIAL ARTICLES.....	590,338	336,946	96,246	235,331	5,369
CLAIMS AND INCENTIVES.....	11,525	98,026	91,348	350	6,328
<b>TOTAL EXPENDITURES.....</b>	<b>102,799,238</b>	<b>103,569,756</b>	<b>100,300,655</b>	<b>1,401,905</b>	<b>1,867,196</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(648,419)	(1,418,937)	3,570,049	(1,401,905)	3,587,081
<b>OTHER FINANCING SOURCES (USES):</b>					
Premium from issuance of bonds.....	-	-	90,129	-	90,129
Transfers in.....	1,128,836	1,128,836	1,118,836	-	(10,000)
Transfers out.....	(1,187,330)	(1,237,327)	(1,237,327)	-	-
Total other financing sources (uses).....	(58,494)	(108,491)	(28,362)	-	80,129
NET CHANGE IN FUND BALANCE.....	(706,913)	(1,527,428)	3,541,687	(1,401,905)	3,667,210
FUND BALANCE AT BEGINNING OF YEAR.....	28,438,080	28,438,080	28,438,080	-	-
FUND BALANCE AT END OF YEAR.....	\$ 27,731,167	\$ 26,910,652	\$ 31,979,767	\$ (1,401,905)	\$ 3,667,210

(concluded)

*See accompanying notes to required supplementary information.*

**TOWN OF HINGHAM, MASSACHUSETTS  
COMMUNITY PRESERVATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
(NON-GAAP BUDGETARY BASIS)  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward to Next Year	Variance Positive/ (Negative)
	Original Budget	Final Budget			
<b>REVENUES</b>					
Community preservation taxes.....	\$ 559,379	\$ 559,379	\$ 1,042,374	\$ -	\$ 482,995
Intergovernmental .....	-	-	224,017	-	224,017
<b>TOTAL REVENUES.....</b>	<b>559,379</b>	<b>559,379</b>	<b>1,266,391</b>	<b>-</b>	<b>707,012</b>
<b>EXPENDITURES</b>					
Administration.....	25,000	25,000	25,000	-	-
Projects and Acquisitions.....	534,379	534,379	524,084	10,295	-
<b>TOTAL EXPENDITURES.....</b>	<b>559,379</b>	<b>559,379</b>	<b>549,084</b>	<b>10,295</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>					
	-	-	717,307	(10,295)	707,012
<b>FUND BALANCE AT BEGINNING OF YEAR.....</b>	<b>(3,554,158)</b>	<b>(3,554,158)</b>	<b>(3,554,158)</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR.....</b>	<b>\$ (3,554,158)</b>	<b>\$ (3,554,158)</b>	<b>\$ (2,836,851)</b>	<b>\$ (10,295)</b>	<b>\$ 707,012</b>

*See accompanying notes to required supplementary information.*

**TOWN OF HINGHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TEN FISCAL YEARS**

**PENSION PLAN SCHEDULES**

**SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY  
AND RELATED RATIOS (SYSTEM) (1)**

	2017	2016	2015	2014
<u>Total pension liability</u>				
Service cost.....	\$ 4,812,414	\$ 4,627,321	\$ 4,139,996	\$ 4,139,996
Interest.....	12,193,144	11,572,453	10,635,592	9,818,513
Changes in benefit terms.....	-	1,363,018	-	-
Differences between expected and actual experience.....	(7,290,664)	(1,921,950)	-	-
Changes of assumptions.....	4,053,778	5,375,091	-	-
Benefit payments, including refunds of member contributions.....	(8,445,632)	(8,306,286)	(7,674,772)	(7,436,340)
Net change in total pension liability.....	5,323,040	12,709,647	7,100,816	6,522,169
Total pension liability - beginning.....	156,741,291	144,031,644	136,930,828	130,408,659
Total pension liability - ending (a).....	\$ <u>162,064,331</u>	\$ <u>156,741,291</u>	\$ <u>144,031,644</u>	\$ <u>136,930,828</u>
<u>Plan fiduciary net position</u>				
Contributions - employer.....	\$ 4,758,538	\$ 4,528,111	\$ 4,381,261	\$ 4,182,459
Contributions - member.....	2,972,604	3,143,850	2,751,726	2,672,455
Net investment income.....	17,745,883	7,689,342	(920,663)	6,123,665
Benefit payments, including refunds of member contributions.....	(8,445,632)	(8,306,286)	(7,674,771)	(7,436,340)
Administrative expense.....	(141,797)	(173,373)	(130,864)	(132,768)
Other.....	71,408	38,101	34,868	-
Net change in plan fiduciary net position.....	16,961,004	6,919,745	(1,558,443)	5,409,471
Plan fiduciary net position - beginning.....	102,490,139	95,570,394	97,128,837	91,719,366
Plan fiduciary net position - ending (b).....	\$ <u>119,451,143</u>	\$ <u>102,490,139</u>	\$ <u>95,570,394</u>	\$ <u>97,128,837</u>
Net pension liability - ending (a) - (b).....	\$ <u>42,613,188</u>	\$ <u>54,251,152</u>	\$ <u>48,461,250</u>	\$ <u>39,801,991</u>
Plan fiduciary net position as a percentage of the total pension liability	73.71%	65.39%	66.35%	70.93%
Covered payroll	\$ 28,558,307	\$ 32,647,107	\$ 28,254,497	\$ 27,037,796
Net pension liability as a percentage of covered payroll	149.21%	166.17%	171.52%	147.21%

(1) Data is being accumulated annually to present 10 years of the reported information

**TOWN OF HINGHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TEN FISCAL YEARS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM) (1)(2)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 4,758,538	4,468,111	4,381,261	4,182,459
Contributions in relation to the actuarially determined contribution	<u>4,758,538</u>	<u>4,468,111</u>	<u>4,381,261</u>	<u>4,182,459</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 28,558,307	32,642,107	28,254,497	27,037,796
Contributions as a percentage of covered payroll	16.66%	13.69%	15.51%	15.47%

- (1) Data is being accumulated annually to present 10 years of the reported information  
(2) The contributions in this table also represent the contribution requirements of the System's employers as of the employers' most recent fiscal year-ends.

**SCHEDULE OF INVESTMENT RETURNS (SYSTEM) (1)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	17.54%	8.10%	-0.87%	6.68%

- (1) Data is being accumulated annually to present 10 years of the reported information

**TOWN OF HINGHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TEN FISCAL YEARS**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY (1)(2)**

	2018	2017	2016	2015
Town's proportion of the net pension liability.....	88.71%	88.84%	88.79%	91.97%
Town's proportionate share of the net pension liability.....	37,800,369	48,194,445	43,027,582	36,595,224
Town's covered payroll.....	24,492,012	28,228,989	24,536,931	23,876,305
Town's proportionate share of the net pension liability as a percentage of its covered payroll.....	154.34%	170.73%	175.36%	153.27%
Plan fiduciary net position as a percentage of the total pension liability.....	73.71%	65.39%	66.35%	70.93%

- (1) Amounts presented were determined as of December 31 of the previous calendar year.  
(2) Data is being accumulated annually to present 10 years of the reported information

**SCHEDULE OF THE HINGHAM MUNICIPAL LIGHT PLANT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY (1)(2)**

	2017*	2016*	2015*
Light Plant's proportion of the net pension liability.....	6.18%	6.21%	5.90%
Light Plant's proportionate share of the net pension liability.....	3,353,532	3,309,805	2,349,591
Light Plant's covered payroll.....	3,218,083	2,552,772	2,850,178
Light Plant's proportionate share of the net pension liability as a percentage of its covered payroll.....	104.21%	129.66%	82.44%
Plan fiduciary net position as a percentage of the total pension liability.....	65.39%	64.21%	70.93%

- (1) Amounts presented were determined as of December 31 of the previous calendar year.  
(2) Data is being accumulated annually to present 10 years of the reported information

**SCHEDULE OF TOWN'S CONTRIBUTIONS (1)**

	2018	2017	2016	2015
Actuarially Required Contribution.....	\$ 4,221,102	\$ 4,302,489	\$ 4,162,197	\$ 4,092,386
Contributions in Relation to the Actuarially Required Contribution.....	4,221,102	4,302,489	4,162,197	4,092,386
Contribution Deficiency (Excess).....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Payroll.....	\$ 24,492,012	\$ 30,781,761	\$ 26,803,088	\$ 26,726,483
Contributions as a Percentage of Covered Payroll.....	17.23%	13.98%	15.53%	15.31%

- (1) Amounts presented were determined as of fiscal years ended June 30

**TOWN OF HINGHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TEN FISCAL YEARS**

**SCHEDULE OF SPECIAL FUNDING AMOUNTS OF THE NET PENSION LIABILITY  
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (1) (2)**

	2018*	2017*	2016*	2015*
Town's proportionate share of the net pension liability.....	\$ 108,156,852	\$ 103,636,990	\$ 91,801,693	\$ 68,975,411
Commonwealth's proportionate share of the Town's net pension liability.....	<u>108,156,852</u>	<u>103,636,990</u>	<u>91,801,693</u>	<u>68,975,411</u>
Town's net pension liability.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's expense and revenue recognized for Commonwealth's support.....	\$ 11,288,646	\$ 10,571,652	\$ 7,445,934	\$ 4,792,053
Plan fiduciary net position as a percentage of the total pension liability.....	54.25%	52.73%	55.38%	61.64%

\*The amounts presented were determined as of June 30, 2017, June 30, 2016, June 30, 2015 and June 30, 2014.

- (1) Amounts presented were determined as of June 30 of the prior year
- (2) Data is being accumulated annually to present 10 years of the reported information

**TOWN OF HINGHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2018**

**SCHEDULE OF CHANGES IN THE TOWN'S NET OPEB LIABILITY AND RELATED RATIOS (1)**

	2018	2017
<u>Total OPEB liability</u>		
Service cost.....	\$ 1,941,276	\$ 1,866,612
Interest.....	5,960,440	5,649,691
Changes of benefit terms.....	(8,123,482)	-
Differences between expected and actual experience.....	(2,678,788)	-
Changes of assumptions.....	8,454,640	-
Benefit payments.....	(3,461,484)	(3,701,124)
Net change in total OPEB liability.....	2,092,602	3,815,179
Total OPEB liability - beginning.....	76,698,371	72,883,192
Total OPEB liability - ending (a).....	\$ 78,790,973	\$ 76,698,371
<u>Plan fiduciary net position</u>		
Contributions - employer.....	\$ 4,275,659	\$ 4,496,187
Net investment income.....	1,027,627	1,160,271
Benefit payments.....	(3,461,484)	(3,701,124)
Net change in plan fiduciary net position.....	1,841,802	1,955,334
Plan fiduciary net position - beginning.....	12,056,361	10,101,027
Plan fiduciary net position - ending (b).....	\$ 13,898,163	\$ 12,056,361
Net OPEB liability - ending (a) - (b).....	\$ 64,892,810	\$ 64,642,010
Plan fiduciary net position as a percentage of the total OPEB liability	17.64%	15.72%
Covered payroll.....	\$ 62,209,592	\$ 61,312,938

(1) Data is being accumulated annually to present 10 years of the reported information

**TOWN OF HINGHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2018**

**SCHEDULE OF TOWN CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS  
PLAN (1)**

	2018	2017
Actuarially Required Contribution.....	\$ 6,011,352	\$ 5,658,433
Contributions in Relation to the Actuarially Required Contribution.....	4,275,659	4,496,187
Contribution Deficiency (Excess).....	\$ 1,735,693	\$ 1,162,246
 Town's Covered Payroll.....	 \$ 62,209,592	 \$ 61,312,938
 Contributions as a Percentage of Covered Payroll.....	 6.87%	 7.33%

**SCHEDULE OF INVESTMENT RETURNS - OTHER POSTEMPLOYMENT BENEFITS  
PLAN (1)**

	2018	2017
Annual money-weighted rate of return, net of investment expense	8.91%	11.67%

(1) Data is being accumulated annually to present 10 years of the reported information

**NOTE A - BUDGETARY - GAAP RECONCILIATION**

For budgetary financial reporting purposes, the Uniform Massachusetts 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 and community preservation fund for the fiscal year ended June 30, 2018, is presented below:

**General Fund**

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 103,870,704	\$ 101,702,560	\$ (28,362)
<u>Adjustments and Reclassifications</u>			
Net change in recording 60-day receipts.....	173,340	-	-
Net change in recording tax refunds payable.....	(450,000)	-	-
Net change in recording other revenues.....	453,948	-	-
To record MTRS on-behalf payments.....	11,288,646	11,288,646	-
To record MCWT subsidy.....	56,864	56,864	-
To record encumbrances and continuing appropriations.....	-	(1,401,905)	-
To reclassify the stabilization funds to the general fund.....	63,391	-	(628,836)
To reclassify property and liability insurance expenditures.....	-	(637,336)	-
To reclassify the municipal buildings trust funds to the general fund.....	-	629,428	-
To reclassify the employee benefits trust funds to the general fund.....	-	542,293	477,913
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	<u>\$ 115,456,893</u>	<u>\$ 112,180,550</u>	<u>\$ (179,285)</u>

**Community Preservation Fund**

	<u>Expenditures</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 559,379
<u>Adjustments</u>	
To record encumbrances and continuing appropriations.....	<u>(10,295)</u>
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	<u>\$ 549,084</u>

**NOTE B - SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION**

The following methods and assumptions from the January 1, 2018 valuation were used to determine the most recent actuarially determined contribution rates:

Methods:

Actuarial Cost Method	Entry Age Normal Cost
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"> <li>a.) 80% of gains and losses of the prior year,</li> <li>b.) 60% of gains and losses of the second prior year,</li> <li>c.) 40% of gains and losses of the third prior year and,</li> <li>d.) 20% of gains and losses of the fourth prior year.</li> </ul> <p>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.</p>

Assumptions:

Salary Increases	Group 1: 6%-4.25% per year, based on service Group 4: 7%-4.75% per year, based on service
Investment Rate of Return	7.5%, net of pension plan investment expense, including inflation.
Cost of Living Adjustment	3.0% annually on the first \$13,000
Mortality	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.

**NOTE C - METHODS AND ASSUMPTIONS - ACTUARIALLY DETERMINED CONTRIBUTIONS - OPEB**

The following methods and assumptions from the July 1, 2017 valuation were used to determine the most recent actuarially determined contribution rates:

Methods:

Actuarial Cost Method	Entry Age Normal Cost
Asset Valuation Method	Market Value
Amortization Method	Increasing at 3.5% over 30 years on an open amortization period.

Assumptions:

Remaining Amortization Period	30 years as of July 1, 2017
Inflation Rate	2.60%
Healthcare/Medical Cost Trend Rate	8.00% for 2017; decreasing 0.50% per year to 5.5%, then grading down to an ultimate trend rate of 3.8%, utilizing the Society of Actuaries Getzen Medical Trend Model. The ultimate medical inflation rate is reached in 2075.

# **Combining and Individual Fund Statements**

# Nonmajor Governmental Funds

## Narrative

### *Special Revenue Funds*

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The 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 specific 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 is used to account 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 related to other various programs provided for the Town residents.

