

Town of Hingham Massachusetts



**Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2008**

- Brief History of Central Fire Station -

In 1802 the men of Hingham Centre built Hingham's first fire fighting apparatus: a hand tub known as the "Precedent." It was kept in a small building adjacent to what is now the Hingham Centre drug store. In 1846 the "Precedent" was replaced by the "Niagara" which was housed in Niagara Hall, a two-story fire station on Main Street in the Centre. A hook and ladder was added in 1874 and remained there until 1896. At that time the Centre School building was moved to Short Street and became "Central Fire Station", the current DPW Tree and Park facility. Niagara Hall was sold and all equipment was moved to this new location.

Over time the hand apparatus was replaced by horses and then gasoline powered vehicles. The year 1924 saw a completely motorized department. From 1924 to 1941 fire apparatus became larger and heavier until they had outgrown their quarters. Land that was owned by the Ripley Estate was acquired for a new station in Hingham Centre.

The current Central Fire Station was built and ready for duty in 1942. Designed by Hingham's own Edgar T.P. Walker, the new station became home to Engine 2, Engine 3 and Ladder 1. All are now owned by and on display at the Bare Cove Fire Museum.

The ensuing years saw development of fire trucks and equipment better able to handle the demands of a growing community. The role of the fire department was transformed as it grew to address not only fires but larger and more varied public safety issues within the community. An ambulance service was added in 1976. In 1942, Central Fire handled 500 emergency calls per year; in 2007 the number of calls averaged 3800.

With funds approved at Town Meeting, work began in 2007 on the renovation and expansion of the Central Fire Station in order to meet the increasing and ever more complex needs of the community. The result is a building we can all be proud of and that will serve future generations of Hingham as faithfully as the previous fire stations.

Cover Photo by Laura Sinclair
www.laura.sinclair@gmail.com



Town of Hingham, Massachusetts

**Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2008**

Prepared By:

Accounting Department
Finance Director/Town Accountant
Ted C. Alexiades

TOWN OF HINGHAM, MASSACHUSETTS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For The Fiscal Year Ended June 30, 2008

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Certificate of Achievement	iv
Letter of Transmittal	v
Organization Chart	x
Elected Officials	xi
Administrative Staff	xii
FINANCIAL SECTION	
Independent Auditor's Report	1-2
Management's Discussion and Analysis (unaudited)	3-17
Basic Financial Statements:	
Statement of Net Assets	18
Statement of Activities	19
Balance Sheet - Governmental Funds	20
Reconciliation of Governmental Fund Balance Sheet Total Fund Balances to Statement of Net Assets	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Net Assets - Proprietary Funds	24
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Fund	25
Statement of Cash Flows - Proprietary Funds	26-27
Statement of Net Assets - Fiduciary Funds	28
Statement of Changes in Net Assets - Fiduciary Funds	29
Statement of Net Assets - Component Units	30
Statement of Revenues, Expenses, and Changes in Net Assets - Component Units	31
Notes to the Basic Financial Statements	32-65
Required Supplementary Information:	
Schedule of Funding Progress	66

TOWN OF HINGHAM, MASSACHUSETTS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For The Fiscal Year Ended June 30, 2008

TABLE OF CONTENTS

	<u>Page</u>
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	67
Notes to Required Supplementary Information	68-69
Other Supplementary Schedules:	
Description of Non-major Governmental Funds	70-72
Combining Schedule of Changes in Assets-Agency Funds	73
Combining Balance Sheet - Non-major Governmental Funds	74
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds	75
Combining Balance Sheet - Non-major Governmental Funds - Special Revenue Funds	76
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Non-major Special Revenue Funds	77
Combining Balance Sheet - Non-major Governmental Funds - Capital Project Funds	78
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Non-major Capital Project Funds	79
Combining Balance Sheet - Non-major Governmental Funds - Permanent Funds	80
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Non-major Permanent Funds	81
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Special Revenue Funds	82
Notes to Required Supplementary Information	83
Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of of Basic Financial Statements Performed in Accordance with Government Auditing Standards.	84-85
STATISTICAL SECTION	
Net Assets by Component	86
Changes in Net Assets	87
Fund Balance - Governmental Funds	88

TOWN OF HINGHAM, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2008

TABLE OF CONTENTS

	<u>Page</u>
Changes in Fund Balances - Governmental Funds	89
General Fund Revenues by Source	90
General Fund Expenditures by Function	91
General Fund Tax Revenue by Source	92
General Fund Balance Compared to Annual Expenditures	93
Real Estate Tax Levies and Collections	94
Assessed and Estimated Equal Value of Taxable Property	95
Assessed Value of Taxable Property by Classification	96
Property Tax Rates	97
Principal Taxpayers	98
Ratio of General Bonded Debt to Assessed Value and General Bonded Debt per Capita	99
Computation of Legal Debt Margin	100
Computation of Overlapping Debt	101
Ratio of Annual Debt Service for General Bonded Debt to Total General Expenditures	102
Demographic Statistics	103
Population Changes	104
School Enrollment Statistics	105
Median Age, Median Family Income and Per Capita Income	106
Unemployment Rates	107
Building Permits and Construction Activity	108
Ten Largest Employers	109
Number of Employees per Function of Government	110

INTRODUCTORY SECTION

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, 2007

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



Cherie S. Cox

President

Jeffrey R. Emery

Executive Director

TOWN OF HINGHAM

ACCOUNTING DEPARTMENT

Ted C. Alexiades
Finance Director / Town Accountant



December 12, 2008

To the Citizens of the Town of Hingham, Massachusetts:

The Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008 for the Town of Hingham, Massachusetts is hereby submitted for your consideration in the new format prescribed under Government Accounting Standards Board (GASB) Statements 34, 37 and 38.

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

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

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

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

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



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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Hingham for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the twelfth consecutive year that the government has achieved this prestigious award.

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

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

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

PROFILE OF THE TOWN OF HINGHAM

This CAFR includes all of the operational departments of the Town. The Hingham Housing Authority is not included in the reporting entity because they do not meet criteria for inclusion. The Hingham Public Library, the Hingham Municipal Lighting Plant and the Hingham Contributory Retirement System are included in this report as component units, with the first two being discrete units, and the latter being a blended unit, included within the statement of fiduciary net assets.

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

The Town provides general government services including police and fire protection, disposal of rubbish, public education, streets, recreation and a municipal golf course (The South Shore Country Club). The Massachusetts Water Resources Authority (MWRA) provides certain sewer services to the Town. A municipal sewer system serves approximately 25% of the households of the Town. The Hingham Municipal Lighting Plant, a self-supporting enterprise, provides electric power to the Town, while the Aquarion Water Company of Massachusetts, a private firm, provides water services to the Town. The Hingham Housing Authority maintains housing for elderly and handicapped residents. In addition, the Town has a Department of Elder Services to service senior citizens with various programs as well as outreach projects. Bus services are provided by the Massachusetts Bay Transit Authority and connect to established stations of the Authority.

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

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

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

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

FACTORS AFFECTING ECONOMIC AND FINANCIAL CONDITION

Unemployment rates in Massachusetts, which had been rising slightly for several years prior to a decline in 2007, continued to follow state and national trends higher during 2008. Town traditionally has a more stable employment profile than the state or the nation, and has maintained this consistency over the past few years.

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

State budget problems continued to ease during fiscal year 2008, and consequently the state increased aid to cities and towns during the fiscal year 2008.

LONG-TERM FINANCIAL PLANNING

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

MAJOR INITIATIVES

Since the mid 1990's the Town has consistently made capital expenditures a high priority, and to that end the Capital Outlay Committee recommended a total of \$2,423,634 for capital improvements for Fiscal 2009.

FINANCIAL INFORMATION

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

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

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

The Treasurer/Collector is responsible for all of the Town's cash and investments, debt management and payment of invoices. The Assessors set the tax rate and commit the Real Estate taxes, Personal Property taxes and Motor Vehicle Excise taxes to the Treasurer/Collector for collection. About 97% of all Real Estate taxes are collected during the fiscal year of billing with the remaining 3% collected the following year. This efficiency greatly aids the Treasurer/Collector in not only reducing or avoiding temporary loans but also maximizing investment potential.

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

In addition to approval authority over all disbursements, the Finance Director/Town Accountant is responsible for providing accurate and timely estimates of the Town's current and future financial position to the Town Administrator.

The Town Accountant, whom also serves as the Director of Finance, holds quarterly meetings with the Town's financial officers to establish goals and

objectives and to review monthly reports of comparison of budgeted revenues and expenditures with actual.

OTHER INFORMATION

Certificate of Achievement for Excellence in Financial Reporting. In order to be awarded the Certificate of Achievement, a governmental unit (state, county, district, or town) must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards established by the Government Finance Officers Association of the United States and Canada (GFOA). Such reports must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements. We will be submitting the fiscal 2008 report to GFOA for review in anticipation of receiving the certificate.

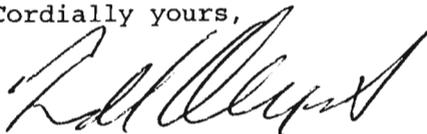
Independent Audit. The financial statements for the fiscal year ended June 30, 2008 were audited by the public accounting firm of O'Connor & Drew, P.C. The financial statements have received an "unqualified opinion" from the auditors. An "unqualified opinion" is the best opinion which a governmental unit can receive. It indicates that the financial statements were prepared in accordance with generally accepted accounting principles and that they are fairly presented in all material aspects.

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

Acknowledgments. A special gratitude is owed to Kevin Carnes, of O'Connor & Drew, P.C., whose attention to the fiscal year 2008 financial statements was invaluable.

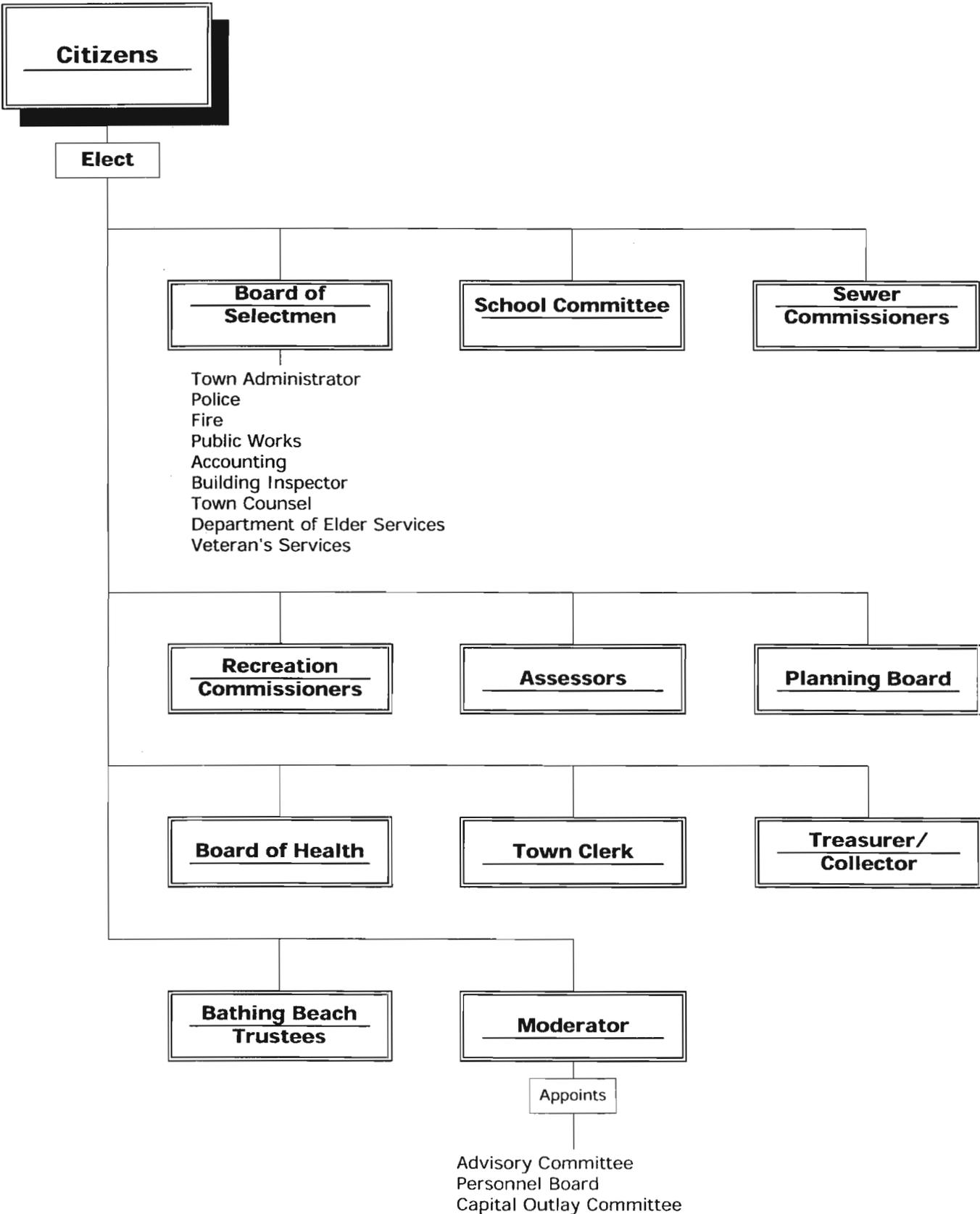
I also want to express my appreciation to the accounting personnel, Sue Nickerson, Steve Becker, Nancy Skillings, Kate Richardsson, and Jan Jacobson for their assistance with the preparation of this CAFR, and to Betty Tower of the Selectmen's Office for her work on the cover design. I wish to acknowledge their efforts, and the efforts of all the town departments that assisted in the production of the final report.