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

*Conservation* – This fund is used to account for revenues and expenditures related 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 sewer and drainage system of the Town.

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### ***Capital Projects Funds***

Capital projects funds are 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. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. The capital projects funds are grouped into the following categories:

*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 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 the all activity relating 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* – This fund is used to account for the operations of the regional dispatch center for the Town’s 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 account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government’s programs and benefit the government or its citizenry. The permanent funds are grouped into the following categories:

*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.

**TOWN OF HINGHAM, MASSACHUSETTS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2018**

<i>Special Revenue Funds</i>							
<b>ASSETS</b>	Town Gifts	School Gifts	Town Grants	School State Grants	School Federal Grants	Affordable Housing Trust	School Revolving
Cash and cash equivalents.....	\$ 639,750	\$ 87,419	207,779	\$ 979,560	\$ 150,610	\$ 812,543	\$ 3,958,389
Investments.....	-	-	-	-	-	-	-
Receivables, Net of Uncollectibles:							
Tax and utility liens.....	-	-	-	-	-	-	-
User fees.....	-	-	-	-	-	-	-
Departmental and Other.....	-	-	-	-	-	-	-
Intergovernmental.....	-	-	117,814	463,910	397,409	-	-
Assets Held for Sale.....	-	-	-	-	-	159,981	-
<b>TOTAL ASSETS.....</b>	<b>\$ 639,750</b>	<b>\$ 87,419</b>	<b>\$ 325,593</b>	<b>\$ 1,443,470</b>	<b>\$ 548,019</b>	<b>\$ 972,524</b>	<b>\$ 3,958,389</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
<b>LIABILITIES:</b>							
Warrants Payable.....	\$ 29,055	\$ 3,475	\$ 24,592	\$ 29,717	\$ 4,995	\$ 1,000	\$ 3,525
Accrued Payroll.....	1,055	-	678	9,706	18,734	-	16,697
Advance collections - fees.....	-	-	-	-	-	-	2,915
Due to Other Funds.....	-	-	269,089	-	172,081	-	-
Short-Term Notes Payable.....	-	-	-	-	-	155,556	-
<b>TOTAL LIABILITIES.....</b>	<b>30,110</b>	<b>3,475</b>	<b>294,359</b>	<b>39,423</b>	<b>195,810</b>	<b>156,556</b>	<b>23,137</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Unavailable Revenue.....	-	-	-	-	-	-	-
<b>FUND BALANCES:</b>							
Nonspendable.....	-	-	-	-	-	-	-
Restricted.....	609,640	83,944	31,234	1,404,047	352,209	815,968	3,935,252
Unassigned.....	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>609,640</b>	<b>83,944</b>	<b>31,234</b>	<b>1,404,047</b>	<b>352,209</b>	<b>815,968</b>	<b>3,935,252</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 639,750</b>	<b>\$ 87,419</b>	<b>\$ 325,593</b>	<b>\$ 1,443,470</b>	<b>\$ 548,019</b>	<b>\$ 972,524</b>	<b>\$ 3,958,389</b>

*Special Revenue Funds*

	Town Revolving	Town Trusts	Town Other	Preservation Projects	Conservation	Sewer Inflow/Infiltration	Sewer Maintenance	Sub-total
\$	1,644,423	\$ 198,142	\$ 1,327,994	\$ 283,428	\$ 115,318	\$ 1,218,760	\$ 59,583	\$ 11,683,698
	-	-	-	1,070,277	-	-	-	1,070,277
	-	-	-	-	-	-	31,589	31,589
	-	-	-	-	-	-	1,621,943	1,621,943
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	979,133
	-	-	-	-	-	-	-	159,981
\$	<u>1,644,423</u>	<u>\$ 198,142</u>	<u>\$ 1,327,994</u>	<u>\$ 1,353,705</u>	<u>\$ 115,318</u>	<u>\$ 1,218,760</u>	<u>\$ 1,713,115</u>	<u>\$ 15,546,621</u>
\$	26,252	\$ -	\$ 4,719	\$ 2,011	\$ 657	\$ 15,409	\$ 12,903	\$ 158,310
	24,399	-	379	-	-	-	5,185	76,833
	620,441	-	-	-	-	-	-	623,356
	-	-	-	-	-	-	-	441,170
	-	-	-	-	-	-	-	155,556
	<u>671,092</u>	<u>-</u>	<u>5,098</u>	<u>2,011</u>	<u>657</u>	<u>15,409</u>	<u>18,088</u>	<u>1,455,225</u>
	-	-	-	-	-	-	1,653,532	1,653,532
	-	-	-	-	-	-	-	-
	973,331	198,142	1,322,896	1,351,694	114,661	1,203,351	41,495	12,437,864
	-	-	-	-	-	-	-	-
	<u>973,331</u>	<u>198,142</u>	<u>1,322,896</u>	<u>1,351,694</u>	<u>114,661</u>	<u>1,203,351</u>	<u>41,495</u>	<u>12,437,864</u>
\$	<u>1,644,423</u>	<u>\$ 198,142</u>	<u>\$ 1,327,994</u>	<u>\$ 1,353,705</u>	<u>\$ 115,318</u>	<u>\$ 1,218,760</u>	<u>\$ 1,713,115</u>	<u>\$ 15,546,621</u>

**TOWN OF HINGHAM, MASSACHUSETTS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2018**

<i>Capital Projects</i>						
ASSETS	Harbor Dredging	Sewer	Foster School	Plymouth River School	Middle School Additions	Middle School Building Project
Cash and cash equivalents.....	\$ 444,247	\$ 512,567	\$ 33,187	-	\$ 8,722	\$ -
Investments.....	-	-	-	-	-	-
Receivables, Net of Uncollectibles:						
Tax and utility liens.....	-	-	-	-	-	-
User fees.....	-	-	-	-	-	-
Departmental and Other.....	-	-	-	-	-	-
Intergovernmental.....	-	-	-	-	-	43,433
Assets Held for Sale.....	-	-	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 444,247</b>	<b>\$ 512,567</b>	<b>\$ 33,187</b>	<b>-</b>	<b>8,722</b>	<b>43,433</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Warrants Payable.....	\$ -	\$ 2,494	\$ -	\$ -	\$ -	\$ -
Accrued Payroll.....	-	-	-	-	-	-
Advance collections - fees.....	-	-	-	-	-	-
Due to Other Funds.....	-	104,581	-	236,907	-	626,887
Short-Term Notes Payable.....	-	308,250	-	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>415,325</b>	<b>-</b>	<b>236,907</b>	<b>-</b>	<b>626,887</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable Revenue.....	-	-	-	-	-	-
<b>FUND BALANCES:</b>						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	444,247	97,242	33,187	-	8,722	-
Unassigned.....	-	-	-	(236,907)	-	(583,454)
<b>TOTAL FUND BALANCES.....</b>	<b>444,247</b>	<b>97,242</b>	<b>33,187</b>	<b>(236,907)</b>	<b>8,722</b>	<b>(583,454)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 444,247</b>	<b>\$ 512,567</b>	<b>\$ 33,187</b>	<b>\$ -</b>	<b>\$ 8,722</b>	<b>\$ 43,433</b>

<i>Capital Projects</i>					<i>Permanent Funds</i>			Total
New Elementary School	High School Field Improvements	South Shore Regional Communications Center	Other	Sub-total	Conservation	Town	Sub-total	Nonmajor Governmental Funds
\$ -	\$ 148,114	\$ -	\$ 859,756	2,006,593	90,438	\$ 15,394	\$ 105,832	\$ 13,796,123
-	-	-	-	-	-	-	-	1,070,277
-	-	-	-	-	-	-	-	31,589
-	-	-	-	-	-	-	-	1,621,943
-	-	155,581	-	155,581	-	-	-	155,581
-	-	399,122	-	442,555	-	-	-	1,421,688
-	-	-	-	-	-	-	-	159,981
-	148,114	554,703	859,756	2,604,729	90,438	15,394	105,832	18,257,182
\$ -	\$ -	\$ -	35,381	37,875	\$ -	\$ -	\$ -	\$ 196,185
-	-	-	1,783	1,783	-	-	-	78,616
-	-	-	-	-	-	-	-	623,356
244,738	311,350	452,414	-	1,976,877	-	-	-	2,418,047
-	-	-	1,965,000	2,273,250	-	-	-	2,428,806
244,738	311,350	452,414	2,002,164	4,289,785	-	-	-	5,745,010
-	-	-	-	-	-	-	-	1,653,532
-	-	-	-	-	20,000	15,000	35,000	35,000
-	-	102,289	-	685,687	70,438	394	70,832	13,194,383
(244,738)	(163,236)	-	(1,142,408)	(2,370,743)	-	-	-	(2,370,743)
(244,738)	(163,236)	102,289	(1,142,408)	(1,685,056)	90,438	15,394	105,832	10,858,640
\$ -	\$ 148,114	\$ 554,703	\$ 859,756	\$ 2,604,729	\$ 90,438	\$ 15,394	\$ 105,832	\$ 18,257,182

**TOWN OF HINGHAM, MASSACHUSETTS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds						
	Town Gifts	School Gifts	Town Grants	School State Grants	School Federal Grants	Affordable Housing Trust	School Revolving
<b>REVENUES</b>							
Charges for Services.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental .....	-	-	505,288	1,709,070	1,723,996	-	1,269,442
Departmental and Other.....	228,656	35,434	584	-	-	524,165	2,380,886
Contributions.....	526,121	35,025	-	-	-	-	-
Investment Income.....	(171)	-	-	-	-	6,602	-
<b>TOTAL REVENUES.....</b>	<b>754,606</b>	<b>70,459</b>	<b>505,872</b>	<b>1,709,070</b>	<b>1,723,996</b>	<b>530,767</b>	<b>3,650,328</b>
<b>EXPENDITURES</b>							
Current:							
General Government.....	538,198	-	11,535	28,574	-	366,306	-
Public Safety.....	33,268	-	20,268	-	-	-	-
Education.....	-	22,125	307	1,493,813	1,568,237	-	3,204,346
Public Works.....	-	-	525,550	-	-	-	-
Health and Human Services.....	32,500	-	59,267	-	-	-	-
Culture and Recreation.....	71,938	-	(2)	-	-	-	-
Debt service:							
Principal.....	-	-	-	-	-	355,899	-
Interest.....	-	-	-	-	-	138,217	-
<b>TOTAL EXPENDITURES.....</b>	<b>675,904</b>	<b>22,125</b>	<b>616,925</b>	<b>1,522,387</b>	<b>1,568,237</b>	<b>860,422</b>	<b>3,204,346</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>							
	<b>78,702</b>	<b>48,334</b>	<b>(111,053)</b>	<b>186,683</b>	<b>155,759</b>	<b>(329,655)</b>	<b>445,982</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In.....	-	-	-	-	-	118,011	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>118,011</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>78,702</b>	<b>48,334</b>	<b>(111,053)</b>	<b>186,683</b>	<b>155,759</b>	<b>(211,644)</b>	<b>445,982</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>530,938</b>	<b>35,610</b>	<b>142,287</b>	<b>1,217,364</b>	<b>196,450</b>	<b>1,027,612</b>	<b>3,489,270</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 609,640</b>	<b>\$ 83,944</b>	<b>\$ 31,234</b>	<b>\$ 1,404,047</b>	<b>\$ 352,209</b>	<b>\$ 815,968</b>	<b>\$ 3,935,252</b>

**Special Revenue Funds**

Town Revolving	Town Trusts	Town Other	Preservation Projects	Conservation	Sewer Inflow/Infiltration	Sewer Maintenance	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 881,970	\$ 2,651,210	\$ 3,533,180
-	-	37,187	-	-	123,480	-	5,368,463
1,790,316	54,323	935,057	-	-	-	30,610	5,980,031
-	2,000	10,652	2,248	-	-	-	576,046
-	3,855	(250)	(8,005)	(366)	522	-	2,187
<u>1,790,316</u>	<u>60,178</u>	<u>982,646</u>	<u>(5,757)</u>	<u>(366)</u>	<u>1,005,972</u>	<u>2,681,820</u>	<u>15,459,907</u>
-	64,932	127,256	-	31,814	-	-	1,168,615
214,655	-	59,951	-	-	-	-	328,142
-	-	2,157	-	-	-	-	6,290,985
-	-	102,592	-	-	127,146	2,710,168	3,465,456
76,144	-	5,376	-	-	-	-	173,287
1,376,302	-	-	88,255	-	-	-	1,536,493
-	-	-	-	-	-	-	355,899
-	-	-	-	-	-	-	138,217
<u>1,667,101</u>	<u>64,932</u>	<u>297,332</u>	<u>88,255</u>	<u>31,814</u>	<u>127,146</u>	<u>2,710,168</u>	<u>13,457,094</u>
<u>123,215</u>	<u>(4,754)</u>	<u>685,314</u>	<u>(94,012)</u>	<u>(32,180)</u>	<u>878,826</u>	<u>(28,348)</u>	<u>2,002,813</u>
-	-	-	-	30,000	-	-	148,011
-	-	-	-	30,000	-	-	148,011
<u>123,215</u>	<u>(4,754)</u>	<u>685,314</u>	<u>(94,012)</u>	<u>(2,180)</u>	<u>878,826</u>	<u>(28,348)</u>	<u>2,150,824</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>\$ 973,331</u>	<u>\$ 198,142</u>	<u>\$ 1,322,896</u>	<u>\$ 1,351,694</u>	<u>\$ 114,661</u>	<u>\$ 1,203,351</u>	<u>\$ 41,495</u>	<u>\$ 12,437,864</u>

**TOWN OF HINGHAM, MASSACHUSETTS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2018**

	<i>Capital Projects</i>					
	Harbor Dredging	Sewer	Foster School	Plymouth River School	Middle School Additions	Middle School Building Project
<b>REVENUES</b>						
Charges for Services.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental .....	-	-	-	-	-	-
Departmental and Other.....	-	-	-	-	-	-
Contributions.....	-	-	-	-	-	-
Investment Income.....	-	-	-	-	-	-
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>						
Current:						
General Government.....	-	-	-	-	-	-
Public Safety.....	-	51,056	-	-	-	-
Education.....	-	-	-	-	-	(43,438)
Public Works.....	-	301,701	-	-	-	-
Health and Human Services.....	-	-	-	-	-	-
Culture and Recreation.....	-	-	-	-	-	-
Debt service:						
Principal.....	-	-	-	-	-	-
Interest.....	-	-	-	-	-	-
<b>TOTAL EXPENDITURES.....</b>	<b>-</b>	<b>352,757</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(43,438)</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	-	(352,757)	-	-	-	43,438
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In.....	-	240,000	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>240,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>-</b>	<b>(112,757)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,438</b>
FUND BALANCES AT BEGINNING OF YEAR.....	444,247	209,999	33,187	(236,907)	8,722	(626,892)
FUND BALANCES AT END OF YEAR.....	\$ 444,247	\$ 97,242	\$ 33,187	\$ (236,907)	\$ 8,722	\$ (583,454)

<i>Capital Projects</i>					<i>Permanent Funds</i>			Total
New Elementary School	High School Field Improvements	Communications Center	Other	Sub-total	Conservation	Town	Sub-total	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,533,180
-	-	249,957	264,001	513,958	-	-	-	5,882,421
-	50	-	117	167	-	-	-	5,980,198
-	-	-	-	-	-	-	-	576,046
-	(471)	-	-	(471)	(287)	(49)	(336)	1,380
-	(421)	249,957	264,118	513,654	(287)	(49)	(336)	15,973,225
-	-	-	-	-	-	-	-	1,168,615
-	-	147,668	25,096	223,820	-	-	-	551,962
-	-	-	-	(43,438)	-	-	-	6,247,547
-	-	-	614,889	916,590	-	-	-	4,382,046
-	-	-	-	-	-	-	-	173,287
-	-	-	-	-	-	-	-	1,536,493
-	-	-	-	-	-	-	-	355,899
-	-	-	-	-	-	-	-	138,217
-	-	147,668	639,985	1,096,972	-	-	-	14,554,066
-	(421)	102,289	(375,867)	(583,318)	(287)	(49)	(336)	1,419,159
-	-	-	350,000	590,000	-	-	-	738,011
-	-	-	350,000	590,000	-	-	-	738,011
-	(421)	102,289	(25,867)	6,682	(287)	(49)	(336)	2,157,170
(244,738)	(162,815)	-	(1,116,541)	(1,691,738)	90,725	15,443	106,168	8,701,470
\$ (244,738)	\$ (163,236)	\$ 102,289	\$ (1,142,408)	\$ (1,685,056)	\$ 90,438	\$ 15,394	\$ 105,832	\$ 10,858,640

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## Agency Funds

### Narrative

The agency fund is a fiduciary fund used to account for assets held in a custodial capacity. The Town uses this fund to account for confiscated police property and security deposits.