Cordially yours,



Ted C. Alexiades, CPFO
Finance Director/Town Accountant

The Town of Hingham Organizational Chart



TOWN OF HINGHAM
ELECTED OFFICIALS

		<u>Term Expires</u>
MODERATOR	Thomas L. P. O'Donnell	2009
BOARD OF SELECTMEN	John A. Riley, Chairman	2009
	Laura Burns	2010
	Lawrence Bruce Rabuffo	2011
TOWN CLERK	Eileen A. McCracken	2009
TREASURER/COLLECTOR	Jean Montgomery	2010
BOARD OF ASSESSORS	Stuart "Greg" Hall, Chairman	2011
	Mark F. Tyburski	2010
	Robert H. Kurtz	2009
BOARD OF HEALTH	Stephan J. White, Chairman	2011
	Kirk J. Shilts	2010
	Peter B. Bickford	2009
SCHOOL COMMITTEE	Christine Smith, Chairman	2011
	Esther Healey	2011
	Caryl Falvey	2010
	Chrisanne D. Gregoire	2010
	Stephen Nagle	2010
	Linda Krause Hill	2009
	Barbara Cook	2009
PLANNING BOARD	Paul K. Healey, Chairman	2009
	Judith Sneath	2012
	Gary S. Tondorf-Dick	2011
	Susan C. Murphy	2010
	Sarah H. Corey	2013
SEWER COMMISSIONERS	Michael A. Salerno, Chairman	2009
	Edmund Demko	2010
	Andrew J. Spath	2011

TOWN OF HINGHAM
ADMINISTRATIVE STAFF

<u>Position</u>	<u>Official</u>	<u>Salary</u>
Superintendent of Schools	Dr. Dorothy H. Galo	\$154,602
Light Plant General Foreman	Edward McDonald	141,859
Light Plant General Manager	John Tzimirangas	141,484
Town Administrator	Charles J. Cristello	139,631
Chief of Police	Taylor Mills	132,920
Light Plant Engineer	Panos Tokadjian	128,176
Asst. Superintendent of Schools	Ellen Keane	124,535
Fire Chief	Mark Duff	116,608
School Business Manager	David Killory	115,812
Light Plant Business Manager	Joan Griffin	109,669
Finance Director/Town Accountant	Ted C. Alexiades	107,695
DPW Superintendent	Joseph Stigliani	104,579
Light Plant Asst. General Mgr.	Paul Heanue	102,623
Library Director	Dennis Corcoran	85,769
Executive Health Officer	Bruce Capman	81,267
Building Commissioner	Richard E. Morgan Jr.	81,267
Director of Assessing	Richard Partridge	81,267
Town Clerk	Eileen McCracken	80,764
Treasurer/Collector	Jean Montgomery	77,950
Town Planner	Katharine Lacy	73,116
Conservation Officer	Cliff Prentiss	69,374
Director of Elder Affairs	Barbara Farnsworth	69,374

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Hingham

We have audited the accompanying basic financial statements, governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Hingham, Massachusetts, which collectively comprise the Town's basic financial statements as listed in the table of contents as of June 30, 2008, and for the year then ended. These basic financial statements are the responsibility of the management of the Town of Hingham, Massachusetts. Our responsibility is to express an opinion on these basic financial statements based on our audit. The financial statements for the Hingham Municipal Lighting Plant as of December 31, 2007, were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the entity not audited by us included as a discretely presented component unit of the Town of Hingham, is based solely upon the report of the other auditors.

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

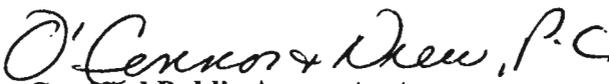
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activity, the discretely presented component units, each major fund and the aggregate remaining fund information of the Town of Hingham, Massachusetts, as of June 30, 2008, and the changes in financial position and cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

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

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

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

In accordance with Government Auditing Standards, we have also issued a report dated December 15, 2008 on our consideration of the Town of Hingham's internal control structure and on its compliance with laws and regulations. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.


Certified Public Accountants

December 15, 2008

TOWN OF HINGHAM

Management's Discussion and Analysis (Unaudited)

This analysis, prepared by the Town Accountant/Finance Director, offers readers of the Town's financial statements a narrative overview of the activities of the Town for the fiscal year ended June 30, 2008. Readers are encouraged to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and the Town's financial statements, which follow. Unlike the letter of transmittal, this analysis is required by the Government Accounting Standards Board (GASB), which provides preparers with guidelines on what must be included and excluded from this analysis.

The following discussion and analysis will include highlights of fiscal year 2008 with comparisons from fiscal 2007. These comparisons should be more meaningful for the reader in explaining the Town's financial position and results of operations.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities as of the fiscal year ended June 30, 2008 and 2007 by \$91,427,998 and \$90,191,925, respectively (net assets). Included in net assets for fiscal year 2008 is unrestricted amounts of \$17,470,135 (unrestricted net assets) that may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net assets including component units decreased in 2008 from 2007 by \$418,665, or .4 percent, during the fiscal year. The majority of the decrease is attributable to the operations of the Hingham Municipal Lighting Plant.
- As of June 30, 2008 and 2007, the town's governmental funds reported combined ending fund balances of \$15,742,397 and \$12,616,446, respectively. Approximately 90% of this amount for 2008 and 2007 is unreserved fund balance available for spending at the Town's discretion within the purposes specified for the Town's funds.
- At the close of the fiscal year 2008 and 2007, unreserved fund balance for the general fund was \$8,884,711 and \$8,332,050, respectively, or 11.6% and 11.6% of total general fund expenditures of \$76,382,718 for fiscal year 2008 and \$72,043,499 for fiscal year 2007.

TOWN OF HINGHAM

Management's Discussion and Analysis (Unaudited) - Continued

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: (1) Government-wide financial statements, (2) Fund financial statements, and (3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. These various elements of the CAFR are related as shown in the graphic on the following page:

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

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

TOWN OF HINGHAM

Management's Discussion and Analysis (Unaudited) - Continued

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

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

Government-Wide Financial Statements

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

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

TOWN OF HINGHAM

Management's Discussion and Analysis (Unaudited) - Continued

Government-Wide Financial Statements - Continued

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

Both of the government-wide financial statements distinguish functions of the town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government administration and finance, public safety protection, education, public works, human services, and culture and recreation. The business-type activities of the Town are comprised of a municipal golf course (The South Shore Country Club).

Fund Financial Statements

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

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

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

TOWN OF HINGHAM

Management's Discussion and Analysis (Unaudited) - Continued

Fund Financial Statements - Continued

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Combining Statements

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

TOWN OF HINGHAM

Management's Discussion and Analysis (Unaudited) - Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Certain amounts from fiscal year 2007 have been reclassified to conform with 2008 presentation.

Net Assets

June 30, 2008 and 2007

	2008	2007	
	Governmental	Governmental	
	<u>Activities</u>	<u>Activities</u>	<u>Variance</u>
Assets:			
Current and other assets	\$ 33,459,841	\$ 33,188,071	\$ 271,770
Non current – Intergovernmental	19,483,094	20,629,585	(1,146,491)
Non current - Capital assets (net)	<u>86,503,917</u>	<u>83,415,756</u>	<u>3,088,161</u>
Total assets	\$ <u>139,446,852</u>	\$ <u>137,233,412</u>	\$ <u>2,213,440</u>
Liabilities:			
Current	\$ 16,583,471	\$ 18,476,285	\$ (1,892,814)
Non-current	<u>39,379,426</u>	<u>37,852,528</u>	<u>1,526,898</u>
Total Liabilities	\$ <u>55,962,897</u>	\$ <u>56,328,813</u>	\$ <u>(365,916)</u>
Net Assets:			
Invested in capital assets, net of related debt	\$ 64,238,223	\$ 64,183,656	\$ 54,567
Restricted	1,775,597	1,339,197	436,400
Unrestricted	<u>17,470,135</u>	<u>15,381,746</u>	<u>2,088,389</u>
Total net assets	\$ <u>83,483,955</u>	\$ <u>80,904,599</u>	\$ <u>2,579,356</u>

Analysis of Net Assets Governmental Activities

As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the Town, assets exceeded liabilities for Governmental Activities by \$83,483,955 and \$80,904,599 at June 30, 2008 and 2007, respectively. The increase in net assets of 2.5 million included an increase in assets of \$2.2 million of which current assets increased by \$.2 million and non-current capital assets increased by \$3.1 million due to current year acquisitions and depreciation and were offset by a decrease in non-current intergovernmental assets of (\$1.1) million due to receipt of a school building assistance receivable. Total liabilities decreased by (\$.3) million of which the majority is the result of short-term borrowing for approximately (\$1.9) million dollars and the payment on bonds for approximately \$1.5 million dollars, as the town issued long-term debt to reduce short-term debt on completed capital projects.

TOWN OF HINGHAM

Management's Discussion and Analysis (Unaudited) - Continued

Net Assets			
June 30, 2008 and 2007			
	2008	2007	
	Business-type	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Variance</u>
Assets:			
Current and other assets	\$ 7,000	\$ 194,515	\$ (187,515)
Non current - other assets	-	-	-
Non current - Capital assets (net)	<u>10,305,290</u>	<u>10,372,078</u>	<u>(66,788)</u>
Total assets	<u>\$ 10,312,290</u>	<u>\$ 10,566,593</u>	<u>\$ (254,303)</u>
Liabilities:			
Current	\$ 361,434	\$ 653,688	\$ (292,254)
Non-current	<u>2,006,813</u>	<u>625,579</u>	<u>1,381,234</u>
Total Liabilities	<u>\$ 2,368,247</u>	<u>\$ 1,279,267</u>	<u>\$ 1,088,980</u>
Net Assets:			
Invested in capital assets, net of related debt	\$ 8,000,511	\$ 9,404,708	\$ (1,404,197)
Restricted	-	-	-
Unrestricted	<u>(56,468)</u>	<u>(117,382)</u>	<u>60,914</u>
Total net assets	<u>\$ 7,944,043</u>	<u>\$ 9,287,326</u>	<u>\$ (1,343,283)</u>

Analysis of Net Assets Business-Type Activities

The net assets of the Business-type Activities decreased by \$1,343,283 in fiscal year 2008. The decrease was attributable to a decrease in assets of \$254,303, which was mostly cash, and an increase in liabilities of \$1,088,980, which was primarily due to the issuance of long-term debt to finance a capital project.

TOWN OF HINGHAM

Management's Discussion and Analysis (Unaudited) - Continued

Net Assets June 30, 2008 and 2007

	2008	2007	Variance
	<u>Component Units</u>	<u>Component Units</u>	
Assets:			
Current and other assets	\$ 7,102,306	\$ 7,758,168	\$ (655,862)
Non current - other assets	7,307,954	8,173,124	(865,170)
Non current - Capital assets (net)	<u>24,707,464</u>	<u>23,623,320</u>	<u>1,084,144</u>
Total assets	\$ <u>39,117,724</u>	\$ <u>39,554,612</u>	\$ <u>(436,888)</u>
Liabilities:			
Current	\$ 5,967,967	\$ 5,719,714	\$ 248,253
Non-current	<u>3,412,876</u>	<u>3,234,355</u>	<u>178,521</u>
Total Liabilities	\$ <u>9,380,843</u>	\$ <u>8,954,069</u>	\$ <u>426,774</u>
Net Assets:			
Invested in capital assets, net of related debt	\$ 24,707,464	\$ 23,323,320	\$ 1,384,144
Restricted	892,204	5,020,204	(4,128,000)
Unrestricted	<u>4,137,213</u>	<u>2,257,019</u>	<u>1,880,194</u>
Total net assets	\$ <u>29,736,881</u>	\$ <u>30,600,543</u>	\$ <u>(863,662)</u>

Analysis of Net Assets Component Units

The net assets of the Component Unit represent both the Hingham Public Library as well as the Hingham Municipal Lighting Plant. The total assets of the component units decreased by \$436,888, or 1.1% and liabilities increased by \$426,774, or 4.8%. Net assets of the component units decreased by \$863,662, or 2.9%.

Analysis of Net Assets Town

The largest portion of the Town's net assets (excluding component units) (79.0%) reflect its investment of \$72.2 million in capital assets (e.g. land, buildings and equipment), less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens, and therefore these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be liquidated for these liabilities.

TOWN OF HINGHAM

Management's Discussion and Analysis (Unaudited) - Continued

Analysis of Changes in Net Assets

Changes in Net Assets June 30, 2008 and 2007					
	2008		2007		Variance
	Governmental Activities	% of Total	Governmental Activities	% of Total	
Revenues:					
Program Revenues:					
Charges for Services	\$ 7,511,756	8.8%	\$ 7,109,664	9.0%	\$ 402,092
Operating Grants & Contributions	2,138,547	2.5%	2,308,220	2.9%	(169,673)
General Revenues:					
Property Taxes	55,999,333	65.8%	52,501,871	66.6%	3,497,462
Grants & Contributions	15,401,426	18.1%	13,456,536	17.1%	1,944,890
Miscellaneous	2,784,756	3.3%	1,774,657	2.3%	1,010,099
Penalties & Interest	303,699	0.3%	385,993	0.5%	(82,294)
Net Investment Income	<u>1,008,741</u>	<u>1.2%</u>	<u>1,297,867</u>	<u>1.6%</u>	<u>(289,126)</u>
Total Revenues	<u>85,148,258</u>	<u>100.0%</u>	<u>78,834,808</u>	<u>100.0%</u>	<u>6,313,450</u>
Program Expenses including					
Indirect Expenses:					
General Government	5,830,597	7.0%	5,624,069	7.2%	206,528
Public Safety	12,668,638	15.1%	11,960,717	15.4%	707,921
Education	45,982,757	54.8%	43,304,982	55.6%	2,677,775
Public Works	10,067,054	11.9%	8,200,864	10.5%	1,866,190
Group Health Insurance	3,430,971	4.1%	3,317,028	4.3%	113,943
Human Services	1,081,226	1.3%	1,012,853	1.3%	68,373
Culture & Recreation	2,701,054	3.2%	2,475,760	3.2%	225,294
Unallocated Interest on Long- term Debt	<u>2,187,955</u>	<u>2.6%</u>	<u>1,921,911</u>	<u>2.5%</u>	<u>266,044</u>
Total Expenses	<u>83,950,252</u>	<u>100.0%</u>	<u>77,818,184</u>	<u>100.0%</u>	<u>6,132,068</u>
Changes in net assets before transfers	<u>1,198,006</u>		<u>1,016,624</u>		<u>181,382</u>
Transfers	<u>(203,650)</u>		<u>109,585</u>		<u>(313,235)</u>
Change in Net Assets	\$ <u>994,356</u>		\$ <u>1,126,209</u>		\$ <u>(131,853)</u>

Governmental activities are detailed in the table above, and illustrate the Town's governmental expenses and revenues by function, its revenues by source, and percent of total. As shown, education is the largest function in expense at 54.8 percent and 55.6% for fiscal 2008 and 2007, respectively, followed by public safety at 15.1% and 15.4%. Property taxes are the largest source of revenue for governmental activities, and comprise 66.4 and 66.6% percent of total revenues for fiscal year 2008 and 2007, respectively.