**TOWN OF HINGHAM, MASSACHUSETTS  
 AGENCY FUNDS  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 YEAR ENDED JUNE 30, 2018**

	<u>Balance at</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2018</u>
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 1,031,778	\$ 2,849,271	\$ (2,738,482)	\$ 1,142,567
<b>LIABILITIES</b>				
Warrants Payable.....	-	985,618	(957,554)	28,064
Accrued Payroll.....	-	1,087,053	(1,047,495)	39,558
Liabilities Due Depositors.....	1,031,778	819,895	(963,172)	888,501
Due to Other Funds.....	-	186,444	-	186,444
<b>TOTAL LIABILITIES.....</b>	<b>\$ 1,031,778</b>	<b>\$ 3,079,010</b>	<b>\$ (2,968,221)</b>	<b>\$ 1,142,567</b>

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# *Statistical Section*



Town of Hingham, Massachusetts  
Comprehensive Annual Financial Report  
For the Year Ended June 30, 2018

## ***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 (pages 116 – 119)**

*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 (pages 120 – 128)**

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

### **Debt Capacity (pages 129 – 132)**

*These schedules contain 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 (pages 133 – 139)**

*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 (pages 140 – 143)**

*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 comprehensive annual financial reports for the relevant year.

**TOWN OF HINGHAM, MASSACHUSETTS  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities</b>										
Net Investment in Capital Assets.....	\$ 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	\$ 102,148,838
Restricted.....	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	14,794,270
Unrestricted.....	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)	(64,319,708)
<b>Total Governmental Activities Net Position.....</b>	<b>\$ 90,563,761</b>	<b>\$ 87,876,417</b>	<b>\$ 93,609,595</b>	<b>\$ 95,298,533</b>	<b>\$ 110,650,691</b>	<b>\$ 90,324,539</b>	<b>\$ 94,265,888</b>	<b>\$ 96,572,807</b>	<b>\$ 92,477,862</b>	<b>\$ 52,623,400</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets.....	\$ 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	\$ 40,187,899
Restricted.....	-	-	-	6,843,356	8,175,888	10,129,197	12,651,262	12,651,262	6,959,061	8,542,548
Unrestricted.....	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	5,622,088
<b>Total Business-Type Activities Net Position.....</b>	<b>\$ 36,518,505</b>	<b>\$ 37,151,991</b>	<b>\$ 37,573,455</b>	<b>\$ 40,088,174</b>	<b>\$ 42,442,979</b>	<b>\$ 44,812,913</b>	<b>\$ 45,609,409</b>	<b>\$ 48,352,515</b>	<b>\$ 51,506,084</b>	<b>\$ 54,352,535</b>
<b>Primary Government</b>										
Net Investment in Capital Assets.....	\$ 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	\$ 142,336,737
Restricted.....	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	23,336,818
Unrestricted.....	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)	(58,697,620)
<b>Total Primary Government Net Position.....</b>	<b>\$ 127,082,266</b>	<b>\$ 125,028,408</b>	<b>\$ 131,183,050</b>	<b>\$ 135,386,707</b>	<b>\$ 153,093,670</b>	<b>\$ 135,137,452</b>	<b>\$ 139,875,297</b>	<b>\$ 144,925,322</b>	<b>\$ 143,983,946</b>	<b>\$ 106,975,935</b>

Information on the Restricted Net Position of the Business-Type Activities for years 2009 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.

The Town implemented GASB Statement #75 in 2018 which required the net OPEB liability to be recorded for the first time. This also required the revision of the ending net position in 2017.

**TOWN OF HINGHAM, MASSACHUSETTS  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General Government.....	\$ 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	\$ 6,197,234
Public Safety.....	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	17,366,820
Education.....	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	76,009,002
Public Works.....	9,592,257	10,035,307	11,560,586	10,743,766	10,283,605	11,099,791	13,596,602	12,654,118	13,331,559	12,704,994
Health and Human Services.....	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	1,829,560
Culture and Recreation.....	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	4,160,669
Community Preservation.....	60,905	6,304	81,220	123,324	376,463	134,873	432,954	1,588,118	661,240	549,084
Claims and judgments.....	-	-	547,000	-	-	-	-	-	-	-
Unallocated Interest on Long Term Debt.....	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	2,189,431
<b>Total Government Activities Expenses.....</b>	<b>91,252,530</b>	<b>97,937,814</b>	<b>97,928,293</b>	<b>103,351,509</b>	<b>101,446,672</b>	<b>105,548,547</b>	<b>108,955,640</b>	<b>117,273,430</b>	<b>128,388,253</b>	<b>121,006,794</b>
<b>Business-Type Activities:</b>										
Country Club.....	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	1,886,961
Hingham Municipal Lighting Plant.....	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	24,609,627
<b>Total Business-Type Activities Expenses.....</b>	<b>29,117,383</b>	<b>28,850,323</b>	<b>30,429,938</b>	<b>29,329,641</b>	<b>28,272,165</b>	<b>28,243,385</b>	<b>30,568,450</b>	<b>30,415,151</b>	<b>28,480,748</b>	<b>26,496,588</b>
<b>Total Primary Government Expenses.....</b>	<b>\$ 120,369,913</b>	<b>\$ 126,788,137</b>	<b>\$ 128,358,231</b>	<b>\$ 132,681,150</b>	<b>\$ 129,718,837</b>	<b>\$ 133,791,932</b>	<b>\$ 139,524,090</b>	<b>\$ 147,688,581</b>	<b>\$ 156,869,001</b>	<b>\$ 147,503,382</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
General Government Charges for Services.....	\$ 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	\$ 4,474,945
Public Safety Charges for Services.....	1,993,270	2,465,158	2,125,909	1,630,183	1,590,872	1,483,042	1,472,816	2,248,458	1,989,220	2,062,676
Education Charges for Services.....	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	3,504,692
Public Works Charges for Services.....	2,338,091	2,195,688	2,693,651	2,746,526	2,606,859	2,851,187	2,736,747	2,870,934	3,100,188	4,035,312
Human Services Charges for Services.....	148,620	192,296	187,121	228,815	228,411	230,160	229,334	237,767	256,830	254,179
Culture and Recreation Charges for Services.....	639,376	703,866	708,975	696,642	721,804	741,109	1,043,489	1,207,250	1,334,366	1,484,054
Operating Grants and Contributions.....	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	24,332,438
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	323,792
<b>Total Government Activities Program Revenues.....</b>	<b>36,649,298</b>	<b>29,103,189</b>	<b>33,427,876</b>	<b>33,857,671</b>	<b>42,744,474</b>	<b>42,621,283</b>	<b>30,649,725</b>	<b>34,138,929</b>	<b>35,686,220</b>	<b>40,472,088</b>
<b>Business-Type Activities:</b>										
Country Club Charges for Services.....	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	1,821,105
Hingham Municipal Lighting Plant Charges for Services.....	27,622,993	27,880,141	29,662,512	30,060,173	28,603,027	29,473,287	31,468,866	31,359,635	30,112,554	27,527,844
Grants and Contributions - Country Club.....	-	233,863	-	-	-	-	-	-	-	95,150
<b>Total Business-Type Activities Program Revenues.....</b>	<b>29,291,277</b>	<b>29,814,471</b>	<b>31,326,049</b>	<b>32,042,902</b>	<b>30,560,936</b>	<b>31,521,964</b>	<b>33,397,048</b>	<b>33,341,046</b>	<b>31,969,608</b>	<b>29,444,099</b>
<b>Total Primary Government Program Revenues.....</b>	<b>\$ 65,940,575</b>	<b>\$ 58,917,660</b>	<b>\$ 64,753,925</b>	<b>\$ 65,900,573</b>	<b>\$ 73,305,410</b>	<b>\$ 74,143,247</b>	<b>\$ 64,046,773</b>	<b>\$ 67,479,975</b>	<b>\$ 67,655,828</b>	<b>\$ 69,916,187</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities.....	\$ (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)	\$ (80,534,706)
Business-Type Activities.....	173,894	964,148	896,111	2,713,261	2,288,771	3,278,579	2,828,598	2,925,895	3,488,860	2,947,511
<b>Total Primary Government Net Expense.....</b>	<b>\$ (54,429,338)</b>	<b>\$ (67,870,477)</b>	<b>\$ (63,604,306)</b>	<b>\$ (66,780,577)</b>	<b>\$ (56,413,427)</b>	<b>\$ (59,648,685)</b>	<b>\$ (75,477,317)</b>	<b>\$ (80,208,606)</b>	<b>\$ (89,213,173)</b>	<b>\$ (77,587,195)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities:</b>										
Taxes.....	\$ 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	\$ 87,478,598
Unrestricted Grants and Contributions.....	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	1,869,845
Penalties and Interest on Taxes.....	208,962	286,495	335,810	431,791	252,485	398,883	269,223	339,622	331,201	319,948
Investment Earnings.....	445,427	128,168	92,048	89,498	157,975	155,149	117,884	272,598	394,533	758,447
Miscellaneous.....	-	-	-	-	-	14,082	1,000	2,247	2,180	-
Gain on Sale of Capital Assets.....	-	-	1,250,000	-	250,561	-	-	-	-	-
Transfers, Net.....	-	482,567	536,557	247,829	(24,478)	500,989	327,000	244,714	407,324	320,586
<b>Total Governmental Activities.....</b>	<b>61,683,038</b>	<b>66,147,281</b>	<b>70,233,595</b>	<b>71,182,776</b>	<b>74,054,356</b>	<b>77,710,847</b>	<b>82,247,264</b>	<b>85,441,420</b>	<b>88,607,088</b>	<b>90,747,424</b>
<b>Business-Type Activities:</b>										
Investment Earnings.....	240,577	151,905	61,910	49,287	41,556	54,782	64,325	61,925	72,033	112,694
Transfers, Net.....	-	(482,567)	(536,557)	(247,829)	24,478	(500,989)	(327,000)	(244,714)	(407,324)	(320,586)
<b>Total Business-Type Activities.....</b>	<b>240,577</b>	<b>(330,662)</b>	<b>(474,647)</b>	<b>(198,542)</b>	<b>66,034</b>	<b>(446,207)</b>	<b>(262,675)</b>	<b>(182,789)</b>	<b>(335,291)</b>	<b>(207,892)</b>
<b>Total Primary Government.....</b>	<b>\$ 61,923,615</b>	<b>\$ 65,816,619</b>	<b>\$ 69,758,948</b>	<b>\$ 70,984,234</b>	<b>\$ 74,120,390</b>	<b>\$ 77,264,640</b>	<b>\$ 81,984,589</b>	<b>\$ 85,258,631</b>	<b>\$ 88,271,797</b>	<b>\$ 90,539,532</b>
<b>Changes in Net Position</b>										
Governmental Activities.....	\$ 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)	\$ 10,212,718
Business-Type Activities.....	414,471	633,486	421,464	2,514,719	2,354,805	2,832,372	2,565,923	2,743,106	3,153,569	2,739,619
<b>Total Primary Government.....</b>	<b>\$ 7,494,277</b>	<b>\$ (2,053,858)</b>	<b>\$ 6,154,642</b>	<b>\$ 4,203,657</b>	<b>\$ 17,706,963</b>	<b>\$ 17,615,955</b>	<b>\$ 6,507,272</b>	<b>\$ 5,050,025</b>	<b>\$ (941,376)</b>	<b>\$ 12,952,337</b>

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

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

	<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>	<u>2018</u>
<b>General Fund</b>										
Reserved.....	\$ 978,675	\$ 892,169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	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	1,250,000
Committed.....	-	-	472,759	610,152	1,033,485	1,473,926	1,428,425	519,030	1,759,764	1,990,081
Assigned.....	-	-	736,580	2,325,501	2,679,682	2,374,893	3,488,503	4,230,263	2,811,447	1,166,574
Unassigned.....	-	-	11,760,485	14,467,148	16,706,680	20,610,844	25,203,869	25,503,897	26,739,817	31,251,431
<b>Total General Fund.....</b>	<b>\$ 7,099,935</b>	<b>\$ 11,781,094</b>	<b>\$ 14,219,824</b>	<b>\$ 18,652,801</b>	<b>\$ 21,669,847</b>	<b>\$ 25,709,663</b>	<b>\$ 31,370,797</b>	<b>\$ 31,503,190</b>	<b>\$ 32,561,028</b>	<b>\$ 35,658,086</b>
<b>All Other Governmental Funds</b>										
Reserved.....	\$ 35,000	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in:										
Special Revenue Funds.....	6,476,412	6,459,001	-	-	-	-	-	-	-	-
Capital Projects Funds.....	6,864,106	2,527,736	-	-	-	-	-	-	-	-
Permanent Funds.....	64,902	65,116	-	-	-	-	-	-	-	-
Nonspendable.....	-	-	35,000	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	13,194,383
Unassigned.....	-	-	(451,058)	(3,020,664)	(23,814,076)	(39,791,279)	(4,958,748)	(5,077,510)	(9,685,531)	(8,984,458)
<b>Total All Other Governmental Funds.....</b>	<b>\$ 13,440,420</b>	<b>\$ 9,086,853</b>	<b>\$ 9,523,178</b>	<b>\$ 6,740,150</b>	<b>\$ (14,666,606)</b>	<b>\$ (28,905,543)</b>	<b>\$ 6,072,934</b>	<b>\$ 7,010,421</b>	<b>\$ 1,518,459</b>	<b>\$ 4,244,925</b>

*Note:* The City implemented GASB 54 in fiscal year 2011; fund balances prior to fiscal year 2011 have been reported in the pre-GASB 54 format.