Total revenues from **Governmental activities** increased \$6,313,450 from 2007 of which the major increase was in Property Taxes. The Town received more intergovernmental grants in Fiscal Year 2008. Total expenses increased \$6,132,068 from 2007 levels. The largest increase in expenses was in education and public works expenses.

TOWN OF HINGHAM

Management's Discussion and Analysis (Unaudited) - Continued

Changes in Net Assets June 30, 2008 and 2007

	2008	% of	2007	% of	Variance
	<u>Business-type</u>	<u>Total</u>	<u>Business-type</u>	<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		
Revenues:					
Program Revenues:					
Charges for Services	\$ 1,653,287	99.0%	\$ 1,516,724	100.7%	\$ 136,563
Operating Grants & Contributions	-	0%	-	0%	-
General Revenues:					
Property Taxes	-	0%	-	0%	-
Grants & Contributions	-	0%	-	0%	-
Miscellaneous	-	0%	-	0%	-
Penalties & Interest	-	0%	-	0%	-
Investment Income	<u>16,588</u>	<u>1.0%</u>	<u>(10,900)</u>	<u>-0.7%</u>	<u>27,488</u>
Total Revenues	<u>1,669,875</u>	<u>100.0%</u>	<u>1,505,824</u>	<u>100.0%</u>	<u>164,051</u>
Program Expenses including					
Indirect Expenses:					
General Government	-	0%	-	0%	-
Public Safety	-	0%	-	0%	-
Education	-	0%	-	0%	-
Public Works	-	0%	-	0%	-
Human Services	-	0%	-	0%	-
Culture & Recreation	-	0%	-	0%	-
South Shore Country Club	1,631,808	100.0%	1,714,813	100.0%	(83,005)
Unallocated Interest on Long-term Debt	<u>-</u>	<u>0%</u>	<u>-</u>	<u>0%</u>	<u>-</u>
Total Expenses	<u>1,631,808</u>	<u>100.0%</u>	<u>1,714,813</u>	<u>100.0%</u>	<u>(83,005)</u>
Changes in net assets before transfers	<u>38,067</u>		<u>(208,989)</u>		<u>247,056</u>
Transfers	<u>203,650</u>		<u>(109,585)</u>		<u>313,235</u>
Change in Net Assets	\$ <u>241,717</u>		\$ <u>(318,574)</u>		\$ <u>560,291</u>

The change in assets for **Business-type activities** for 2008 was \$241,717. The revenues were consistent with the prior year; the expenses were higher due to the cost of operations.

TOWN OF HINGHAM

Management's Discussion and Analysis (Unaudited) - Continued

Changes in Net Assets June 30, 2008 and 2007

	2008	% of	2007	% of	
	<u>Component Units</u>	<u>Total</u>	<u>Component Units</u>	<u>Total</u>	<u>Variance</u>
Revenues:					
Program Revenues:					
Charges for Services	\$ 26,424,227	98.2%	\$ 23,760,611	97.5%	\$ 2,663,616
Grants & Contributions	58,069	0.2%	53,808	0.2%	4,261
General Revenues:					
Property Taxes	-	0%	-	0%	-
Grants & Contributions	-	0%	-	0%	-
Miscellaneous	64,388	0.2%	274,131	1.1%	(209,743)
Penalties & Interest	-	0%	-	0%	-
Investment Income	<u>363,014</u>	<u>1.4%</u>	<u>293,688</u>	<u>1.2%</u>	<u>69,326</u>
Total Revenues	<u>26,909,698</u>	<u>100.0%</u>	<u>24,382,238</u>	<u>100.0%</u>	<u>2,527,460</u>
Program Expenses including					
Indirect Expenses:					
General Government	-	0%	-	0%	-
Public Safety	-	0%	-	0%	-
Education	-	0%	-	0%	-
Public Works	-	0%	-	0%	-
Group Health Insurance	-	0%	-	0%	-
Human Services	-	0%	-	0%	-
Culture & Recreation	1,802,288	6.2%	1,705,940	6.8%	96,348
Municipal Light Plant	27,423,987	93.8%	23,538,104	93.2%	3,885,883
Unallocated Interest on Long-term Debt	-	0%	-	0%	-
State and County Charges	<u>-</u>	<u>0%</u>	<u>-</u>	<u>0%</u>	<u>-</u>
Total Expenses	<u>29,226,275</u>	<u>100.0%</u>	<u>25,244,044</u>	<u>100.0%</u>	<u>3,982,231</u>
Net Assets:					
Resources expended for					
Payment from the Town of Hingham	1,452,914		1,372,494		80,420
Transfers	<u>-</u>		<u>-</u>		<u>-</u>
Change in Net Assets	\$ <u>(863,663)</u>		\$ <u>510,688</u>		\$ <u>(1,374,351)</u>

The change in assets in the **Component-Units** for the year ended June 30, 2008 was \$(1,374,351), with the majority of this decrease coming from an increase in operating the Municipal Light Plant of \$3,885,883.

The Town's net assets overall increased by \$372,410 for fiscal year 2008. The majority of this increase from 2007 is due to the operations of governmental activities.

TOWN OF HINGHAM

Management's Discussion and Analysis (Unaudited) - Continued

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending balances of \$15,742,397, an increase of \$3,125,951 in comparison with the prior year. The major of the increase is due from the issuance of long-term debt to finance completed capital projects

Unreserved fund balance, which is available for spending at the Town's discretion within the purposes specified for the town's funds, was \$12,468,111 of the combined ending fund balance in the governmental funds, or 79.2 percent. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

Revenues for overall governmental functions totaled \$89,082,013 and \$82,354,637 in the fiscal years ended June 30, 2008 and 2007, respectively. Expenditures for governmental functions overall were \$92,346,274 and \$86,771,849 in the fiscal years ended June 30, 2008 and 2007, respectively. In fiscal year 2008, expenditures exceed revenue for the overall government by \$3,264,261. This is a decrease from 2007 by \$1,152,951. The majority of this decrease is due to the increase in tax revenues and intergovernmental revenues during fiscal year 2008.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$5,645,425, while total fund balance was \$8,884,711. Total fund balance increased by \$552,661 during the fiscal year and undesignated fund balance decreased by \$771,194. The decrease in undesignated fund balance is due to higher amounts designated for subsequent years' expenditures. Overall, the general fund's performance resulted in revenues over expenditures in fiscal year ended June 30, 2008 of \$1,471,284, before transfers and other items are considered.

TOWN OF HINGHAM

Management's Discussion and Analysis (Unaudited) - Continued

Proprietary Funds

The Town's proprietary fund statement provides the same type of information found in the government-wide financial statements, but in more detail. At the end of the fiscal year, the unrestricted net assets for the South Shore Country Club was \$(56,468).

The decrease in net assets of the proprietary funds was \$1,343,283 during fiscal year 2008, and the factors concerning the finances of the proprietary funds have been addressed previously in the discussion of the town's business-type activities.

Fiduciary Funds

The Town maintains fiduciary funds for the assets of the Hingham Contributory Retirement System, for various trust funds to which the Town is the Trustee, and various agency funds. At the end of the fiscal year, the net assets for the Hingham Contributory Retirement System were \$81,869,614, which represents an increase of \$9,893,874 (12.1 percent) from the previous fiscal year. The net assets of the private purpose funds totaled \$3,283,089, which is a decrease of \$265,743 (8.5 percent) from the previous fiscal year.

General Fund Budgetary Highlights

Fiscal 2008 produced strong revenue growth in property taxes as a result of continued expansion of commercial property developments and a strong local residential real estate market. Property tax revenue increases each year in accordance with the limitations of the Massachusetts law which limits such increases to 2 ½ percent over the preceding year's tax levy plus an allowance for new growth, and amounts specifically excluded by voters in special override elections. The continued strength in the local real estate sector resulted in increased building permits and a robust increase in licenses and permits. The state continued to increased assistance during fiscal 2008, and the Town continued to receive from the state annual installments for school building assistance for the recently completed High School and Elementary School projects. Earnings on investments decreased as short-term interest rates fell throughout the fiscal year.

TOWN OF HINGHAM

Management's Discussion and Analysis (Unaudited) - Continued

Capital Assets and Debt Administration

The town's capital assets for its governmental and business-type activities as of June 30, 2008 totaled \$96,809,207 (net of accumulated depreciation). Capital assets include land, land improvements, buildings and improvements, machinery and equipment, and infrastructure (sewer only). The total increase in the Town's capital assets for the fiscal year was \$3,021,373 (3.1 percent), which was the result of capital asset additions exceeding depreciation for the fiscal year, primary due to on going construction projects such as school repairs and construction.

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

Changes in Capital Assets (net of Accumulated Depreciation)

	2008	2007	
	Governmental	Governmental	
	<u>Activities</u>	<u>Activities</u>	<u>Variance</u>
Land	\$ 2,154,100	\$ 2,154,100	\$ -
Construction in progress	14,140,020	8,141,334	5,998,686
Land improvements	358,130	312,602	45,528
Buildings and improvements	41,696,529	43,914,976	(2,218,447)
Machinery and equipment	3,153,366	2,837,725	315,641
Infrastructure - sewer	<u>25,001,772</u>	<u>26,055,019</u>	<u>(1,053,247)</u>
Total	\$ <u>86,503,917</u>	\$ <u>83,415,756</u>	\$ <u>3,088,161</u>

Changes in Capital Assets (net of Accumulated Depreciation)

	2008	2007	
	Business-type	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Land	\$ 7,008,200	\$ 7,008,200	\$ -
Construction in progress	-	1,700,000	(1,700,000)
Land improvements	1,677,949	-	1,677,949
Buildings and improvements	836,292	918,239	(81,947)
Machinery and equipment	782,849	745,639	37,210
Infrastructure - sewer	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>10,305,290</u>	\$ <u>10,372,078</u>	\$ <u>(66,788)</u>

TOWN OF HINGHAM

Management's Discussion and Analysis (Unaudited) - Continued

Debt Administration

The Town of Hingham maintained its bond rating of "Aaa" from Moody's Investor Services, "Aaa" from Fitch Ratings, and "Aaa" from Standard & Poors. It should be noted that of the 351 municipalities in Massachusetts only 14 have obtained the highest rating of Aaa. The outstanding bonded debt increased during fiscal year 2008 to \$40,741,181 as a result of a bond issuance and the ordinary principal payment for all outstanding long-term bonds. Funding for the majority of this debt service is from real estate taxes that have been exempt from the tax levy limitation of Proposition 2 ½. The details relating to the long term debt outstanding are disclosed within Note 12 of the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Ted C. Alexiades, Finance Director/Town Accountant, 210 Central Street, Hingham, MA 02403.

TOWN OF HINGHAM

Basic Financial Statements

June 30, 2008

TOWN OF HINGHAM

Statement of Net Assets

June 30, 2008

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets:				
Current:				
Cash and short-term investments	\$ 14,161,472	\$ -	\$ 14,161,472	\$ 258,348
Restricted cash and investments	47,743	-	47,743	-
Investments	11,360,985	-	11,360,985	1,137,426
Receivables, net of allowance for uncollectibles:				
Real estate and personal property taxes	1,604,864	-	1,604,864	-
Tax liens and foreclosures	567,506	-	567,506	-
Excise taxes	168,138	-	168,138	-
Intergovernmental	1,146,493	-	1,146,493	-
Departmental and other	1,672,163	7,000	1,679,163	-
User charges and liens	2,730,477	-	2,730,477	2,902,818
Prepaid expenses and other assets	-	-	-	2,803,714
Total current assets	33,459,841	7,000	33,466,841	7,102,306
Noncurrent:				
Cash and equivalents	-	-	-	7,105,477
Investments	-	-	-	202,477
Intergovernmental	19,483,094	-	19,483,094	-
Land	2,154,100	7,008,200	9,162,300	17,865
Property, plant and equipment, net	84,349,817	3,297,090	87,646,907	24,689,599
Total noncurrent assets	105,987,011	10,305,290	116,292,301	32,015,418
Total Assets	\$ 139,446,852	\$ 10,312,290	\$ 149,759,142	\$ 39,117,724
Liabilities:				
Current:				
Warrants payable	\$ 2,645,321	\$ 15,918	\$ 2,661,239	\$ 3,857,468
Accrued payroll	1,992,888	-	1,992,888	-
Accrued interest	656,964	47,550	704,514	-
Accrued sick and vacation	836,795	-	836,795	-
Accrued expenses and other	-	-	-	2,110,499
BAN payable	6,143,740	-	6,143,740	-
Capital lease	-	177,966	177,966	-
Bonds payable	3,224,378	120,000	3,344,378	-
Workers' compensation	335,395	-	335,395	-
Landfill closure and postclosure costs	200,000	-	200,000	-
Tax refunds payable	547,990	-	547,990	-
Total current liabilities	16,583,471	361,434	16,944,905	5,967,967
Noncurrent:				
Accrued sick and vacation	386,560	-	386,560	-
Customer deposits	-	-	-	940,265
Rate stabilization reserve	-	-	-	2,472,611
Capital lease	-	541,813	541,813	-
Bonds payable	37,516,803	1,465,000	38,981,803	-
Workers' compensation	328,278	-	328,278	-
Landfill closure and postclosure costs	1,147,785	-	1,147,785	-
Total noncurrent liabilities	39,379,426	2,006,813	41,386,239	3,412,876
Total Liabilities:	55,962,897	2,368,247	58,331,144	9,380,843
Net Assets:				
Invested in capital assets, net of related debt	64,238,223	8,000,511	72,238,734	24,707,464
Restricted for:				
Permanent funds:				
Non-expendable	35,000	-	35,000	-
Streets	7,709	-	7,709	-
Permanent funds:				
Expendable	1,732,888	-	1,732,888	-
Other purposes	-	-	-	892,204
Unrestricted	17,470,135	(56,468)	17,413,667	4,137,213
Total Net Assets	\$ 83,483,955	\$ 7,944,043	\$ 91,427,998	\$ 29,736,881

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

TOWN OF HINGHAM

Statement of Activities

Year Ended June 30, 2008

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue	
Primary Government:					
<i>Governmental Activities:</i>					
General government	\$ 5,830,597	\$ 1,931,970	\$ -	\$ (3,898,627)	
Public safety	12,668,638	1,428,864	-	(11,239,774)	
Education	45,982,757	1,974,201	1,837,065	(42,171,491)	
Public works	10,067,054	2,092,231	301,482	(7,673,341)	
Group health insurance	3,430,971	-	-	(3,430,971)	
Human services	1,081,226	84,490	-	(996,736)	
Culture and recreation	2,701,054	-	-	(2,701,054)	
Unallocated interest on long term debt	2,187,955	-	-	(2,187,955)	
Total Governmental Activities	83,950,252	7,511,756	2,138,547	(74,299,949)	
<i>Business-Type Activities:</i>					
Country Club	1,631,808	1,653,287	-	21,479	
Total Primary Government	\$ 85,582,060	\$ 9,165,043	\$ 2,138,547	\$ (74,278,470)	
Component Units:					
Library	\$ 1,802,288	\$ 56,976	\$ 58,069	\$ (1,687,243)	
Municipal Lighting Plant	27,423,987	26,367,251	-	(1,056,736)	
	\$ 29,226,275	\$ 26,424,227	\$ 58,069	\$ (2,743,979)	
Primary Government					
		Governmental Activities	Business-Type Activities	Total	Component Units
Changes in net assets:		\$ (74,299,949)	\$ 21,479	\$ (74,278,470)	\$ (2,743,979)
Net (expenses) revenues					
<i>General revenues:</i>					
Property taxes, levied for general purposes		55,999,333	-	55,999,333	-
Grants and contributions not restricted to specific programs		15,401,426	-	15,401,426	-
Penalties and interest on taxes		303,699	-	303,699	-
Unrestricted investment income		1,008,741	16,588	1,025,329	363,014
Payments from Town of Hingham		-	-	-	1,452,914
Miscellaneous		2,784,756	-	2,784,756	64,388
Transfers		(203,650)	203,650	-	-
Total general revenues and transfers		75,294,305	220,238	75,514,543	1,880,316
Change in net assets		994,356	241,717	1,236,073	(863,663)
Net Assets:					
Beginning of year, as previously stated		82,604,599	7,587,326	90,191,925	30,600,544
Prior period restatement (note 17)		(115,000)	115,000	-	-
Beginning of year		82,489,599	7,702,326	90,191,925	30,600,544
End of year		\$ 83,483,955	\$ 7,944,043	\$ 91,427,998	\$ 29,736,881

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

TOWN OF HINGHAM

Governmental Funds Balance Sheet

June 30, 2008

	<u>General</u>	<u>New Elementary School</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and short-term investments	\$ 2,660,211	\$ 707,900	\$ 10,793,361	\$ 14,161,472
Restricted cash and investments	-		47,743	47,743
Investments	9,422,938	-	1,938,047	11,360,985
Receivables, net of uncollectibles:				
Real estate and personal property taxes	1,604,864	-	-	1,604,864
Tax liens and foreclosures	567,506	-	-	567,506
Excise taxes	168,138	-	-	168,138
Departmental and other	225,108	-	1,447,055	1,672,163
Intergovernmental	20,629,587	-	-	20,629,587
User charges and liens	<u>2,365,896</u>	<u>-</u>	<u>364,581</u>	<u>2,730,477</u>
Total Assets	<u>\$ 37,644,248</u>	<u>\$ 707,900</u>	<u>\$ 14,590,787</u>	<u>\$ 52,942,935</u>
Liabilities and Fund Balances:				
Liabilities:				
Warrants payable	\$ 864,241	\$ 623,358	\$ 1,157,722	\$ 2,645,321
Accrued payroll	1,992,888	-	-	1,992,888
BAN payable	43,740	2,623,167	3,476,833	6,143,740
Deferred revenues	25,310,678	-	559,921	25,870,599
Tax refunds payable	<u>547,990</u>	<u>-</u>	<u>-</u>	<u>547,990</u>
Total Liabilities	<u>28,759,537</u>	<u>3,246,525</u>	<u>5,194,476</u>	<u>37,200,538</u>
Fund Balances:				
Reserved for:				
Encumbrances and continuing appropriations	1,303,249	-	-	1,303,249
Non-expendable permanent funds	-	-	35,000	35,000
Unreserved:				
Designated for subsequent years' expenditures	1,936,037	-	-	1,936,037
Undesignated, reported in:				
General fund	5,645,425	-	-	5,645,425
Special revenue funds	-	-	6,719,840	6,719,840
Capital projects funds	-	(2,538,625)	908,583	(1,630,042)
Permanent funds	<u>-</u>	<u>-</u>	<u>1,732,888</u>	<u>1,732,888</u>
Total Fund Balances	<u>8,884,711</u>	<u>(2,538,625)</u>	<u>9,396,311</u>	<u>15,742,397</u>
Total Liabilities and Fund Balances	<u>\$ 37,644,248</u>	<u>\$ 707,900</u>	<u>\$ 14,590,787</u>	<u>\$ 52,942,935</u>

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

TOWN OF HINGHAM

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

Year Ended June 30, 2008

Total Governmental Fund Balances		\$ 15,742,397
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds		86,503,917
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds		25,870,599
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due		(656,964)
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	\$ (40,159,242)	
Unamortized bond premium	(581,939)	
Workers' compensation	(663,673)	
Landfill closure and postclosure costs	(1,347,785)	
Compensated absences	<u>(1,223,355)</u>	
Net effect of reporting long-term liabilities		<u>(43,975,994)</u>
Net Assets of Governmental Activities		<u>\$ 83,483,955</u>

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

TOWN OF HINGHAM

Governmental Funds Statement of Revenues, Expenditures And Changes in Fund Balances

Year Ended June 30, 2008

	<u>General</u>	<u>New Elementary School</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Real estate and personal property taxes, motor vehicle and other excise taxes net of tax refunds	\$ 57,314,221	\$ -	\$ -	\$ 57,314,221
Licenses and fees	1,606,900	-	-	1,606,900
Intergovernmental	15,979,640	-	3,936,758	19,916,398
Departmental and other	2,007,181	-	2,337,178	4,344,359
Investment income	946,060	-	62,681	1,008,741
Non-enterprise charges for services	<u>-</u>	<u>-</u>	<u>4,891,394</u>	<u>4,891,394</u>
Total Revenues	<u>77,854,002</u>	<u>-</u>	<u>11,228,011</u>	<u>89,082,013</u>
Expenditures:				
Current:				
General government	3,255,015	-	438,520	3,693,535
Public safety	10,060,721	-	762,686	10,823,407
Education	40,751,018	1,437,073	3,908,344	46,096,435
Public works	4,946,946	-	3,902,455	8,849,401
Human services	753,920	-	232,648	986,568
Culture and recreation	1,684,623	-	530,893	2,215,516
Pension benefits	2,725,478	-	-	2,725,478
Group health insurance	3,430,971	-	-	3,430,971
Miscellaneous	1,287,119	-	4,603,745	5,890,864
Intergovernmental	2,677,907	-	-	2,677,907
Debt service:				
Principal	2,880,669	-	60,000	2,940,669
Interest	<u>1,928,331</u>	<u>-</u>	<u>87,192</u>	<u>2,015,523</u>
Total Expenditures	<u>76,382,718</u>	<u>1,437,073</u>	<u>14,526,483</u>	<u>92,346,274</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,471,284</u>	<u>(1,437,073)</u>	<u>(3,298,472)</u>	<u>(3,264,261)</u>
Other Financing Sources (Uses):				
Issuance of debt	79,112	-	4,929,750	5,008,862
Transfers in	465,882	-	2,173,297	2,639,179
Transfers out	<u>(1,463,617)</u>	<u>-</u>	<u>(1,379,212)</u>	<u>(2,842,829)</u>
Total Other Financing Sources (Uses)	<u>(918,623)</u>	<u>-</u>	<u>5,723,835</u>	<u>4,805,212</u>
Net Change in Fund Balances	552,661	(1,437,073)	2,425,363	1,540,951
Fund Balances:				
Beginning of year, as previously stated	<u>8,332,050</u>	<u>(1,101,552)</u>	<u>5,385,948</u>	<u>12,616,446</u>
Prior period restatement (note 17)	<u>-</u>	<u>-</u>	<u>1,585,000</u>	<u>1,585,000</u>
Beginning of year	<u>8,332,050</u>	<u>(1,101,552)</u>	<u>6,970,948</u>	<u>14,201,446</u>
End of year	<u>\$ 8,884,711</u>	<u>\$ (2,538,625)</u>	<u>\$ 9,396,311</u>	<u>\$ 15,742,397</u>

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

TOWN OF HINGHAM

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

Year Ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds \$ 1,540,951

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 7,288,651	
Depreciation expense	<u>(4,200,490)</u>	
Net effect of reporting capital assets		3,088,161

Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue (1,314,889)

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

Proceeds from bonds and notes	(5,008,862)	
Amortization of bond premium	59,041	
Debt service principal payments	<u>2,996,899</u>	
Net effect of reporting long-term debt		(1,952,922)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest on long-term debt	(172,432)	
Workers' compensation	(66,930)	
Landfill closure and postclosure costs	56,464	
Compensated absences	<u>(184,047)</u>	
Net effect of recording long-term liabilities and amortizing deferred assets		<u>(366,945)</u>

Change in Net Assets of Governmental Activities **\$ 994,356**

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

TOWN OF HINGHAM

Proprietary Funds Statement of Net Assets

June 30, 2008

	<u>South Shore Country Club</u>
Assets:	
Current:	
Cash and equivalents	\$ -
Departmental receivable	<u>7,000</u>
Total Current Assets	<u>7,000</u>
Non-Current:	
Land	7,008,200
Property, plant and equipment, net	<u>3,297,090</u>
Total Non-current Assets	<u>10,305,290</u>
Total Assets	<u>\$ 10,312,290</u>
Liabilities:	
Current:	
Warrants payable	\$ 15,918
Accrued interest	47,550
Capital lease	177,966
Bonds payable	<u>120,000</u>
Total Current Liabilities	<u>361,434</u>
Non-current:	
Capital lease	541,813
Bonds payable	<u>1,465,000</u>
Total Non-current Liabilities	<u>2,006,813</u>
Total Liabilities	<u>2,368,247</u>
Net Assets:	
Investment in capital assets, net of related debt	8,000,511
Unrestricted	<u>(56,468)</u>
Total Net Assets	<u>\$ 7,944,043</u>

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

TOWN OF HINGHAM

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Assets

For the Year Ended June 30, 2008

	<u>South Shore Country Club</u>
Operating Revenues:	
Charges for services	\$ <u>1,653,287</u>
Operating Expenses:	
Depreciation	286,405
Salaries and wages	414,751
Facility expenses	112,965
Program expenses	66,819
Grounds and custodial expenses	<u>750,868</u>
Total Operating Expenses	<u>1,631,808</u>
Operating Income	<u>21,479</u>
Non-Operating (Expense):	
Investment income	20,238
Interest expense	<u>(3,650)</u>
Net Non-Operating (Expense)	<u>16,588</u>
Income Before Operating Transfers	<u>38,067</u>
Transfers:	
Transfers in	203,650
Transfers out	<u>-</u>
Net Transfers	<u>203,650</u>
Income/Excess of Revenue Over Expenses	241,717
Net Assets:	
Beginning of year	<u>7,587,326</u>
Prior period restatement (note 17)	<u>115,000</u>
Beginning of year, as restated	<u>7,702,326</u>
Net Assets, End of Year	<u>\$ 7,944,043</u>

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

TOWN OF HINGHAM

Statement of Cash Flows Proprietary Funds

For the Year Ended June 30, 2008

	<u>South Shore Country Club</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 1,646,287
Cash payments to suppliers	(1,179,081)
Cash paid to employees for services	<u>(414,751)</u>
Net Cash Provided by Operating Activities	<u>52,455</u>
Cash Flows from Non-Capital Financing Activities:	
Transfers from other funds	203,650
Transfers to other funds	<u>-</u>
Net Cash Provided by Non-Capital Financing Activities	<u>203,650</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of property, plant and equipment	(125,417)
Principal paid on leases	(141,791)
Principal paid on bonds	(200,000)
Interest paid on bonds	<u>(3,650)</u>
Net Cash Applied to Capital and Related Financing Activities	<u>(470,858)</u>
Cash Flows from Investing Activities:	
Investment income	<u>20,238</u>
Net Cash Provided by Investing Activities	<u>20,238</u>

TOWN OF HINGHAM

Statement of Cash Flows Proprietary Funds - Continued

For the Year Ended June 30, 2008

	<u>South Shore Country Club</u>
Net Decrease in Cash and Equivalents	\$ (194,515)
Cash and Equivalents at Beginning of Year	<u>194,515</u>
Cash and Equivalents at End of Year	<u>\$ -</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ <u>21,479</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	286,405
(Increase) decrease in assets	
Department receivable	(7,000)
Increase (decrease) in liabilities	
Warrants payable	(295,979)
Accrued interest	<u>47,550</u>
Total adjustments	<u>30,976</u>
Net Cash Provided by Operating Activities	<u>\$ 52,455</u>

Noncash capital and financing activities:

In 2008, equipment totaling \$94,200 was purchased using a capital lease.