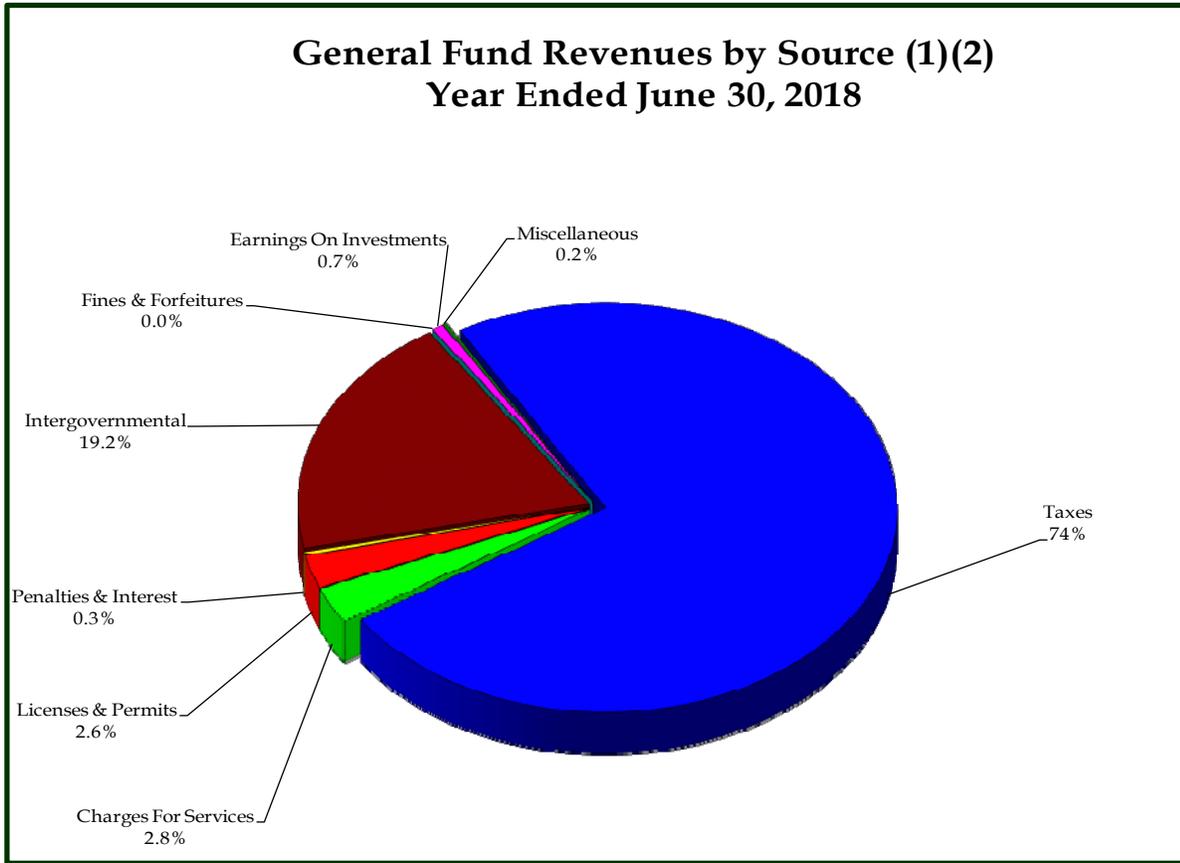
**TOWN OF HINGHAM, MASSACHUSETTS  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN YEARS**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Taxes.....	\$ 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	\$ 87,014,453
Intergovernmental.....	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	28,303,338
Charges for Services.....	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	7,910,927
Investment Income.....	445,427	128,168	92,048	89,498	157,975	155,149	117,884	272,598	394,533	758,447
Other Revenues.....	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	8,709,344
<b>Total Revenue.....</b>	<b>99,304,043</b>	<b>97,218,912</b>	<b>100,934,104</b>	<b>107,987,787</b>	<b>119,157,991</b>	<b>121,065,618</b>	<b>114,567,195</b>	<b>119,943,870</b>	<b>126,238,518</b>	<b>132,696,509</b>
<b>Expenditures:</b>										
General Government.....	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	5,947,655
Public Safety.....	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	13,777,552
Education.....	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	56,756,056
Public Works.....	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	10,731,046
Health and Human Services.....	1,020,889	912,482	818,590	883,629	994,695	1,023,134	1,018,277	1,019,261	1,048,858	1,029,712
Culture and Recreation.....	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	3,432,054
Pension Benefits.....	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	4,221,102
Group Health Insurance.....	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	8,377,982
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	549,084
Other.....	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	1,538,948
Intergovernmental.....	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	11,288,646
Debt Service.....										
Principal.....	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	6,896,582
Interest.....	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	2,737,281
<b>Total Expenditures.....</b>	<b>132,832,076</b>	<b>99,580,988</b>	<b>99,845,606</b>	<b>106,697,584</b>	<b>137,523,223</b>	<b>131,765,728</b>	<b>115,622,800</b>	<b>119,118,704</b>	<b>131,157,783</b>	<b>127,283,700</b>
Excess of Revenues Over (Under) Expenditures.....	(33,528,033)	(2,362,076)	1,088,498	1,290,203	(18,365,232)	(10,700,110)	(1,055,605)	825,166	(4,919,265)	5,412,809
<b>Other Financing Sources (Uses)</b>										
Issuance of Bonds and Notes.....	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	90,129
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.....	1,076,766	1,095,419	572,502	841,908	564,518	514,653	888,500	2,402,625	594,999	1,228,011
Transfers Out.....	(1,076,766)	(612,852)	(35,945)	(594,079)	(588,996)	(13,664)	(561,500)	(2,157,911)	(187,675)	(907,425)
<b>Total Other Financing Sources (Uses).....</b>	<b>38,325,991</b>	<b>2,689,668</b>	<b>1,786,557</b>	<b>359,746</b>	<b>(24,478)</b>	<b>500,989</b>	<b>41,695,216</b>	<b>244,714</b>	<b>485,141</b>	<b>410,715</b>
<b>Net Change in Fund Balance.....</b>	<b>\$ 4,797,958</b>	<b>\$ 327,592</b>	<b>\$ 2,875,055</b>	<b>\$ 1,649,949</b>	<b>\$ (18,389,710)</b>	<b>\$ (10,199,121)</b>	<b>\$ 40,639,611</b>	<b>\$ 1,069,880</b>	<b>\$ (4,434,124)</b>	<b>\$ 5,823,524</b>
Debt Service as a Percentage of Noncapital Expenditures.....	6.14%	8.45%	8.28%	7.79%	7.17%	7.17%	6.64%	8.49%	7.67%	7.57%

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

**TOWN OF HINGHAM, MASSACHUSETTS  
GENERAL FUND REVENUES BY SOURCE  
LAST TEN YEARS (1)(2)**

Year Ended June 30,	Taxes (3)	Charges For Services	Licenses & Permits	Inter- Governmental	Penalties & Interest	Earnings On Investments	Misc.	Total
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
2018	\$ 85,652	\$ 3,253	\$ 3,026	\$ 22,197	\$ 320	\$ 757	\$ 252	\$ 115,457



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

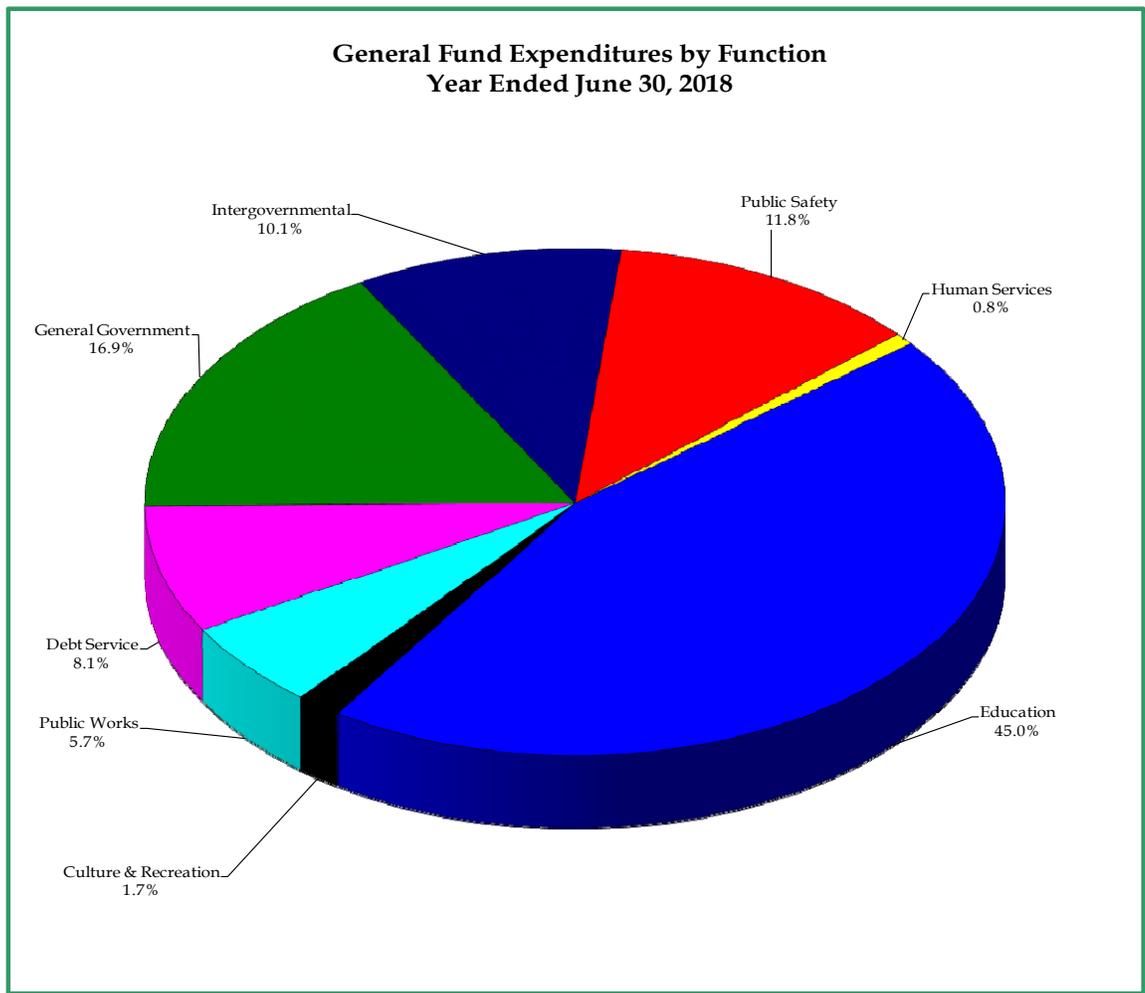
(2) Excluding transfers in.

(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.

**TOWN OF HINGHAM, MASSACHUSETTS  
GENERAL FUND EXPENDITURES BY FUNCTION  
LAST TEN YEARS (1)**

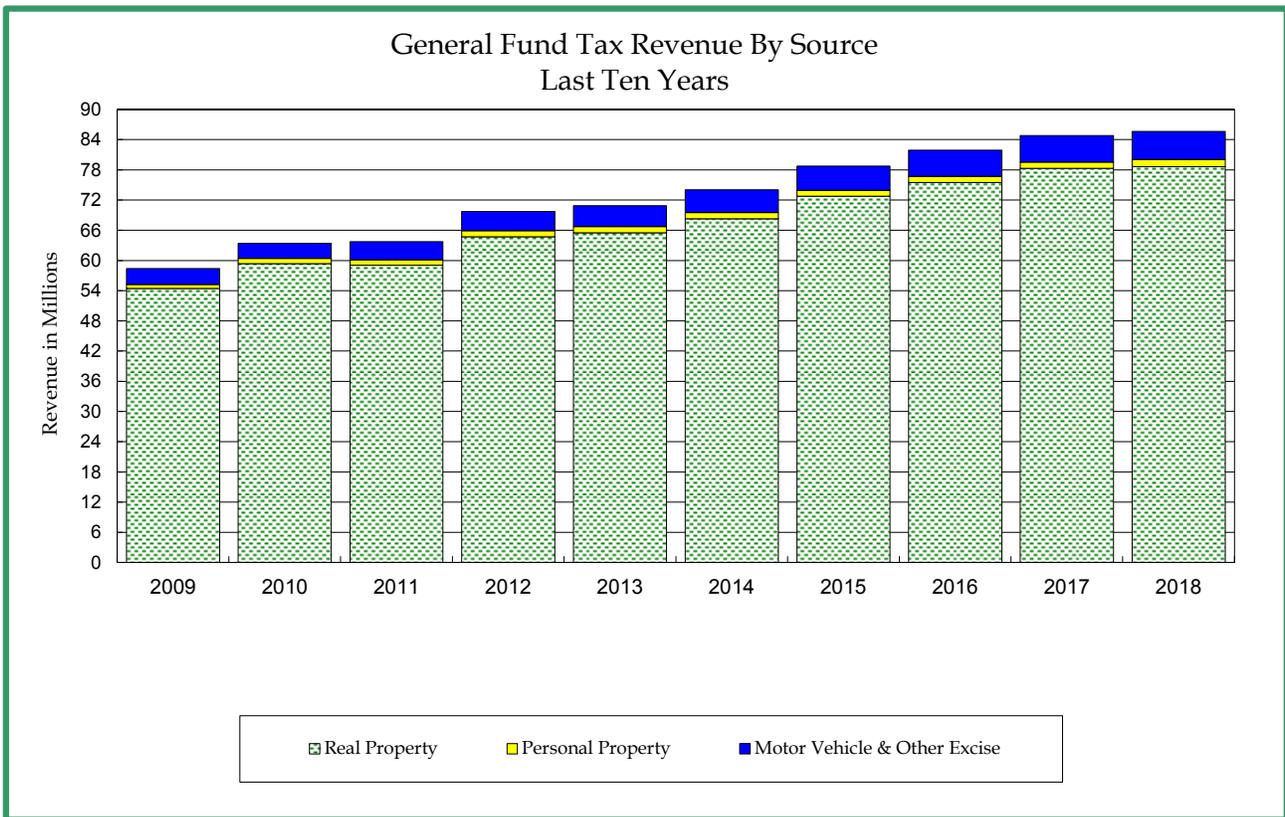
Year Ended June 30,	General Government(2)	Public Safety	Public Education	Public Works	Human Services	Culture & Recreation(3)	Inter-Governmental(4)	Debt Services	Total
2009	\$ 13,303	\$ 10,416	\$ 35,130	\$ 5,682	\$ 816	\$ 1,632	\$ 7,346	\$ 5,234	\$ 79,559
2010	\$ 13,346	\$ 10,061	\$ 36,155	\$ 4,535	\$ 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
2018	\$ 18,916	\$ 13,226	\$ 50,509	\$ 6,349	\$ 856	\$ 1,896	\$ 11,289	\$ 9,140	\$ 112,181