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

TOWN OF HINGHAM

Statement of Fiduciary Net Assets Fiduciary Funds

June 30, 2008

	Pension Trust Fund (as of December 31, 2007)	Private Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and short-term investments	\$ 267,835	\$ 28,400	\$ 703,325
Investments:			
Equity funds	44,266,348	3,254,689	-
Fixed income funds	24,420,283	-	-
Other	12,850,206	-	-
Receivables, net of allowance for uncollectibles:			
Employer	<u>66,632</u>	<u>-</u>	<u>-</u>
Total Assets	81,871,304	3,283,089	703,325
Liabilities:			
Warrants payable	-	-	10,482
Accrued liabilities	-	-	20,743
Other liabilities	<u>1,690</u>	<u>-</u>	<u>672,100</u>
Total Liabilities	<u>1,690</u>	<u>-</u>	<u>703,325</u>
Net Assets:			
Held in trust for pension benefits and other purposes	<u>\$ 81,869,614</u>	<u>\$ 3,283,089</u>	<u>\$ -</u>

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

TOWN OF HINGHAM

Statement of Changes in Fiduciary Net Assets Fiduciary Funds

Year Ended June 30, 2008

	Pension Trust Fund (as of December 31, 2007)	Private Purpose Trust Funds
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 5,152,672	\$ -
Plan members	1,766,390	-
Other contributions	<u>428,937</u>	<u>39,204</u>
Total Contributions	<u>7,347,999</u>	<u>39,204</u>
Investment Income:		
Net appreciation in fair value of investments	6,494,140	(129,443)
Interest and dividend income	<u>1,624,387</u>	<u>-</u>
Net Investment Income (Loss)	<u>8,118,527</u>	<u>(129,443)</u>
Total Additions	<u>15,466,526</u>	<u>(90,239)</u>
Deductions:		
Benefit payments	4,982,437	-
Refunds of contributions	135,616	-
Administrative expense	122,828	-
Reimbursements to other systems	186,195	-
COLA's paid	145,576	-
Miscellaneous	<u>-</u>	<u>175,504</u>
Total Deductions	<u>5,572,652</u>	<u>175,504</u>
Net Increase (Decrease)	<u>9,893,874</u>	<u>(265,743)</u>
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	<u>71,975,740</u>	<u>3,548,832</u>
Net Assets, End of Year	<u>\$ 81,869,614</u>	<u>\$ 3,283,089</u>

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

TOWN OF HINGHAM

Component Units Statement of Net Assets

June 30, 2008

	<u>Hingham Public Library</u>	<u>Hingham Municipal Lighting Plant (as of December 31, 2007)</u>	<u>Totals</u>
Assets:			
Current:			
Cash and equivalents	\$ 243,282	\$ 15,066	\$ 258,348
Investments	1,137,426	-	1,137,426
Receivable user charges and liens	-	2,902,818	2,902,818
Prepaid expenses and other assets	-	1,504,758	1,504,758
Deposits	-	<u>1,298,956</u>	<u>1,298,956</u>
Total Current Assets	<u>1,380,708</u>	<u>5,721,598</u>	<u>7,102,306</u>
Non-Current:			
Cash and equivalents	-	7,105,477	7,105,477
Investments	-	202,477	202,477
Land	-	17,865	17,865
Property, plant and equipment, net	<u>196,182</u>	<u>24,493,417</u>	<u>24,689,599</u>
Total Non-current Assets	<u>196,182</u>	<u>31,819,236</u>	<u>32,015,418</u>
Total Assets	<u>\$ 1,576,890</u>	<u>\$ 37,540,834</u>	<u>\$ 39,117,724</u>
Liabilities:			
Current:			
Warrants payable	\$ -	\$ 3,857,468	\$ 3,857,468
Accrued expenses and other	-	<u>2,110,499</u>	<u>2,110,499</u>
Total Current Liabilities	-	<u>5,967,967</u>	<u>5,967,967</u>
Non-current:			
Customer deposits	-	940,265	940,265
Rate stabilization reserve	-	<u>2,472,611</u>	<u>2,472,611</u>
Total Non-current Liabilities	-	<u>3,412,876</u>	<u>3,412,876</u>
Total Liabilities	-	<u>9,380,843</u>	<u>9,380,843</u>
Net Assets:			
Restricted for other purpose	892,204	-	892,204
Investment in capital assets, net of related debt	196,182	24,511,282	24,707,464
Unrestricted	<u>488,504</u>	<u>3,648,709</u>	<u>4,137,213</u>
Total Net Assets	<u>\$ 1,576,890</u>	<u>\$ 28,159,991</u>	<u>\$ 29,736,881</u>

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

TOWN OF HINGHAM

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

For the Year Ended June 30, 2008

	<u>Hingham Public Library</u>	<u>Hingham Municipal Lighting Plant (as of December 31, 2007)</u>	<u>Totals</u>
Operating Revenues:			
Charges for services	\$ 56,976	\$ 26,367,251	\$ 26,424,227
Grants and contributions	<u>58,069</u>	<u>-</u>	<u>58,069</u>
Total Operating Revenues	<u>115,045</u>	<u>26,367,251</u>	<u>26,482,296</u>
Operating Expenses:			
Depreciation	46,304	1,186,536	1,232,840
Salaries and wages	1,079,714	286,137	1,365,851
Administrative expenses	106,681	1,327,317	1,433,998
Facility expenses	263,838	163,172	427,010
Program expenses	252,001	23,889,494	24,141,495
Grounds and custodial expenses	<u>53,750</u>	<u>571,331</u>	<u>625,081</u>
Total Operating Expenses	<u>1,802,288</u>	<u>27,423,987</u>	<u>29,226,275</u>
Operating Income	<u>(1,687,243)</u>	<u>(1,056,736)</u>	<u>(2,743,979)</u>
Non-Operating Revenues (Expenses):			
Investment income	32,048	395,080	427,128
Miscellaneous	64,388	-	64,388
Interest expense	<u>-</u>	<u>(64,114)</u>	<u>(64,114)</u>
Net Non-Operating Revenues (Expenses)	<u>96,436</u>	<u>330,966</u>	<u>427,402</u>
Income (Loss) Before Payments and Miscellaneous	<u>(1,590,807)</u>	<u>(725,770)</u>	<u>(2,316,577)</u>
Payments from Town of Hingham	<u>1,452,914</u>	<u>-</u>	<u>1,452,914</u>
Income/Excess of Revenue Over Expenses	<u>(137,893)</u>	<u>(725,770)</u>	<u>(863,663)</u>
Net Assets:			
Beginning of Year	<u>1,714,783</u>	<u>28,885,761</u>	<u>30,600,544</u>
Net Assets, End of Year	<u>\$ 1,576,890</u>	<u>\$ 28,159,991</u>	<u>\$ 29,736,881</u>

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

TOWN OF HINGHAM

Notes to the Basic Financial Statements

June 30, 2008

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

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

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

A. **Reporting Entity**

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

The Hingham Contributory Retirement System issues a publicly audited financial report that includes financial statements and required supplemental information. Copies of these financial statements may be obtained by writing to the Hingham Retirement Board, 210 Central Street, Hingham, MA 02043. The Hingham Public Library does not issue separate financial statements. Further information about the Public Library can be obtained from the Library's administrative offices, at 66 Leavitt Street, Hingham, MA 02043.

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

Financial statements for all entities included in the basic financial statements are for the year ended June 30, 2008 except for the Hingham Contributory Retirement System and the Hingham Municipal Lighting Plant, which are for the year ended December 31, 2007.

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 1 - Summary of Significant Accounting Policies - Continued

A. Reporting Entity – Continued

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

<u>Blended Component Unit Reported Within the Primary Government</u>	<u>Brief Description of Activities and Relationship to the Town</u>	<u>Reporting Fund</u>
Hingham Contributory Retirement System	Provides retirement benefits to the employees of the Town of Hingham. Board members of the Retirement System consist of two elected members, who are employees or retirees within the system and who are elected by the members-in-service and retirees, an ex-officio member, who is a member by virtue of holding the office of Town Accountant, and an appointed member who is chosen by the Board of Selectmen. The remaining four members select the fifth member of the Board.	Fiduciary Fund
<u>Discretely Presented Component Units</u>	<u>Brief Description of Activities and Relationship to the Town</u>	
Hingham Municipal Lighting Plant	Purchases power from various sources and sells the power to residents of the Town of Hingham. Board members of the Hingham Municipal Lighting Plant consist of three elected members who appoint a manager to operate and manage the Plant under the direction and control of the Municipal Lighting Board. The Hingham Municipal Lighting Plant needs the Town's approval to issue general obligation bonds.	

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 1 - Summary of Significant Accounting Policies - Continued

A. Reporting Entity – Continued

<u>Discretely Presented Component Unit</u>	<u>Brief Description of Activities and Relationship to the Town</u>
Hingham Public Library	The Hingham Public Library is a private non-profit corporation that operates a library for the Town of Hingham residents. The Board of Trustees for the Hingham Public Library consists of eleven members of the corporation, the superintendent of schools of the Town, the treasurer of the Town, a member of the Board of Selectmen, and five residents of which three are appointed by the Board of Selectmen and two are appointed by the Town Moderator. The library is financially accountable to the Town as a result of fiscal dependency. The Town has the authority to approve and modify the budget of the library.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements:

The government-wide financial statements (i.e., statements of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. *Government activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges for support.

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

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 1 - Summary of Significant Accounting Policies - Continued

B. Government-Wide and Fund Financial Statements - Continued

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

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements unless services were provided and used.

Fund Financial Statements:

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

Major Fund Criteria

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

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

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

Fiduciary funds are reported by fund type.

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 1 - Summary of Significant Accounting Policies - Continued

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

Government-Wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as are the proprietary fund and fiduciary fund (excluding agency funds) financial statements. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenue in the fiscal year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met. Agency funds have no measurement focus.

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

Fund Financial Statements:

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

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

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 1 - Summary of Significant Accounting Policies - Continued

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

Fund Financial Statements - Continued:

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

The following major governmental funds are reported:

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

The *New Elementary School Fund* is a capital project to account for the construction of a new elementary school.

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

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

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

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

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

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 1 - Summary of Significant Accounting Policies - Continued

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

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

The following represents the proprietary fund and its respective purpose:

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

Fiduciary Fund Types

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

The following fiduciary fund types are reported:

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

The *Private – Purpose Trust Fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments. Since such funds can not be used for purposes of providing town services, they are excluded from the Town's government-wide financial statements

The *Agency Fund* is used to account for assets held in a purely custodial capacity, such as state and federal agencies, independent not-for profit organizations for which the Town collects private donations. This fund is excluded from the Town's government-wide financial statements.

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 1 - Summary of Significant Accounting Policies - Continued

D. Cash and Investments

Government-Wide and Fund Financial Statements:

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

E. Accounts Receivable

Government-Wide and Fund Financial Statements:

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

Property Taxes

Real and personal property taxes are based on values assessed as of each January 1 and due quarterly on the subsequent months of August, November, February, and May. In fiscal 2008 real estate and personal property taxes were levied in November 2007. By law, all taxable property in the Commonwealth must be assessed at 100% of fair cash value. Taxes due and unpaid after the respective due dates are subject to interest and penalties. The Town has an ultimate right to foreclose on property for which taxes have not been paid. A tax lien is issued on the property when more than one year's tax is overdue. Property taxes levied are recorded as receivables, net of estimated uncollectibles, in the fiscal year of the levy. Property tax revenues are recorded in accordance with the modified accrual basis of accounting described in Note 1.

A statewide limitation statute known as "Proposition 2 1/2" limits the annual property tax levy increases to an amount equal to 2 ½% of the value of all taxable property in the Town, plus taxes levied on property newly added to the tax rolls. Certain Proposition 2½ taxing limitations can be overridden by a Town wide referendum vote. Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 1 - Summary of Significant Accounting Policies - Continued

E. Accounts Receivable - Continued

Property Taxes - Continued

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

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

Departmental and Other

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

Intergovernmental

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

User Charges and Liens

User charges and liens consist primarily of amounts due from residents for the providing of services by various departments including the Hingham Municipal Lighting Plant. The allowance for uncollectibles is estimated based on historical trends and account analysis. Accounts receivable for the Hingham Municipal Lighting Plant are stated net of an allowance for doubtful accounts of \$48,466 as of the reporting period.

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 1 - Summary of Significant Accounting Policies - Continued

F. Inventories

Government-Wide and Fund Financial Statements:

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

G. Capital Assets

Government-Wide and Proprietary Fund Financial Statements:

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in applicable governmental or business-type activity column of the government-wide financial statements.

Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Construction period interest is capitalized on constructed capital assets.

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

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

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

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 1 - Summary of Significant Accounting Policies - Continued

G. Capital Assets - Continued

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

The statutory provision for depreciation of utility plant is computed on the straight-line method at three percent of cost of plant in service at the beginning of the year, exclusive of land and land rights. Therefore, no depreciation is taken in the year of plant additions. Massachusetts's law stipulates that the Hingham Municipal Lighting Plant may change from the statutory depreciation rate only with the approval of the DTE. The Hingham Municipal Lighting Plant has used a rate of 3.5% for 2008. The Hingham Municipal Lighting Plant charges maintenance to expense when incurred. Replacements and betterments are charged to the utility plant.

Government-Fund Financial Statements:

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

H. Interfund Transfers

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

Government-Wide Financial Statements:

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

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 1 - Summary of Significant Accounting Policies - Continued

I. Deferred Revenues

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

J. Net Assets and Fund Equity

Government-Wide Financial Statements (Net Assets):

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

Net assets have been “restricted for” the following:

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

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

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

Fund Financial Statements (Fund Balances):

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

Fund balances have been “reserved for” the following:

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

“Non-expendable permanent funds” represent amounts held in trust for which the expenditures are restricted by various trust agreements.

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 1 - Summary of Significant Accounting Policies - Continued

K. Long-Term Debt

Government-Wide and Proprietary Fund Statements:

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

Governmental Fund Financial Statements:

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

L. Investment Income

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

Investment income from proprietary funds is maintained in those funds.

M. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies. A liability is reported in the governmental funds only if the benefit had been earned at June 30 as a result of retirement or resignation. The General Fund has been used in prior years to liquidate the liability for compensated absences.

Government-Wide and Proprietary Fund Financial Statements:

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

Government Fund Financial Statements:

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

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 1 - Summary of Significant Accounting Policies - Continued

N. Post Retirement Benefits

Accrued Vacation and Sick Pay

Employees, including teachers, are granted sick and vacation pay in varying amounts based on tenure and in accordance with individual union contracts. Except in certain limited instances, employees are not compensated for unused sick pay upon termination, retirement or death. Effective July 1, 2008, unused sick leave will be paid to all town office employees at normal retirement according to the following schedule:

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

Effective July 1, 2007, unused sick leave will be paid to all firefighters at normal retirement according to the following schedule:

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

Effective July 1, 2007, unused sick leave will be paid to all police patrol and dispatch at normal retirement according to the following schedule:

<u>Accumulated Sick Days</u>	<u>Sick Pay Benefit</u>
1-149	\$10 per day
150-199	\$1,490 plus \$10.50 per day for each day over 149
200 +	\$2,015 plus \$11.00 per day for each day over 200

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 1 - Summary of Significant Accounting Policies - Continued

N. Post Retirement Benefits - Continued

Accrued Vacation and Sick Pay - Continued

Effective July 1, 2007, unused sick leave will be paid to police superiors at normal retirement according to the following schedule:

<u>Accumulated Sick Days</u>	<u>Sick Pay Benefit</u>
151-200	\$1,800
201-250	\$3,240
251-300	\$4,680
301-350	\$6,120
351-400	\$7,560
401 +	\$9,000

Effective July 1, 2007, unused sick leave will be paid to library employees at normal retirement according to the following schedule:

<u>Accumulated Sick Days</u>	<u>Sick Pay Benefit</u>
1-149	\$5.50 per day
150-199	\$850 plus \$8.00 per day for days exceeding 150 accumulated days
200 and over	\$1,850 plus \$9.50 per day for days exceeding 200 accumulated days

Risk Management

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

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

Deferred Compensation Plan

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

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 1 - Summary of Significant Accounting Policies - Continued

N. Post Retirement Benefits - Continued

Deferred Compensation Plan - Continued

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

Other Post-Employment Benefits

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

O. Use of Estimates

Government-Wide and Fund Financial Statements:

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

P. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements:

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

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 1 - Summary of Significant Accounting Policies - Continued

New Governmental Accounting Pronouncement

In 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, which will be effective for the year ending June 30, 2009.

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

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which will be effective for the year ending June 30, 2010.

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investment by Endowments*, which will be effective for the year ended June 30, 2009.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which will be effective for the year ended June 30, 2010.

Note 2 - Cash and Equivalents

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

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

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

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

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 2 - Cash and Equivalents - Continued

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

Deposits - Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk. As of June 30, 2008, \$16,724,357 of the Town's bank balances of \$34,589,569 was uninsured and uncollateralized.

Note 3 - Investments

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

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 3 - **Investments - Continued**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Certificate of Deposit	\$ 3,276,481	\$ 3,276,481	\$ -	\$ -	\$ -
Commercial Paper	2,029,378	2,029,378	-	-	-
Federal Agencies	468,408	453,492	-	14,916	-
Bank Notes	34,012	34,012	-	-	-
Master Notes	204,072	204,072	-	-	-
Medium Term Notes	2,947,700	2,947,700	-	-	-
Repurchase Agreements	2,290,136	2,290,136	-	-	-
Other	<u>102,035</u>	<u>102,035</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>11,352,222</u>	<u>\$ 11,337,306</u>	<u>\$ -</u>	<u>\$ 14,916</u>	<u>\$ -</u>

Other Investments

Equity mutual funds	\$ 47,521,037
Fixed income funds	24,420,283
Other	<u>12,850,206</u>
Total	<u>\$ 96,143,748</u>

Interest Rate Risk

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

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 3 - **Investments - Continued**

Credit Risk

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

At June 30, 2008, the Town had the following investments and quality ratings:

<u>Investment Type</u>	<u>Fair Value</u>	<u>AAA</u>	<u>Unrated</u>
Certificate of Deposit	\$ 3,276,481	\$ -	\$ 3,276,481
Commercial Paper	2,029,378	-	2,029,378
Federal Agencies	468,408	468,408	-
Bank Notes	34,012	-	34,012
Master Notes	204,072	-	204,072
Medium Term Notes	2,947,700	-	2,947,700
Repurchase Agreements	2,290,136	-	2,290,136
Other	<u>102,035</u>	<u>-</u>	<u>102,035</u>
Total	<u>\$ 11,352,222</u>	<u>\$ 468,408</u>	<u>\$ 10,883,814</u>

Note 4 - **Receivables**

At June 30, 2008, receivables for the individual major governmental funds and non-major, internal service, and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

	<u>Gross Amount</u>	<u>Allowance For Uncollectibles</u>	<u>Net Amount</u>
Real estate and personal property taxes	\$ 1,609,190	\$ (4,326)	\$ 1,604,864
Tax liens and foreclosures	567,506	-	567,506
Motor vehicle and other excise taxes	389,898	(221,760)	168,138
Departmental and other	1,759,702	(13,907)	1,745,795
Intergovernmental	20,629,587	-	20,629,587
User charges and liens	<u>2,730,477</u>	<u>-</u>	<u>2,730,477</u>
Totals	<u>\$ 27,686,350</u>	<u>\$ (239,993)</u>	<u>\$ 27,446,367</u>

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 5 - **Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers/ Decreases</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 2,154,100	\$ -	\$ -	\$ 2,154,100
Construction in progress	<u>8,141,334</u>	<u>5,998,686</u>	-	<u>14,140,020</u>
Total capital assets not being depreciated	\$ <u>10,295,434</u>	\$ <u>5,998,686</u>	\$ -	\$ <u>16,294,120</u>
<u>Capital assets being depreciated:</u>				
Land improvements	388,274	56,201	-	444,475
Buildings	96,499,523	-	-	96,499,523
Machinery, equipment and other	9,917,690	1,233,764	(132,250)	11,019,204
Infrastructure	<u>48,069,278</u>	-	-	<u>48,069,278</u>
Total capital being depreciated:	\$ <u>154,874,765</u>	\$ <u>1,289,965</u>	\$ (132,250)	\$ <u>156,032,480</u>
 <u>Less accumulated depreciation for:</u>				
Land improvements	\$ (75,672)	\$ (10,673)	\$ -	\$ (86,345)
Buildings	(52,584,547)	(2,218,447)	-	(54,802,994)
Machinery, equipment and other	(7,079,965)	(918,123)	132,250	(7,865,838)
Infrastructure	<u>(22,014,259)</u>	<u>(1,053,247)</u>	-	<u>(23,067,506)</u>
Total accumulated depreciation:	(81,754,443)	(4,200,490)	132,250	(85,822,683)
Total capital assets being depreciated, net:	<u>73,120,322</u>	<u>(2,910,525)</u>	-	<u>70,209,797</u>
Total governmental activities capital assets, net:	\$ <u>83,415,756</u>	\$ <u>3,088,161</u>	\$ -	\$ <u>86,503,917</u>

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 5 - **Capital Assets - Continued**

Business-Type Activities:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Transfers/ Decrease</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 7,008,200	\$ -	\$ -	\$ 7,008,200
Construction in progress	<u>1,700,000</u>	<u>-</u>	(1,700,000)	<u>-</u>
Total capital assets not being depreciated	\$ <u>8,708,000</u>	\$ <u>-</u>	\$ (1,700,000)	\$ <u>7,008,200</u>
<u>Capital assets being depreciated:</u>				
Machinery, equipment and other	775,473	127,807	-	903,280
Land Improvements	-	79,209	1,700,000	1,779,209
Building Improvements	<u>2,350,554</u>	<u>12,601</u>	<u>-</u>	<u>2,363,155</u>
Total Capital assets being Depreciated	<u>3,126,027</u>	<u>219,617</u>	<u>1,700,000</u>	<u>5,045,644</u>
<u>Less accumulated depreciation for:</u>				
Machinery, equipment and other	(29,834)	(90,597)	-	(120,431)
Land Improvements	-	(101,260)	-	(101,260)
Building Improvements	<u>(1,432,315)</u>	<u>(94,548)</u>	<u>-</u>	<u>(1,526,863)</u>
Total accumulated depreciation	<u>(1,462,149)</u>	<u>(286,405)</u>	<u>-</u>	<u>(1,748,554)</u>
Total capital assets being depreciated, net:	<u>1,663,878</u>	<u>(66,788)</u>	<u>1,700,000</u>	<u>3,297,090</u>
Total business-type activities capital assets, net:	\$ <u>10,372,078</u>	\$ <u>(66,788)</u>	\$ <u>-</u>	\$ <u>10,305,290</u>

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

Governmental Activities:

General government	\$ 386,118
Public safety	421,114
Education	1,669,579
Public works	1,411,008
Human services	7,213
Library	296,758
Culture and recreations	<u>8,700</u>
Total depreciation expense - governmental activities	\$ <u>4,200,490</u>

Business-Type Activities:

Country Club	\$ <u>286,405</u>
--------------	-------------------

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

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

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

	General Fund	Non-Major Funds	Country Club
<u>Transfers In:</u>			
General Fund	\$ -	\$ 873,000	\$ 203,650
Non-Major Funds	465,882	1,300,297	-
Country Club	-	-	-
	\$ 465,882	\$ 2,173,297	\$ 203,650
	General Fund	Non-Major Funds	Country Club
<u>Transfers Out:</u>			
General Fund	\$ -	\$ (154,192)	\$ -
Non-Major Funds	(1,259,967)	(1,225,020)	-
Country Club	(203,650)	-	-
	\$ (1,463,617)	\$ (1,379,212)	\$ -

Note 7 - **Retirement Plan**

Plan Description

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

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

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

Basis of Accounting

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

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 7 - Retirement Plan - Continued

Method Used to Value Investments

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

Actuarial valuations are performed biennially. The last valuation was performed at January 1, 2007. The following is a summary of funding policies, contribution methods and benefit provisions:

Year established and governing authority	1938, Hingham Retirement Board Under Massachusetts General Law, Chapter 32
Determination of contribution requirements:	
Employer	Actuarially determined
Plan members	5, 7, 8 or 9% of payroll
Funding of administrative costs	Investment earnings
Period required to vest	10 years
Post retirement benefit increases	Provided at the discretion of Town meeting.
Eligibility of distributions	Age 65 for general employees and 55 for fire and police employees, or 20 years of service regardless of age on a reduced basis if under 65 for general employees and 55 for fire and police employees.
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Amortization period	Open
Remaining amortization period	22
Asset valuation method	Fair Market Value
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases	5%
Cost of living adjustments	3%

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 7 - Retirement Plan - Continued

Method Used to Value Investments – Continued

Provisions for:	
Disability benefits	Yes
Death benefits	Yes

Membership of the Plan is as follows:

Retirees and beneficiaries currently receiving benefits	269
Terminated employees entitled to benefits but not yet receiving them	89
Fully vested, partially vested and non-vested active employees covered by the Plan	<u>533</u>
Total Members	<u>891</u>

Annual Required Contributions

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

Current Year Annual Pension Cost and Net Pension Obligation

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

Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation (NPO)</u>
2005	\$ 2,848,387	100%	\$ -
2006	2,955,705	100%	-
2007	3,024,454	100%	-

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 7 - **Retirement Plan - Continued**

Reserves

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

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

In addition to the retirement benefits described in Note 7, the Town provides health insurance and life insurance benefits to all employees who retire from the Town. Employees are eligible to retire at any age after 20 years of credible service. At June 30, 2008, current retirees, which totaled 473, meet these eligibility requirements, including eligible retired employees, their survivors and dependents.

As of June 30, 2008, life insurance of \$5,000 for 175 retirees was provided at a total cost of \$6,468 for the fiscal year.