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

**TOWN OF HINGHAM, MASSACHUSETTS  
GENERAL FUND TAX REVENUES BY SOURCE  
LAST TEN YEARS**

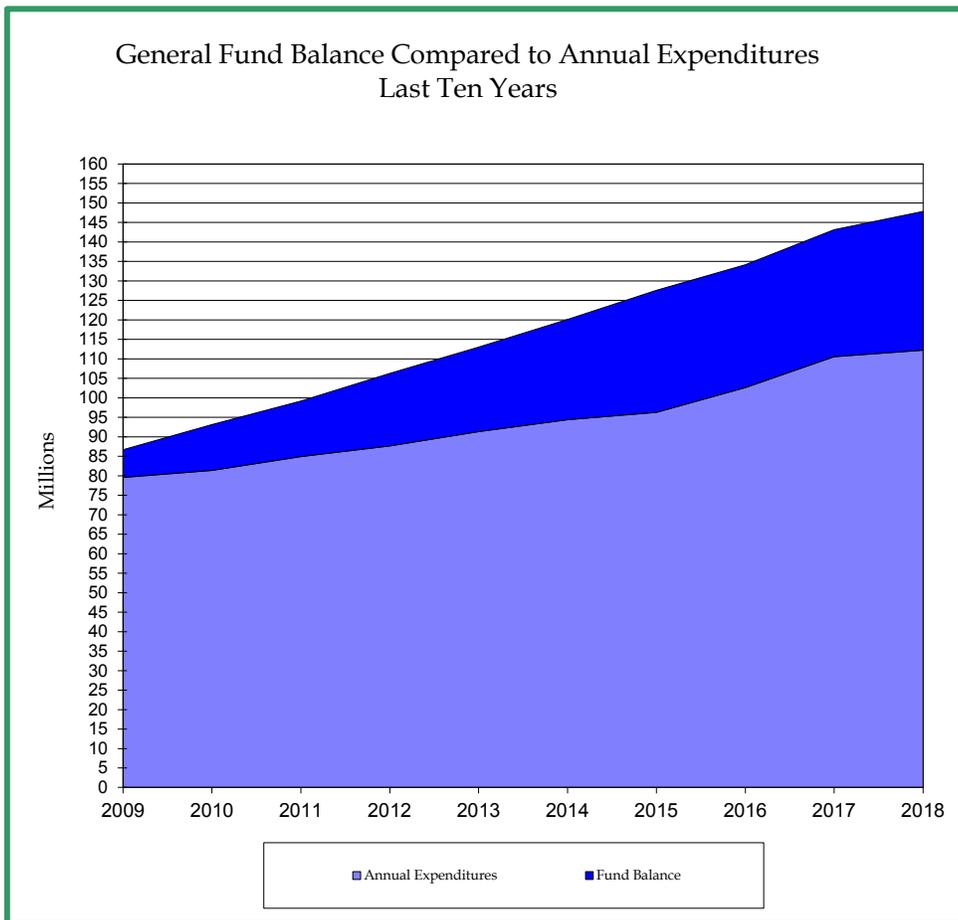
Year Ended June 30,	Real Property	Personal Property	Motor Vehicle & Other Excise	Total
2009	\$ 54,470,186	\$ 773,283	\$ 3,130,199	\$ 58,373,668
2010	\$ 59,388,413	\$ 1,043,711	\$ 2,974,353	\$ 63,406,477
2011	\$ 59,054,046	\$ 1,091,352	\$ 3,589,655	\$ 63,735,053
2012	\$ 64,727,199	\$ 1,151,269	\$ 3,895,105	\$ 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
2018	\$ 78,627,515	\$ 1,430,760	\$ 5,593,856	\$ 85,652,131



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

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

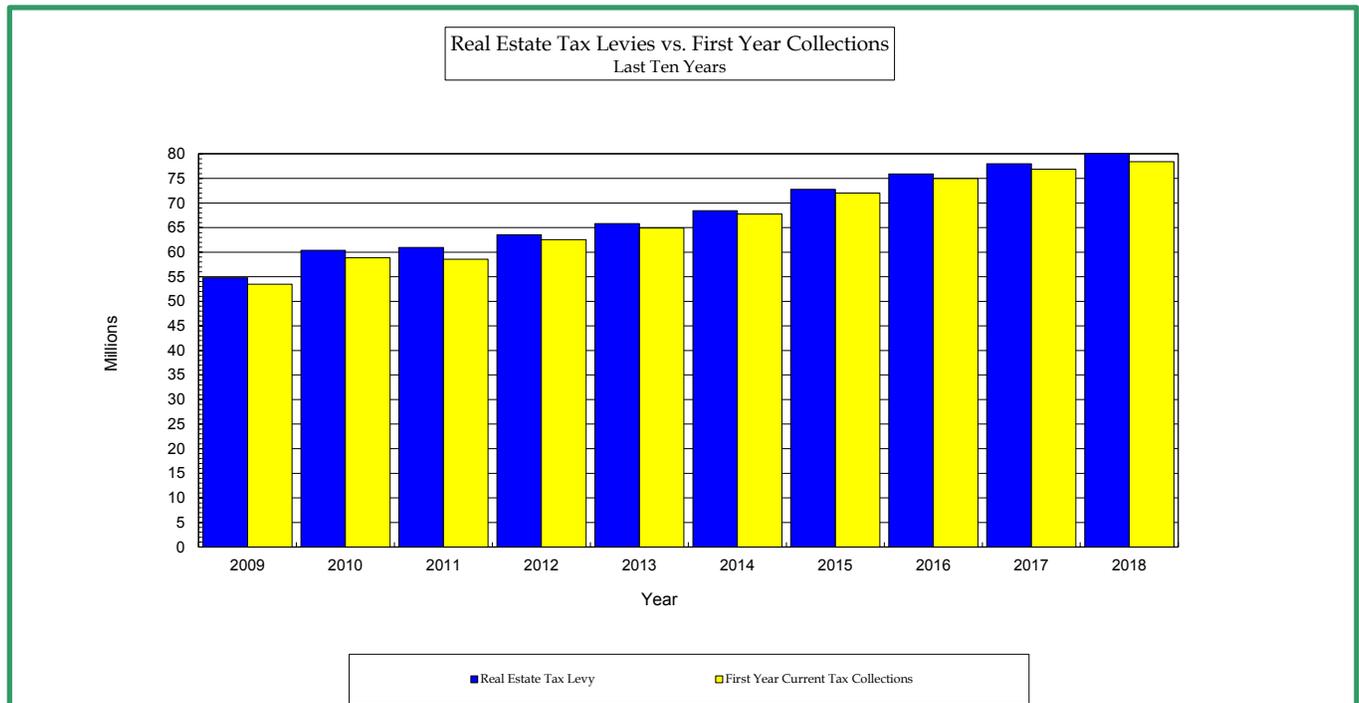
Year Ended June 30,	Fund Balance	Annual Expenditures	Balance as % of Expenditures
2009	\$ 7,099,935	\$ 79,559,960	8.92%
2010	\$ 11,781,094	\$ 81,342,054	14.48%
2011	\$ 14,219,824	\$ 84,929,680	16.74%
2012	\$ 18,652,801	\$ 87,621,170	21.29%
2013	\$ 21,669,847	\$ 91,311,575	23.73%
2014	\$ 25,709,663	\$ 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%
2018	\$ 35,658,086	\$ 112,180,550	31.79%



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

**TOWN OF HINGHAM, MASSACHUSETTS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS**

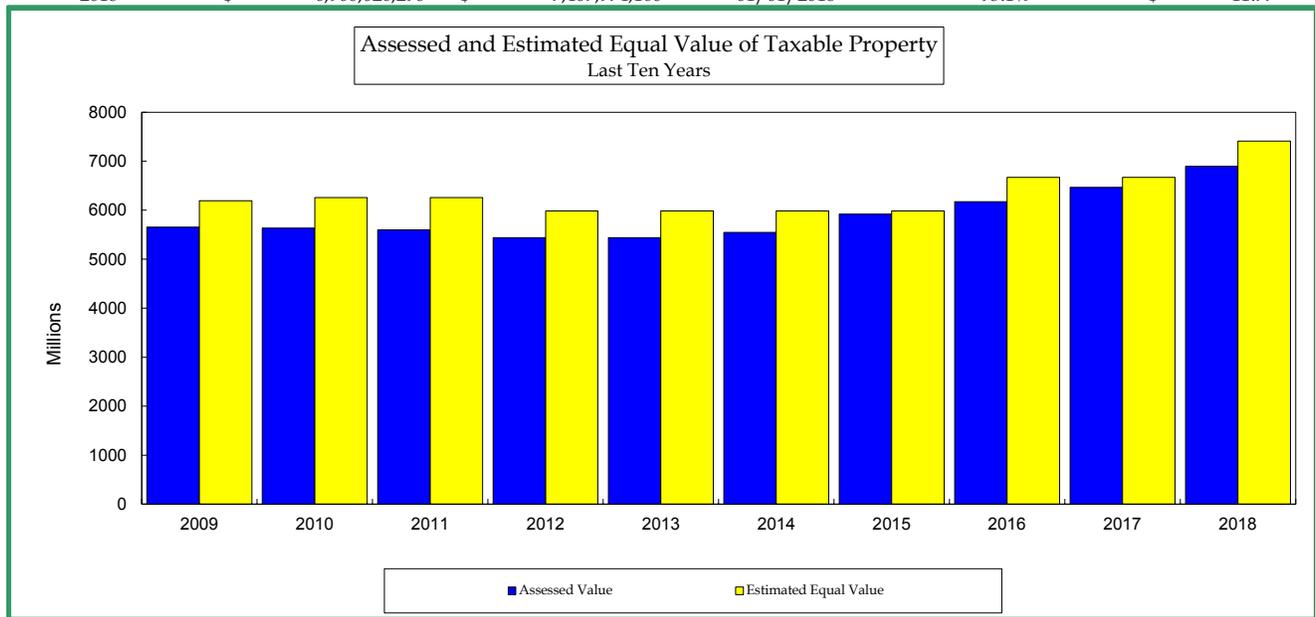
Year Ended June 30,	Real Estate Tax Levy (1)	First Year Current Tax Collections (2)	Percent of Levy Collected	Delinquent Levy Tax Collections	Total Tax Collections To Date	Percent of Levy Collected
2009	\$ 54,789,488	\$ 53,444,778	97.5%	\$ 450,008	\$ 53,894,786	98.4%
2010	\$ 60,378,356	\$ 58,855,173	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%	\$ 281,382	\$ 77,150,168	99.0%
2018	\$ 80,037,341	\$ 78,404,487	98.0%	\$ -	\$ 78,404,487	98.0%



Source: Audited financial statements, Treasurer/Collector's records.  
 (1) Real Estate Tax Levy net of allowance for abatements and refunds.  
 (2) The "First Year Current Tax Collections" is the collection of the current year's taxes during the first fiscal year.

**TOWN OF HINGHAM, MASSACHUSETTS  
 ASSESSED VALUE 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
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
2018	\$ 6,900,020,290	\$ 7,407,974,100	01/01/2018	93.1%	\$ 11.77

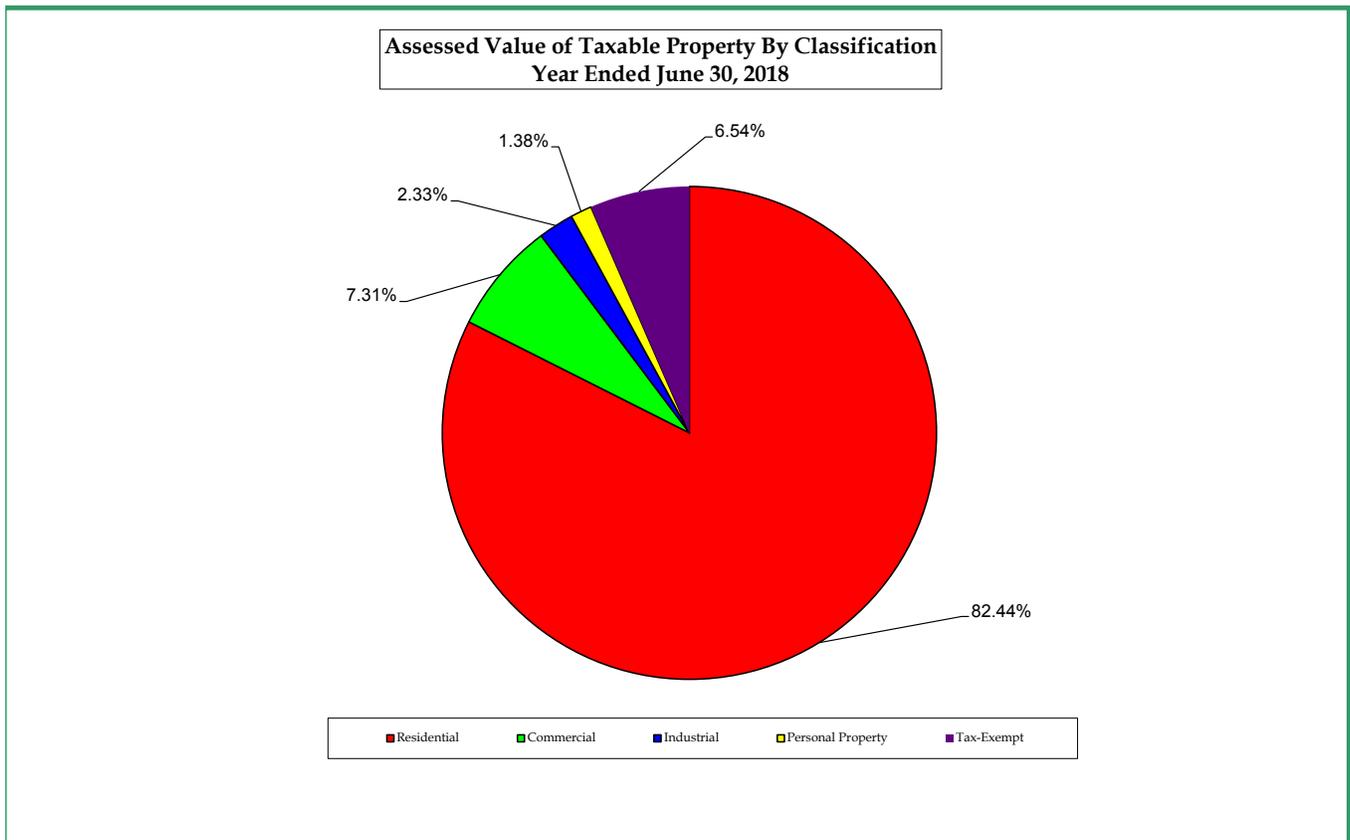


Source: Assessors Department, Town of Hingham

- (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".

**TOWN OF HINGHAM, MASSACHUSETTS  
 ASSESSED VALUE OF TAXABLE PROPERTY BY CLASSIFICATION  
 LAST TEN YEARS**

Year Ended June 30, (2)	Residential Valuation	Commercial Valuation	Industrial Valuation	Personal Property Valuation	Less: Tax-Exempt Property	Total Valuation
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
2018	\$ 6,086,543,946	\$ 539,513,614	\$ 171,822,200	\$ 102,140,530	\$ 482,690,100	\$ 6,417,330,190
10 yr. average	\$ 5,127,666,024	\$ 480,215,542	\$ 171,880,069	\$ 97,905,066	\$ 401,233,190	\$ 5,476,433,511



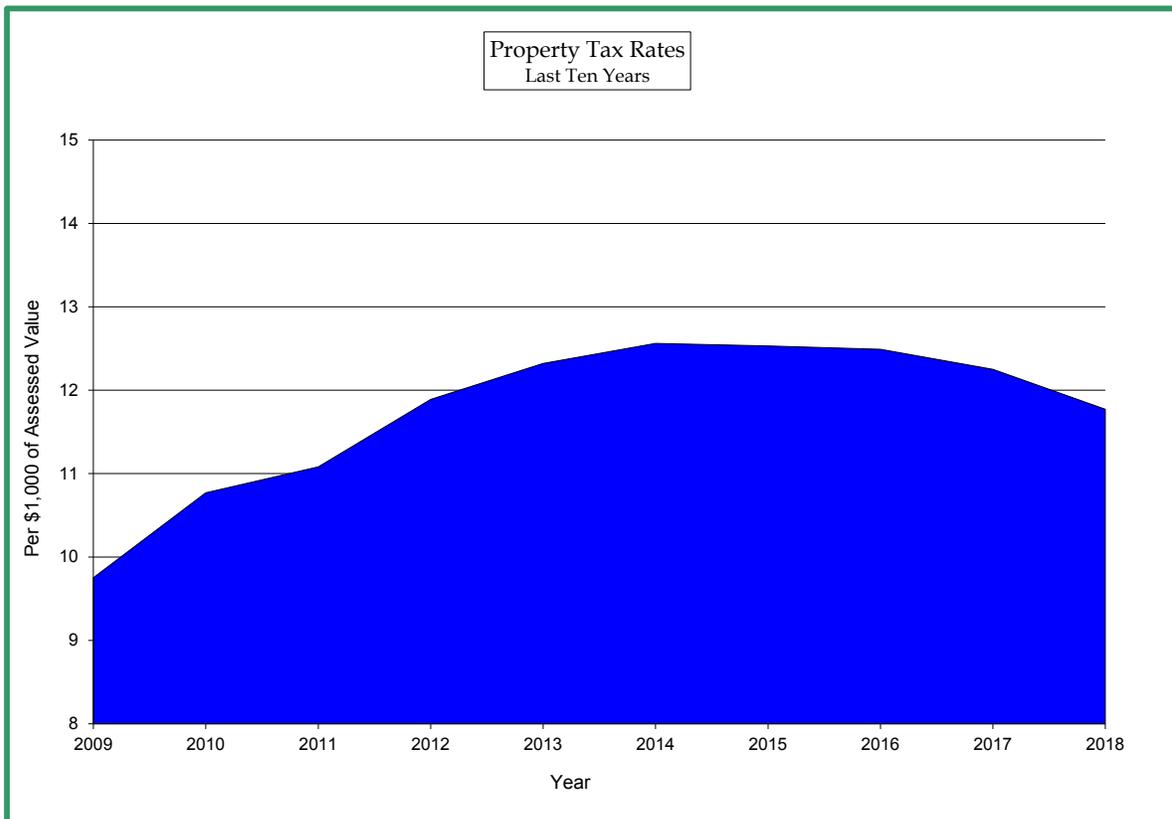
Source: Assessors Department, Town of Hingham

(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; 2011, 2014 and 2017.

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

Year Ended June 30,	Residential	Commercial (2)	Industrial (2)	Personal
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
2018	\$ 11.77	\$ 11.77	\$ 11.77	\$ 11.77

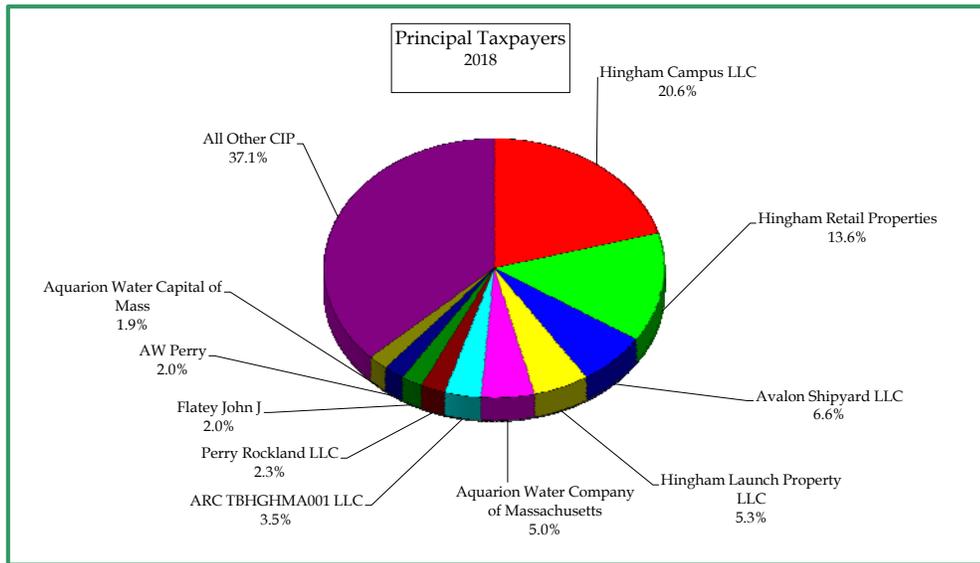


SOURCE: Assessor's Department, Town of Hingham

(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.

**TOWN OF HINGHAM, MASSACHUSETTS  
PRINCIPAL TAXPAYERS (1)  
CURRENT YEAR AND NINE YEARS AGO**

Name	Nature of Business	2018				2009	
		Assessed Valuation	Rank	Percentage of CIP(2)	Percentage of Total Tax Levy(3)	Assessed Valuation	Rank
Hingham Campus LLC	Housing	\$167,894,100	1	20.6%	2.4%	\$273,124,400	1
Hingham Retail Properties	Mall	\$110,987,600	2	13.6%	1.6%	\$104,319,900	2
Avalon Shipyard LLC	Apartments	\$53,920,900	3	6.6%	0.8%	\$39,389,900	5
Hingham Launch Property LLC	Retail	\$43,031,100	4	5.3%	0.6%		
Aquarion Water Company of Massachusetts	Utilities	\$41,046,230	5	5.0%	0.6%	\$39,501,050	4
ARC TBHGHMA001 LLC	Office/Manufacturing	\$28,184,300	6	3.5%	0.4%		
Perry Rockland LLC	Land Comm. & Ind. Bldg.	\$18,856,100	7	2.3%	0.3%	\$22,428,300	7
Flatey John J	Land & Building	\$16,620,200	8	2.0%	0.2%		
AW Perry	Land Comm. & Ind. Bldg.	\$15,988,100	9	2.0%	0.2%		
Aquarion Water Capital of Mass	Utilities	\$15,373,170	10	1.9%	0.2%	\$22,325,850	8
Samuel & Assoc. Hingham	Commercial	-	-	-	-	\$51,650,800	3
Black Rock Golf Club	Golf	-	-	-	-	\$19,838,000	9
South Shore Ind. Park T.	Land & Buildings	-	-	-	-	\$19,187,000	10
Talbots	Office/Manufacturing					\$31,373,700	6
		<u>\$ 511,901,800</u>		<u>62.9%</u>	<u>7.4%</u>	<u>\$623,138,900</u>	



(1) SOURCE: Assessor's Department, Town of Hingham  
(2) Total Commercial, Industrial & Personal Property (CIP) valuation \$813,476,344.  
(3) Total valuation of all property \$6,900,020,290

**TOWN OF HINGHAM, MASSACHUSETTS  
RATIOS OF OUTSTANDING DEBT AND GENERAL BONDED DEBT  
LAST TEN FISCAL 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
2009	21,589	\$ 900,326,067	\$ 5,653,800,660	\$ 75,318,162	\$ -	\$ 3,489	8.37%	1.33%
2010	22,401	\$ 934,188,903	\$ 5,636,105,233	\$ 70,204,570	\$ -	\$ 3,134	7.52%	1.25%
2011	21,065	\$ 878,473,695	\$ 5,599,519,350	\$ 64,670,742	\$ -	\$ 3,070	7.36%	1.15%
2012	22,973	\$ 1,323,566,422	\$ 5,438,188,940	\$ 60,960,972	\$ -	\$ 2,654	4.61%	1.12%
2013	22,249	\$ 1,281,853,886	\$ 5,439,457,670	\$ 55,512,838	\$ -	\$ 2,495	4.33%	1.02%
2014	22,451	\$ 1,293,491,914	\$ 5,439,457,670	\$ 50,222,555	\$ -	\$ 2,237	3.88%	0.92%
2015	22,368	\$ 1,288,709,952	\$ 5,919,438,780	\$ 82,841,960	\$ -	\$ 3,704	6.43%	1.40%
2016	23,132	\$ 1,332,727,048	\$ 6,175,354,200	\$ 80,904,795	\$ -	\$ 3,498	6.07%	1.31%
2017	23,055	\$ 1,328,290,770	\$ 6,465,789,910	\$ 73,130,465	\$ -	\$ 3,172	5.51%	1.13%
2018	23,488	\$ 1,353,237,632	\$ 6,900,020,290	\$ 60,976,034	\$ 1,396,695	\$ 2,656	4.51%	0.88%

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
2009	\$ 1,465,000	\$ 541,814	\$ 77,324,976	\$ 3,582	8.59%	1.37%
2010	\$ 1,340,000	\$ 357,375	\$ 71,901,945	\$ 3,210	7.70%	1.28%
2011	\$ 1,215,000	\$ 373,806	\$ 66,259,548	\$ 3,145	7.54%	1.18%
2012	\$ 1,085,000	\$ 164,232	\$ 62,210,204	\$ 2,708	4.70%	1.14%
2013	\$ 950,000	\$ 125,016	\$ 56,587,854	\$ 2,543	4.41%	1.04%
2014	\$ 805,000	\$ 84,567	\$ 51,112,122	\$ 2,277	3.95%	0.94%
2015	\$ 846,418	\$ 42,938	\$ 83,731,316	\$ 3,743	6.50%	1.41%
2016	\$ 635,516	\$ -	\$ 81,540,311	\$ 3,525	6.12%	1.32%
2017	\$ 427,662	\$ -	\$ 73,558,127	\$ 3,191	5.54%	1.14%
2018	\$ 214,808	\$ -	\$ 61,190,842	\$ 2,605	4.52%	0.89%

(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.

**TOWN OF HINGHAM, MASSACHUSETTS  
COMPUTATION OF LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS**

	<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>	<u>2018</u>
Equalized value established January 1 by Comm. of Massachusetts.....	\$ <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>	\$ <u>7,407,974</u>
Debt limit.....	\$ 309,521	\$ 312,867	\$ 312,867	\$ 299,231	\$ 299,231	\$ 299,082	\$ 299,082	\$ 333,443	\$ 333,443	\$ 370,399
Less:										
Total net debt applicable to limit.....	\$ <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>	\$ <u>61,190</u>
Legal debt margin.....	\$ <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>	\$ <u>309,209</u>
Total net debt applicable to the limit as a percentage of debt limit.....	14.21%	22.87%	21.15%	20.14%	18.35%	16.61%	27.98%	22.66%	20.48%	16.52%

(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, 2018 the most recent valuation was as of Jan 1, 2018. A town may; however, borrow up to ten percent (10%) of such equalized valuation with the approval of the Emergency Finance Board established under Chapter 49 of the Acts of 1993.

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

**TOWN OF HINGHAM, MASSACHUSETTS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2018**

	<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	\$ 139,646
MWRA Overlapping Debt (4).....	3,449,020,000	0.0535%	1,846,255
Town direct debt.....	60,976,034	N/A	-
Town direct and overlapping debt..... \$	<u>3,509,996,034</u>		<u>\$ 1,985,901</u>

(1) Estimated share based upon operating expenses.

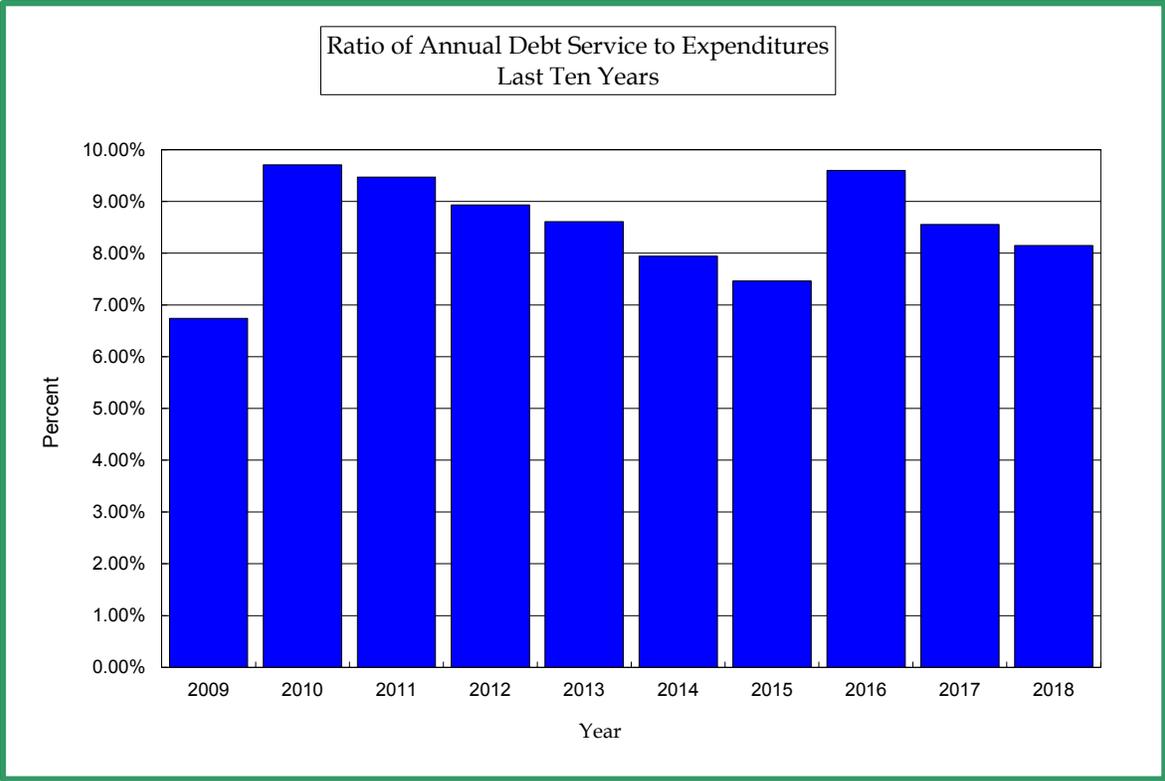
(2) Estimated dollar assessment based upon total net operating expenses, inclusive, where applicable, of debt service.

(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, 2018. 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.