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

The following schedule reflects retirees' participation in the Town's group health insurance plans as of June 30, 2008 and approximate cost for the year then ended:

<u>Participant Type</u>	<u>Number of Participants</u>	<u>Approximate Cost</u>
Active	501	\$ 2,951,952
Retired:		
Town	298	798,552
School	261	1,942,576

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 9 - Trust Funds

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

Note 10 - Risk Management

The Town records an estimated liability for workers' compensation claims and any other claims against the Town. Claims liabilities are based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported based on historical experience. The following represents the changes in approximate aggregate liabilities for the Town from June 30, 2004 to June 2008:

<u>Self-Insurance Liability</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2004-workers' compensation	\$ 1,121,955	\$ (106,204)	\$ (166,128)	\$ 849,623
2005-workers' compensation	849,623	63,015	(139,572)	773,066
2006-workers' compensation	773,066	81,577	(146,183)	708,460
2007-workers' compensation	708,460	171,359	(310,076)	596,743
2008-workers' compensation	596,743	398,164	(331,234)	663,673

Reported judgments are principally funded through property taxes.

Note 11- Short-Term Financing

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

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

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 11- Short-Term Financing- Continued

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

Details related to the short-term debt activity for the fiscal year ended June 30, 2008, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2007	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2008
BAN	Fire Station	4.00	12/19/07	\$ 3,434,750	\$ -	\$ 3,434,750	\$ -
BAN	Sewer	4.00	12/19/07	1,495,000	-	1,495,000	-
BAN	Country Club	4.00	12/19/07	1,585,000	-	1,585,000	-
BAN	School	4.00	6/18/09	1,700,000	3,100,000	1,700,000	3,100,000
BAN	Public Works	4.00	6/18/09	<u>1,000,000</u>	<u>3,000,000</u>	<u>1,000,000</u>	<u>3,000,000</u>
	Subtotal			9,214,750	6,100,000	9,214,750	6,100,000
BAN	Premium	4.00	12/19/07	8,632	-	8,632	-
BAN	Premium	4.00	6/19/08	7,911	-	7,911	-
BAN	Premium	4.00	6/18/09	-	<u>43,740</u>	-	<u>43,740</u>
Totals				\$ <u>9,231,293</u>	\$ <u>6,143,740</u>	\$ <u>9,231,293</u>	\$ <u>6,143,740</u>

Note 12 - General Long-Term Debt

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

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

Bonds Payable

Chapter 44 of the Annotated Laws of the Commonwealth of Massachusetts permits the issuance of bonds up to 5% of the equalized valuation plus an additional 5% with the approval of the Emergency Finance Board. At June 30, 2008, the total statutory debt limit of the Town, including the approval of the Emergency Finance Board of 5%, was \$309,521,375 of which approximately \$41,000,000 of loans were outstanding applicable such limit.

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 12 - General Long-Term Debt - Continued

	<u>Balance</u> June 30, 2007	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> June 30, 2008	<u>Amounts</u> Due within <u>One Year</u>
<u>Governmental Activities (capital):</u>					
Sewer:					
\$177,092 issued July 14, 1993, non-interest bearing, maturing August 1, 2013	\$ 81,719	\$ -	\$ (10,757)	\$ 70,962	\$ 11,335
\$3,378,700 issued November 1, 1998, with interest at 4.5%, maturing February 1, 2018	2,190,700	-	(163,700)	2,027,000	167,900
\$79,200 issued August 18, 2005, non-interest bearing, maturing August 15, 2010	63,360	-	(15,840)	47,520	15,840
\$97,838 issued October 25, 2001, non-interest bearing, maturing August 1, 2018	65,222	-	(5,436)	59,786	5,436
Multipurpose bond:					
\$5,095,000 issued February 15, 1998, with interest at 4.5% maturing June 30, 2018	2,330,000	-	(250,000)	2,080,000	220,000
\$42,155,000 issued April 1, 2002, with interest at 3.5%, maturing April 1, 2022	30,655,000	-	(2,295,000)	28,360,000	2,285,000
Bond premium	561,868	-	(56,074)	505,794	53,372
\$4,000,000 issued October 15, 1998, with interest at 4.12%, maturing October 15, 2018	2,400,000	-	(200,000)	2,200,000	200,000

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 12 - General Long-Term Debt - Continued

	Balance June 30, <u>2007</u>	<u>Issued</u>	<u>Retired</u>	Balance June 30, <u>2008</u>	Amounts Due within <u>One Year</u>
\$400,000 issued February 23, 2006, with interest at 2%, maturing July 20, 2026	\$ 400,000	\$ -	\$ (15,776)	\$ 384,224	\$ 16,790
\$201,950 issued May 22, 2004, non-interest bearing, maturing May 15, 2008	40,390	-	(40,390)	-	-
\$4,929,750 issued September 15, 2007, with interest at 4%, maturing September 15, 2026	-	4,929,750	-	4,929,750	44,750
Bond premium	<u>-</u>	<u>79,112</u>	<u>(2,967)</u>	<u>76,145</u>	<u>3,956</u>
General Long-Term (capital)	<u>38,788,259</u>	<u>5,008,862</u>	<u>(3,055,940)</u>	<u>40,741,181</u>	<u>3,224,378</u>
Other Debt Obligations:					
Accrued vacation pay	1,039,308	400,000	(215,953)	1,223,355	836,795
Workers' Compensation	596,743	398,164	(331,234)	663,673	335,395
Landfill closure and postclosure care costs	<u>1,404,249</u>	<u>-</u>	<u>(56,464)</u>	<u>1,347,785</u>	<u>200,000</u>
Total Other General Long-Term Debt	<u>3,040,300</u>	<u>798,164</u>	<u>(603,651)</u>	<u>3,234,813</u>	<u>1,372,190</u>
Total General Long-Term Debt	<u>\$ 41,828,559</u>	<u>\$ 5,807,026</u>	<u>\$ (3,659,591)</u>	<u>\$ 43,975,994</u>	<u>\$ 4,596,568</u>

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

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 12 - General Long-Term Debt - Continued

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

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 3,224,378	\$ 1,916,556	\$ 5,140,934
2010	3,222,115	1,766,748	4,988,863
2011	3,228,457	1,615,651	4,844,108
2012	3,213,532	1,478,337	4,691,869
2013	2,970,035	1,431,966	4,402,001
2014-2018	15,210,494	6,218,453	21,428,947
2019-2023	8,421,918	1,028,682	9,450,600
2024-2028	<u>1,250,252</u>	<u>118,384</u>	<u>1,368,636</u>
Total	\$ <u>40,741,181</u>	\$ <u>15,574,777</u>	\$ <u>56,315,958</u>

The Massachusetts Water Resource Authority (MWRA) operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the project, financial assistance received from the MWRA consists of a grant and a non-interest bearing loan. At June 30, 2008, the outstanding principle amount of the loan totaled \$47,520.

<u>Business-Type Activity</u>	<u>Balance June 30, 2007</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2008</u>	<u>Amounts Due within One Year</u>
Enterprise Fund					
General Obligation Bond:					
\$1,845,000 issued October 15, 1998 with interest at 3.56%, maturing October 15, 2007	\$ 200,000	-	\$ (200,000)	\$ -	-
General Obligation Bond:					
\$1,585,000 issued September 15, 2007 with interest at 4.0%, maturing September 15, 2018	-	1,585,000	-	1,585,000	120,000
Total Proprietary Fund	\$ <u>200,000</u>	\$ <u>1,585,000</u>	\$ <u>(200,000)</u>	\$ <u>1,585,000</u>	\$ <u>120,000</u>

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 12 - General Long-Term Debt - Continued

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

Years Ending June 30,	<u>Principal</u>	<u>Proprietary Fund</u>	
		<u>Interest</u>	<u>Total</u>
2009	\$ 120,000	\$ 63,400	\$ 183,400
2010	125,000	58,600	183,600
2011	125,000	53,600	178,600
2012	130,000	48,600	178,600
2013	135,000	43,400	178,400
2014-2018	775,000	130,000	905,000
2019-2023	<u>175,000</u>	<u>7,000</u>	<u>182,000</u>
Total	\$ <u>1,585,000</u>	\$ <u>404,600</u>	\$ <u>1,989,600</u>

Capital Leases

The Town leases equipment under the terms of a 5-year and 3-year capital lease that requires annual payments of \$172,178 until 2012 and \$33,742 until 2011. The following is a summary of property held under capital lease as of June 30, 2008:

Equipment	\$ 861,570
Less: accumulated amortization	<u>(118,422)</u>
	\$ <u>743,148</u>

Future minimum lease payments subsequent to June 30, 2008, are as follows:

Years Ending June 30,	
2009	\$ 205,920
2010	205,920
2011	205,920
2012	<u>172,179</u>
Total minimum lease payments	789,939
Less: amount representing interest	<u>70,160</u>
Present value of net minimum lease payments	\$ <u>719,779</u>

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 12 - General Long-Term Debt - Continued

Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Town reports a portion of these closure and postclosure care costs in each period based on landfill capacity used as of each balance sheet date. The \$1,347,785 reported as landfill closure and postclosure care liability at June 30, 2008 represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the landfill net of amounts already expended. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. The Town expects to close the landfill in fiscal year 2010. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The Town is required by Federal and state laws and regulations to make annual contributions to finance closure and postclosure care. The Town is in compliance with these requirements and at June 30, 2008, investments of \$3,620,000 have been appropriated of which \$2,242,215 has already been expended for these purposes. These are reported as a reserve of fund balance on the balance sheet in the Capital Projects Fund. The Town expects that future inflation costs will be paid from interest earnings on these annual contributions.

Note 13 - Contingencies

At June 30, 2008, the Town was a defendant in a number of lawsuits.

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

Note 14 - Restricted Assets

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

TOWN OF HINGHAM

Notes to the Basic Financial Statements - Continued

June 30, 2008

Note 15 - **Fund Deficits**

The following funds had deficit fund balances on June 30, 2008:

Capital Projects:	
Fire Station Renovation	\$ (457)
School Building Study Construction	(50,389)
Weir River Phase II Construction	(2,383)
DPW Buildings	(1,266,556)
Foster School Capital Improvements	(104,364)
New Elementary School	(2,538,625)
Middle School Renovations	(263,250)
Plymouth River School Improvements	(109,219)
Route 3A Construction	(1,394)
Special Revenue:	
PWED I-Downtown	(14,220)
State Grant – Fire Safety	(35)
State Grant – Shipyard	<u>(635,976)</u>
Total	<u>\$ (4,986,868)</u>

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

Note 16 - **Commitments**

The Town is currently in the process of constructing a new elementary school. As a result, the Town has entered into, or is planning to enter into, contracts totaling approximately \$26,565,000 to complete the project. The project is currently in the construction phase. Approximately \$2,538,625 has been spent on the project at June 30, 2008. The project is expected to be funded by bond proceeds and a 40% MSBA state grant.

Note 17 - **Prior Period Adjustment**

A prior period adjustment was recorded in the financial statements to correctly reflect construction in progress and the related short-term debt which were previously recorded within the statement of net assets as governmental activities rather than the appropriate classification of business-type activities (South Shore Country Club).

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Non-Major Governmental Funds</u>
Net Assets at June 30, 2007 as previously reported	\$ 82,604,599	\$ 7,587,326	\$5,385,948
To transfer construction in progress	(1,700,000)	1,700,000	-
To transfer short-term debt on on construction in progress	<u>1,585,000</u>	<u>(1,585,000)</u>	<u>1,585,000</u>
Net Assets at June 30, 2007, restated	<u>\$ 82,489,599</u>	<u>\$ 7,702,326</u>	<u>\$ 6,970,948</u>

TOWN OF HINGHAM

Required Supplementary Information - Hingham Contributory Retirement System

For the Year Ended December 31, 2007

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AA) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
01/01/95	\$ 19,331,485	\$ 38,149,134	\$ (18,817,649)	50.67%	\$ 9,685,311	194.3%
01/01/96	24,236,711	42,461,163	(18,224,452)	57.08%	10,109,832	180.3%
01/01/98	34,786,965	46,298,574	(11,511,609)	75.1%	10,898,418	105.6%
01/01/00	48,884,485	57,861,551	(8,977,066)	84.5%	12,214,509	73.5%
01/01/02	44,876,765	71,631,723	(26,754,958)	62.6%	14,811,862	180.6%
01/01/03	38,571,346	74,835,302	(36,263,956)	51.5%	15,626,514	232.1%
01/01/04	53,284,103	75,260,838	(21,976,735)	70.8%	16,669,815	131.8%
01/01/06	58,096,713	85,429,148	(27,332,435)	68.0%	18,005,014	151.8%
01/01/07	64,778,166	88,204,142	(23,425,976)	73.4%	19,177,310	122.2%