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

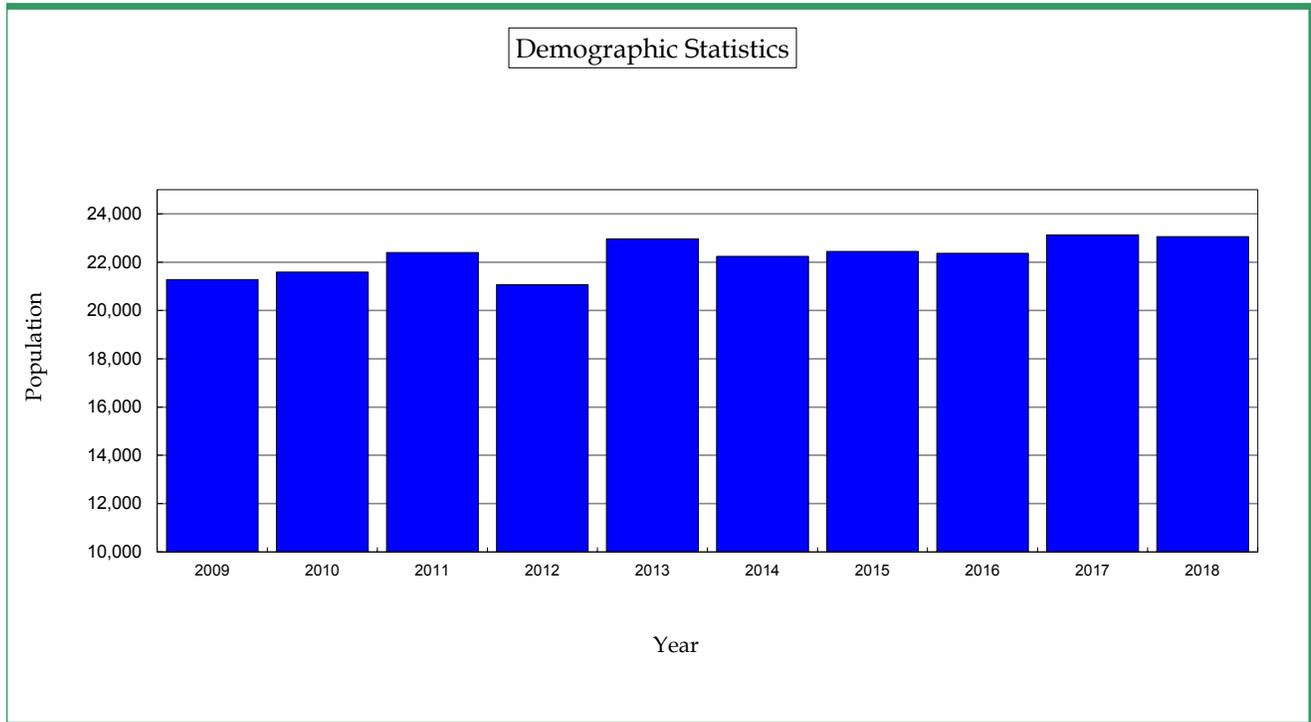
Year Ended Ended June 30,	Annual Debt Service	Total General Fund Expenditures	Ratio of Annual Debt Service to Expenditures
2009	\$ 5,365,003	\$ 79,559,960	6.7%
2010	\$ 7,894,798	\$ 81,342,054	9.7%
2011	\$ 8,042,555	\$ 84,929,680	9.5%
2012	\$ 7,827,460	\$ 87,621,170	8.9%
2013	\$ 7,861,574	\$ 91,311,575	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%
2018	\$ 9,139,747	\$ 112,180,550	8.1%



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

**TOWN OF HINGHAM, MASSACHUSETTS  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS**

Year	Town of Hingham Population (1)	Plymouth County Population (2)	Commonwealth of Massachusetts Population (2)
2009	21,589	492,066	6,497,967
2010	22,401	498,344	6,593,587
2011	21,065	495,780	6,557,254
2012	22,973	497,579	6,587,536
2013	22,249	499,759	6,646,144
2014	22,451	501,915	6,692,824
2015	22,368	507,022	6,745,408
2016	23,132	510,393	6,794,422
2017	23,055	513,565	6,811,779
2018	23,488	529,193	6,925,129

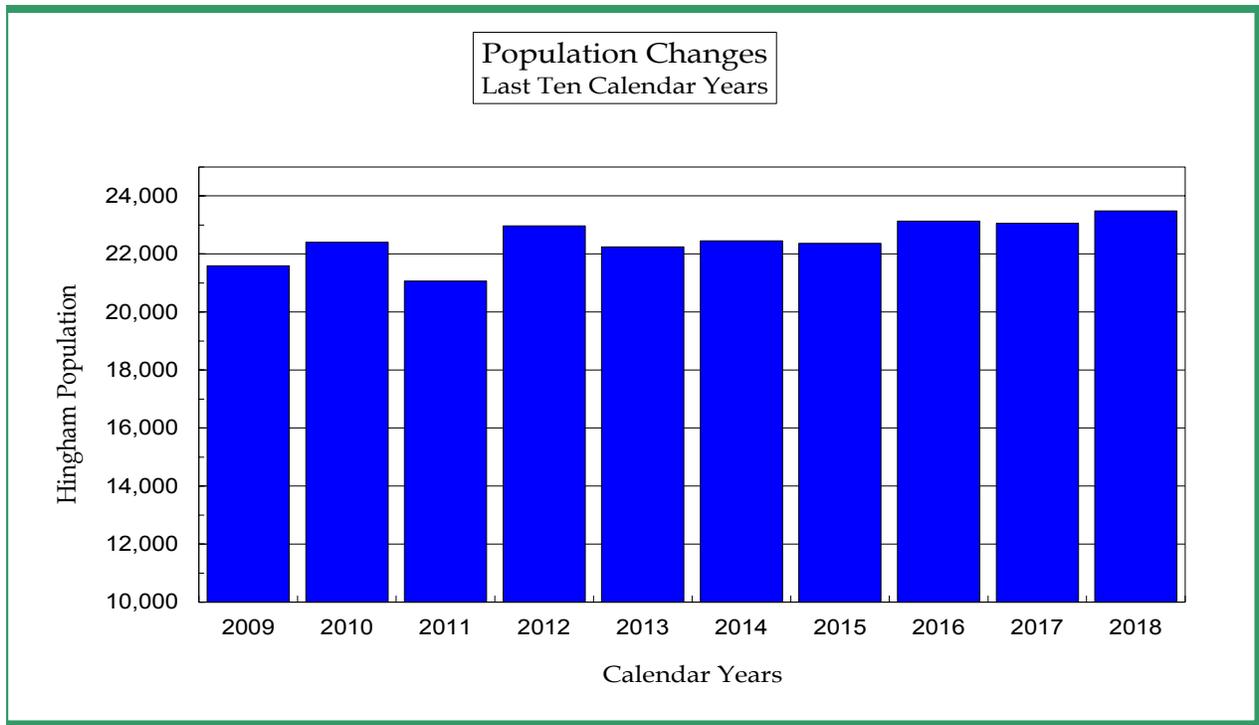


(1) Source: Hingham Town Clerk's Office.

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

**TOWN OF HINGHAM, MASSACHUSETTS  
POPULATION CHANGES  
LAST TEN CALENDAR YEARS**

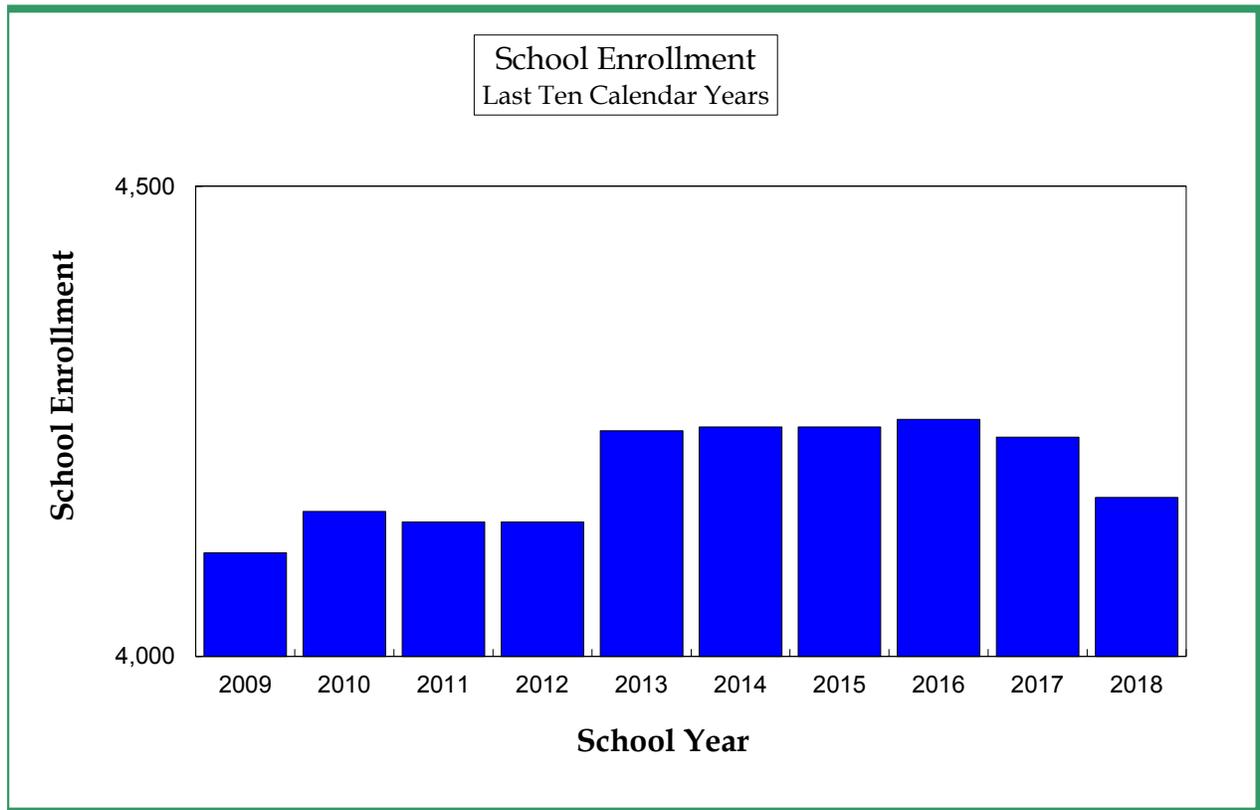
Year	Population	Increase (Decrease)
2009	21,589	(389)
2010	22,401	812
2011	21,065	(1,336)
2012	22,973	1,908
2013	22,249	(724)
2014	22,451	202
2015	22,368	(83)
2016	23,132	764
2017	23,055	(77)
2018	23,488	433



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

**TOWN OF HINGHAM, MASSACHUSETTS  
SCHOOL ENROLLMENT STATISTICS  
LAST TEN YEARS**

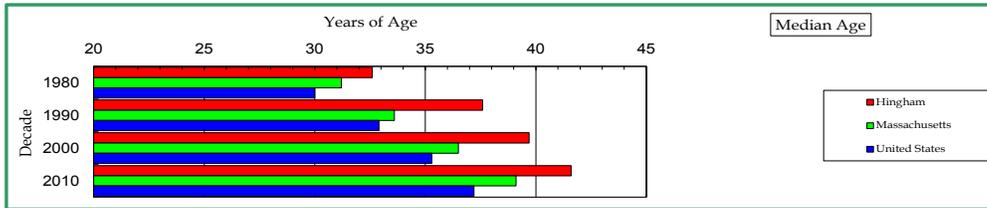
School Year	School Enrollment	Increase (Decrease)
2009	4,110	260
2010	4,154	44
2011	4,143	-11
2012	4,143	0
2013	4,240	97
2014	4,244	4
2015	4,244	0
2016	4,252	8
2017	4,233	-19
2018	4,169	-64



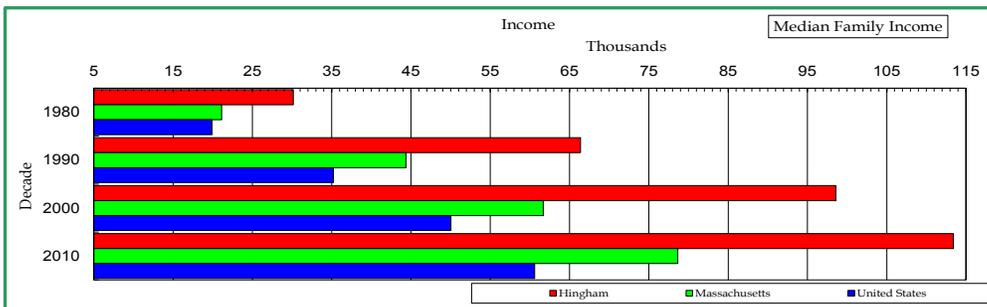
Source: Hingham's School Business Administration Office (K-12) In-district

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

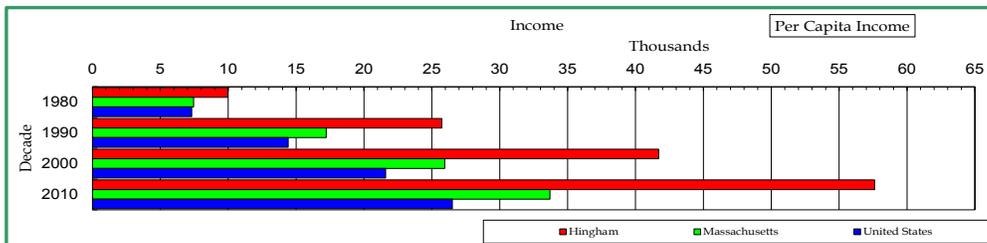
Median Age	Hingham	Massachusetts	United States
1980	32.6	31.2	30.0
1990	37.6	33.6	32.9
2000	39.7	36.5	35.3
2010	41.6	39.1	37.2



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



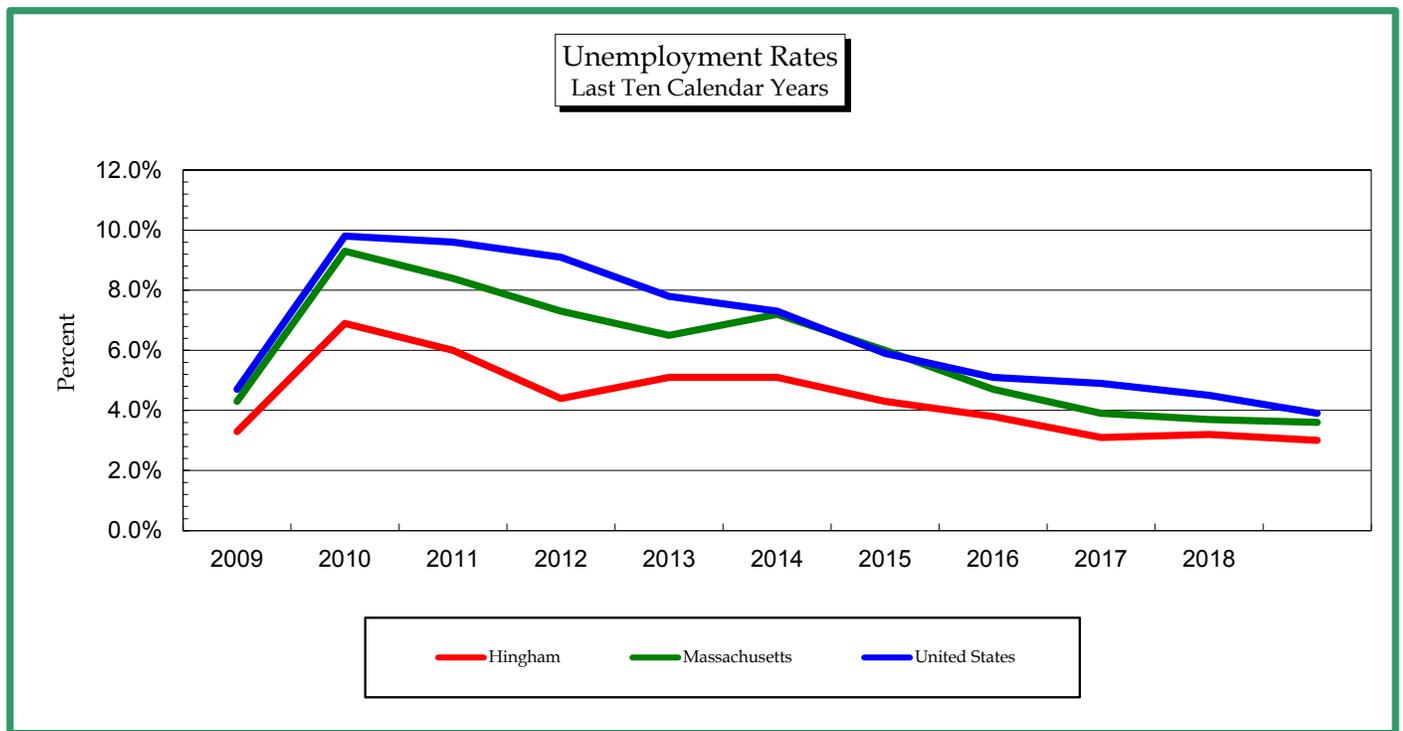
Per Capita Income	Hingham	Massachusetts	United States
1980	\$ 9,949	\$ 7,459	\$ 7,313
1990	\$ 25,726	\$ 17,224	\$ 14,420
2000	\$ 41,703	\$ 25,952	\$ 21,587
2010	\$ 57,614	\$ 33,704	\$ 26,505



Source: Federal Bureau of the Census.

**TOWN OF HINGHAM, MASSACHUSETTS  
UNEMPLOYMENT RATES  
LAST TEN CALENDAR YEARS**

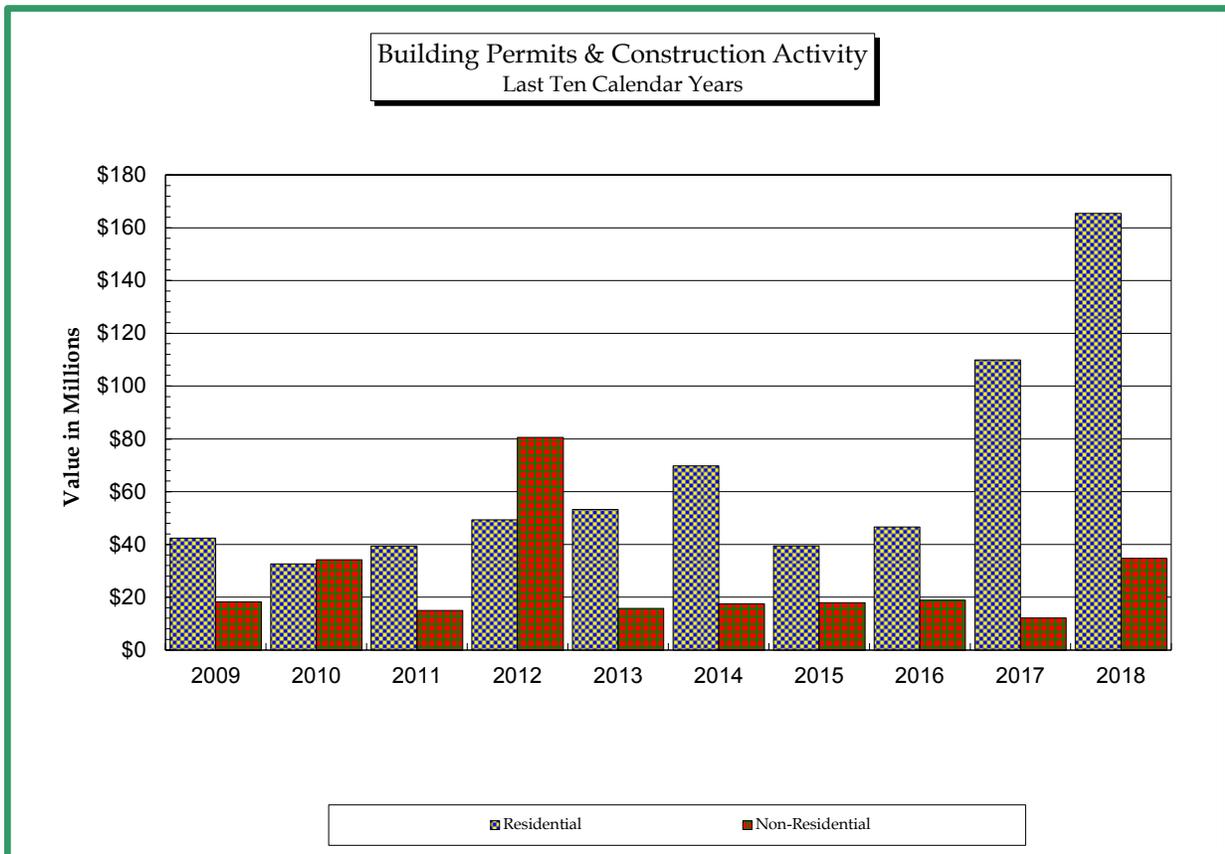
Year	Hingham (1)	Massachusetts (1)	United States (1)
2009	6.9%	9.3%	9.8%
2010	6.0%	8.4%	9.6%
2011	4.4%	7.3%	9.1%
2012	5.1%	6.5%	7.8%
2013	5.1%	7.2%	7.3%
2014	4.3%	6.0%	5.9%
2015	3.8%	4.7%	5.1%
2016	3.1%	3.9%	4.9%
2017	3.2%	3.7%	4.5%
2018	3.0%	3.6%	3.9%



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

**TOWN OF HINGHAM, MASSACHUSETTS  
BUILDING PERMITS AND CONSTRUCTION ACTIVITY  
LAST TEN FISCAL YEARS**

Year	Residential		Non-Residential		Total
	Number	Value	Number	Value	
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
2018	1045	\$ 165,415,589	275	\$ 34,716,235	\$ 200,131,824



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.

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

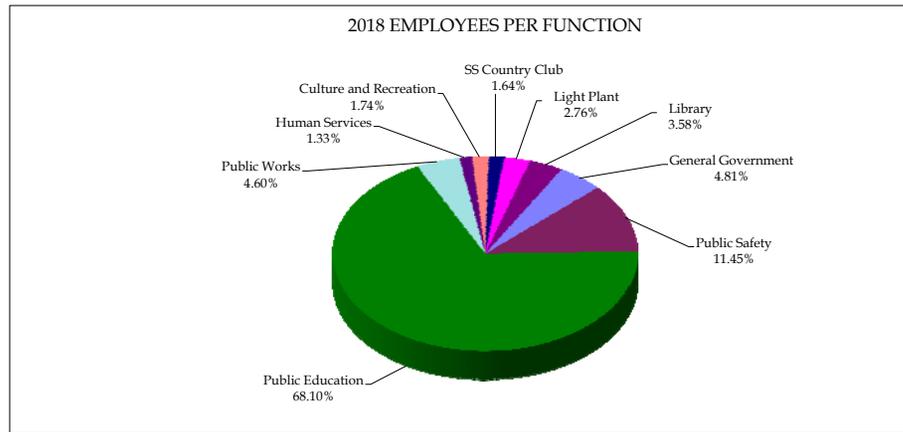
<b>2018</b>				
<b>Employer</b>	<b>Business</b>	<b>Employees</b>	<b>Rank</b>	<b>% of Total Employment</b>
Blue Cross/Blue Shield	Health Care	1,590	1	10.44%
Town of Hingham	Government	978	2	6.42%
Linden Ponds	Health Care	788	3	5.17%
Talbots	Retail Clothing	465	4	3.05%
Serono Laboratories	Bio-Technology	445	5	2.92%
Harbor House	Health Care	250	6	1.64%
Whole Foods	Retail	235	7	1.54%
Russ Electric	Manufacturing	231	9	1.52%
Stop & Shop	Retail	191	8	1.25%
Eat Well	Restaurant	172	10	1.13%
		<u>5,345</u>		<u>48.06%</u>

<b>2009</b>				
<b>Employer</b>	<b>Business</b>	<b>Employees</b>	<b>Rank</b>	<b>% of Total Employment</b>
Talbots	Retail Clothing	1,200	1	10.66%
Town of Hingham	Government	1,019	2	9.05%
Blue Cross/Blue Shield	Health Care	990	3	8.79%
Serono Laboratories	Bio-Technology	601	4	5.34%
Linden Ponds	Health Care	450	5	4.00%
Russ Electric	Manufacturing	239	6	2.12%
Harbor House	Health Care	227	8	2.02%
Stop & Shop	Retail	190	7	1.69%
Whole Foods	Retail	169	9	1.50%
Eat Well	Restaurant	148	10	1.31%
		<u>5,233</u>		<u>51.22%</u>

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

**TOWN OF HINGHAM, MASSACHUSETTS  
NUMBER OF EMPLOYEES PER FUNCTION OF GOVERNMENT  
LAST TEN FISCAL YEARS**

Function	2018		2017		2016		2015		2014		2013		2012		2011		2010		2009	
	# of Total Employees	% of Employees	# 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
<b>Governmental Activities</b>																				
General Government	47	4.81%	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	112	11.45%	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	666	68.10%	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	45	4.60%	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	13	1.33%	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	17	1.74%	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%
<b>Business-Type Activities</b>																				
SS Country Club	16	1.64%	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	27	2.76%	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%
<b>Component Unit</b>																				
Library	35	3.58%	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%
<b>TOTAL EMPLOYEES</b>	<b>978</b>	<b>100.00%</b>	<b>985</b>	<b>100.00%</b>	<b>991</b>	<b>100.00%</b>	<b>963</b>	<b>100.00%</b>	<b>947</b>	<b>100.00%</b>	<b>938</b>	<b>100.00%</b>	<b>947</b>	<b>100.00%</b>	<b>962</b>	<b>100.00%</b>	<b>989</b>	<b>100.00%</b>	<b>1,019</b>	<b>100.00%</b>



Source: Various Town Departments.  
Does not include seasonal employees

**TOWN OF HINGHAM, MASSACHUSETTS  
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM  
LAST TEN YEARS**

<b><u>Function/Program</u></b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
General Government										
Number of Buildings	3	4	4	4	4	4	4	4	4	5
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	4	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)	139	139	140	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	53	22	57	56	60	48	48	73	86	81
Tree Removals	170	96	190	211	217	185	185	217	249	378
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	32	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

**TOWN OF HINGHAM, MASSACHUSETTS  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN YEARS**

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government										
Town Clerk										
Population	21,978	21,589	22,401	21,065	22,973	22,249	22,451	22,368	23,132	23,055
Houses, including condominiums	7,012	7,110	7,110	7,173	7,223	7,346	7,402	7,249	7,448	7,476
Registered voters, Annual Town Election	16,009	15,322	15,731	15,939	16,995	16,595	16,546	16,768	16,768	16,897
Births	228	237	198	221	205	216	201	222	220	206
Marriages	89	82	80	74	73	80	85	84	78	74
Deaths	262	270	286	335	275	281	402	491	448	493
Community Planning										
Building Permits issued	1,059	869	1,000	976	964	1,051	1,125	1,312	1,217	1,201
Police										
Emergency responses	19,116	20,479	20,632	18,301	18,927	20,854	20,527	24,374	23,857	20,796
Motor vehicle accidents	870	873	838	803	819	879	776	839	855	813
Parking tickets issued	630	420	456	656	848	538	367	243	152	411
Fire										
Emergency responses	3,770	3,713	3,898	3,859	3,874	3,985	3,936	4,332	4,372	4,389
Public Works										
Recycling/tons	2,565	2,320	2,320	2,427	2,621	2,411	2,426	2,197	2,085	2,470
Return bottle program:										
Donated cans	332,748	269,380	305,080	263,590	263,300	247,340	271,320	348,490	368,060	410,960
Donated bottles	130,612	55,600	84,385	70,855	60,235	75,650	78,100	53,530	54,810	56,560
Snow & Ice										
Inches of snow	43	57	40	48	11	64	74	113	54	74
Snowplowing operations	7	8	9	12	2	6	6	20	8	9
Sanding operations	31	31	28	28	6	28	31	45	30	29
Council on Aging										
Van trips	4,424	5,801	5,981	5,158	5,556	4,797	5,008	4,569	4,907	4,631
Volunteers	176	174	168	170	167	153	142	157	141	139
Total Volunteer hours	12,064	11,930	10,410	10,369	11,034	9,628	10,454	10,086	10,075	9,731
Health										
Permits issued	1,226	1,135	1,296	1,298	1,069	1,856	1,941	2,065	2,283	1,988
Library										
Number of patrons	284,000	-	271,419	260,537	266,445	260,000	241,000	230,269	247,000	254,000
Check-out items	430,350	461,489	437,914	427,843	420,467	403,882	396,694	356,524	350,000	334,000
Card holders	14,331	-	12,638	14,123	14,276	13,000	12,500	12,343	12,000	12,000
Program attendance	7,175	6,940	9,250	6,216	6,354	6,968	7,547	17,000	16,800	18,700
Public Education										
Public school enrollment	4,023	4,110	4,154	4,143	4,274	4,303	4,362	4,328	4,252	4,233
Professional staff	321	-	359	389	380	358	359	369	369	366
Support staff	164	-	233	221	253	307	305	308	305	283
Recreation										
Total program revenue	\$ 548,704	\$ 566,880	\$ 652,834	\$ 645,495	\$ 632,135	\$ 662,784	\$ 685,231	\$ 958,867	\$ 1,071,443	\$ 1,231,971
Veteran Services										
Total Veteran's benefits	\$ 201,678	\$ 257,418	\$ 225,087	\$ 176,142	\$ 190,814	\$ 229,705	\$ 231,948	\$ 225,947	\$ 206,310	\$ 191,969
Retirement										
Total membership	910	917	923	944	987	1,036	1,066	1,128	1,172	1,199

Source: Annual Town Reports, Town Departments  
2018 data is not yet available

**TOWN OF HINGHAM, MASSACHUSETTS  
FREE CASH AND STABILIZATION FUND BALANCES  
LAST TEN FISCAL YEARS**

<u>Year</u>		<u>Free Cash</u>		<u>Stabilization Fund</u>
FY2018.....	\$	N/A	\$	3,322,579
FY2017.....	\$	19,293,902	\$	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

Source: Town Records  
N/A: FY2018 Free Cash not yet available