TOWN OF HINGHAM

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

For the Year Ended June 30, 2008

	General Fund			
	Budgeted Amounts		Actual	
	Original Budget	Final Budget	Actual Budgetary Amounts	Variance Over/(Under)
Revenues:				
Real estate and personal property taxes, motor vehicle and other excise taxes net of tax refunds	\$ 55,754,812	\$ 55,754,812	\$ 57,210,459	\$ 1,455,647
Licenses and permits	1,425,000	1,425,000	1,606,900	181,900
Penalties and interest	285,000	285,000	225,970	(59,030)
Investment income	1,179,561	1,179,561	946,060	(233,501)
Other income	745,000	745,000	767,748	22,748
Charges for service	1,075,000	1,075,000	1,013,463	(61,537)
Intergovernmental	9,181,055	9,181,055	9,277,415	96,360
Total Revenues	69,645,428	69,645,428	71,048,015	1,402,587
Expenditures:				
General government:				
Selectman	417,752	428,481	426,835	1,646
Town accountant	663,618	663,618	600,397	63,221
Assessors	396,238	414,695	410,329	4,366
Treasurer/collector	302,879	305,613	308,088	(2,475)
Legal services	168,722	326,200	324,832	1,368
Town meeting	29,525	35,146	34,402	744
Town clerk	159,967	161,314	161,314	-
Elections and registrars	22,990	29,100	29,100	-
Conservation	189,189	189,189	139,798	49,391
Planning board	123,207	127,112	119,252	7,860
Board of appeals	93,013	93,013	83,590	9,423
Bare cove park	19,942	20,509	20,318	191
Hersey house	7,123	7,123	6,555	568
Town office building	742,905	753,026	579,075	173,951
G A R hall	13,081	13,081	11,130	1,951
Public safety:				
Police	4,185,630	4,256,028	4,247,784	8,244
Fire	4,375,573	4,535,156	4,496,081	39,075
Dispatch services	466,255	466,255	425,406	40,849
Building department	247,567	247,567	233,167	14,400
Weights and measures	10,738	10,911	10,411	500
Emergency management	8,824	8,993	8,657	336
Animal control	60,464	60,464	39,775	20,689
Harbormaster	140,519	174,067	168,516	5,551
Utilities	437,300	437,300	430,924	6,376
Education	34,270,716	34,270,716	34,048,793	221,923
Public works:				
Engineering	124,584	151,853	151,708	145
Public works	3,122,545	3,361,771	3,432,758	(70,987)
Landfill/recycling	2,283,903	2,283,903	1,362,480	921,423
Human services:				
Health	282,665	288,608	284,141	4,467
Elder services	236,732	240,219	217,923	22,296
Veteran's services	187,019	249,944	249,356	588
Plymouth county rape center	2,500	2,500	2,500	-
South shore women's center	3,500	3,500	-	3,500
Culture and recreation:				
Library	1,450,673	1,474,907	1,472,957	1,950
Recreation	153,440	153,440	146,032	7,408
Trustees of bathing beach	23,798	23,798	17,744	6,054
Historical commission	39,648	41,478	39,599	1,879
Celebrations	9,500	9,500	8,291	1,209
Nondepartmental:				
Pension benefits	2,830,586	2,830,586	2,725,478	105,108
Group health insurance	3,761,239	3,761,239	3,430,971	330,268
Miscellaneous	1,154,603	1,160,503	1,287,119	(126,616)
Debt service	5,045,697	5,138,005	4,809,000	329,005
Intergovernmental:				
State and county assessments	2,828,856	2,828,856	2,677,907	150,949
Total Expenditures	71,095,225	72,039,287	69,680,493	2,358,794
Excess (Deficiency) of Revenues Over Expenditures	(1,449,797)	(2,393,859)	1,367,522	3,761,381
Other Financing Sources (Uses):				
Transfers in	-	-	544,994	544,994
Transfers out	-	-	(1,463,617)	(1,463,617)
Total Other Financing Sources (Uses)	-	-	(918,623)	(918,623)
Net Change in Fund Balances	(1,449,797)	(2,393,859)	448,899	2,842,758
Fund Balances, Beginning of Year	(3,867,561)	(10,884,711)	2,565,361	10,155,953
Fund Balances, End of Year	\$ (5,317,358)	\$ (13,278,570)	\$ 3,014,260	\$ 12,998,711

See note to required supplementary information - Budgetary Reporting

TOWN OF HINGHAM

Notes to Required Supplementary Information

June 30, 2008

Note 1 - Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2008 approved budget authorized approximately \$71,095,225, also approved supplemental appropriations totaling approximately \$944,062.

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

TOWN OF HINGHAM

Notes to Required Supplementary Information - Continued

June 30, 2008

Note 1 - Stewardship, Compliance and Accountability - Continued

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary basis to GAAP basis results for the general fund for the fiscal year ended June 30, 2008, is presented below:

Net change in fund balance – budgetary basis	\$ 635,662
<u>Basis of accounting timing differences:</u>	
Net change in recording 60-day receipts accrual	58,137
Net change in recording ATB case payable	<u>45,625</u>
Net change in fund balance - GAAP basis	\$ <u>739,424</u>

TOWN OF HINGHAM

Description of Non-Major Governmental Funds

For the Year Ended June 30, 2008

Special Revenue Funds

Town Gifts

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

School Gifts

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

Town State Grants

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

School State Grants

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

School Federal Grants

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

Town Revolving

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

School Revolving

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

Town Other

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

Sewer Maintenance Fund

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

TOWN OF HINGHAM

Description of Non-Major Governmental Funds - Continued

For the Year Ended June 30, 2008

Capital Project Funds

Capping Landfill

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

Whitney Wharf Renovation

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

Harbor Dredging

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

School Building Study, Construction and Renovation

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

Fire Station Renovation

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

Central Fire Station Renovation

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

South Shore Country Club Irrigation System

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

Foundry Pond Dam

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

Route 3A Force Main

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

DPW Buildings

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

TOWN OF HINGHAM

Description of Non-Major Governmental Funds - Continued

For the Year Ended June 30, 2008

Capital Project Funds - Continued

Weir River Phase II

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

Waste Water Management

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

Foster School Capital Improvements

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

Middle School Renovations

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

Plymouth River School Improvements

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

Permanent Funds

Preservation Projects Fund

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

Conservation

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

Town Funds

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

TOWN OF HINGHAM

Combining Schedule of Changes in Assets and Liabilities Agency Funds

For the Year Ended June 30, 2008

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
Conservatory Park:				
Assets:				
Cash and equivalents	\$ 110,173	\$ -	\$ -	\$ 110,173
Liabilities:				
Other liabilities	\$ 110,173	\$ -	\$ -	\$ 110,173
Other Town Funds:				
Assets:				
Cash and equivalents	\$ 428,958	\$ 1,321,048	\$ (1,156,854)	\$ 593,152
Liabilities:				
Warrants payable	\$ 11,852	\$ 10,482	\$ (11,852)	\$ 10,482
Accrued liabilities	20,812	20,743	(20,812)	20,743
Other liabilities	<u>396,294</u>	<u>1,289,823</u>	<u>(1,124,190)</u>	<u>561,927</u>
Total Liabilities	\$ 428,958	\$ 1,321,048	\$ (1,156,854)	\$ 593,152
Total Agency Funds:				
Assets:				
Cash and equivalents	<u>\$ 539,131</u>	<u>\$ 1,321,048</u>	<u>\$ (1,156,854)</u>	<u>\$ 703,325</u>
Liabilities:				
Warrants payable	\$ 11,852	\$ 10,482	\$ (11,852)	\$ 10,482
Accrued liabilities	20,812	20,743	(20,812)	20,743
Other liabilities	<u>506,467</u>	<u>1,289,823</u>	<u>(1,124,190)</u>	<u>672,100</u>
Total Liabilities	\$ 539,131	\$ 1,321,048	\$ (1,156,854)	\$ 703,325

TOWN OF HINGHAM

Combining Balance Sheet - Non-major Governmental Funds

June 30, 2008

	Assets				Total Non-major Governmental Funds
	Special Revenue Funds	Capital Project Funds	Permanent Funds		
Assets:					
Cash and equivalents	\$ 6,428,074	\$ 3,424,373	\$ 940,914		\$ 10,793,361
Restricted cash	47,743	-	-		47,743
Investment securities, at fair value	1,110,959	-	827,088		1,938,047
Other receivables	1,287,122	159,933	-		1,447,055
User charges and liens	<u>364,581</u>	<u>-</u>	<u>-</u>		<u>364,581</u>
Total Assets	<u>\$ 9,238,479</u>	<u>\$ 3,584,306</u>	<u>\$ 1,768,002</u>		<u>\$ 14,590,787</u>

Liabilities and Fund Balances

		Special Revenue Funds	Capital Project Funds	Permanent Funds		Total Non-major Governmental Funds
Liabilities:						
Warrants payable		\$ 958,718	\$ 198,890	\$ 114		\$ 1,157,722
BAN Payable		1,000,000	2,476,833	-		3,476,833
Deferred revenue		<u>559,921</u>	<u>-</u>	<u>-</u>		<u>559,921</u>
Total Liabilities		<u>2,518,639</u>	<u>2,675,723</u>	<u>114</u>		<u>5,194,476</u>
Fund Balances:						
Non-expendible permanent funds		-	-	35,000		35,000
Unreserved:						
Undesignated		<u>6,719,840</u>	<u>908,583</u>	<u>1,732,888</u>		<u>9,361,311</u>
Total Fund Balances		<u>6,719,840</u>	<u>908,583</u>	<u>1,767,888</u>		<u>9,396,311</u>
Total Liabilities and Fund Balances		<u>\$ 9,238,479</u>	<u>\$ 3,584,306</u>	<u>\$ 1,768,002</u>		<u>\$ 14,590,787</u>

TOWN OF HINGHAM

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

For the Year Ended June 30, 2008

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Permanent Funds</u>	<u>Total Non-major Governmental Funds</u>
Revenues:				
Intergovernmental	\$ 3,936,758	-	-	\$ 3,936,758
Departmental and other income	1,497,623	283,055	556,500	2,337,178
Investment income	5,540	-	57,141	62,681
Non-enterprise charges for services	4,891,394	-	-	4,891,394
Total Revenues	<u>10,331,315</u>	<u>283,055</u>	<u>613,641</u>	<u>11,228,011</u>
Expenditures:				
Current:				
General government	438,520	-	-	438,520
Public safety	762,686	-	-	762,686
Education	3,908,344	-	-	3,908,344
Public works	3,902,455	-	-	3,902,455
Human services	232,648	-	-	232,648
Culture and recreation	530,893	-	-	530,893
Debt Service - Principal	60,000	-	-	60,000
Debt Service - Interest	12,076	-	75,116	87,192
Capital Outlay	-	4,603,745	-	4,603,745
Total Expenditures	<u>9,847,622</u>	<u>4,603,745</u>	<u>75,116</u>	<u>14,526,483</u>
Excess of Revenues Over (Under) Expenditures	<u>483,693</u>	<u>(4,320,690)</u>	<u>538,525</u>	<u>(3,298,472)</u>
Other Financing Sources (Uses):				
Issuance of debt	-	4,929,750	-	4,929,750
Transfers in	1,699,326	390,437	83,534	2,173,297
Transfers out	(1,267,726)	-	(111,486)	(1,379,212)
Total Other Financing Sources (Uses)	<u>431,600</u>	<u>5,320,187</u>	<u>(27,952)</u>	<u>5,723,835</u>
Net Changes in Fund Balances	<u>915,293</u>	<u>999,497</u>	<u>510,573</u>	<u>2,425,363</u>
Fund Balances:				
Beginning of year, as previously stated	5,804,547	(1,675,914)	1,257,315	5,385,948
Prior period restatement (note 17)	-	1,585,000	-	1,585,000
Beginning of year	<u>5,804,547</u>	<u>(90,914)</u>	<u>1,257,315</u>	<u>6,970,948</u>
End of Year	<u>\$ 6,719,840</u>	<u>\$ 908,583</u>	<u>\$ 1,767,888</u>	<u>\$ 9,396,311</u>

TOWN OF HINGHAM

Combining Balance Sheet - Non-major Governmental Funds

Special Revenue Funds June 30, 2008

Assets

	Town Gifts	School Gifts	Town State Grants	School State Grants	School Federal Grants	Town Revolving	School Revolving	Town Other	Sewer Inflow Infiltration Fund	Sewer Maintenance Fund	Total
Assets:											
Cash and equivalents	\$ 265,740	\$ 27,924	\$ 387,410	\$ 480,934	\$ -	\$ 636,135	\$ 771,438	\$ 3,100,318	\$ 712,689	\$ 45,486	\$ 6,428,074
Restricted cash and investments	-	-	-	-	-	-	-	-	47,743	-	47,743
Investment securities, at fair value	-	-	-	-	-	-	-	1,046,512	64,447	-	1,110,959
Other receivables	-	-	1,068,213	37,333	181,576	-	-	-	-	-	1,287,122
User charges and liens	-	-	-	-	-	-	-	-	-	364,581	364,581
Total Assets	\$ 265,740	\$ 27,924	\$ 1,455,623	\$ 518,267	\$ 181,576	\$ 636,135	\$ 771,438	\$ 4,146,830	\$ 824,879	\$ 410,067	\$ 9,238,479

Liabilities and Fund Balances

	Town Gifts	School Gifts	Town State Grants	School State Grants	School Federal Grants	Town Revolving	School Revolving	Town Other	Sewer Inflow Infiltration Fund	Sewer Maintenance Fund	Total
Liabilities:											
Warrants payable	\$ 14,782	\$ -	\$ 785,914	\$ 24,357	\$ 56,007	\$ 25,056	\$ 45,389	\$ 188	\$ 4,398	\$ 2,627	\$ 958,718
Deferred revenue	-	-	-	-	-	195,341	-	-	-	364,580	559,921
BAN payable	-	-	1,000,000	-	-	-	-	-	-	-	1,000,000
Total Liabilities	14,782	-	1,785,914	24,357	56,007	220,397	45,389	188	4,398	367,207	2,518,639
Fund Balances:											
Unreserved:											
Undesignated	250,958	27,924	(330,291)	493,910	125,569	415,738	726,049	4,146,642	820,481	42,860	6,719,840
Total Fund Balances	250,958	27,924	(330,291)	493,910	125,569	415,738	726,049	4,146,642	820,481	42,860	6,719,840
Total Liabilities and Fund Balances	\$ 265,740	\$ 27,924	\$ 1,455,623	\$ 518,267	\$ 181,576	\$ 636,135	\$ 771,438	\$ 4,146,830	\$ 824,879	\$ 410,067	\$ 9,238,479

TOWN OF HINGHAM

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

For the Year Ended June 30, 2008

		Town Gifts	School Gifts	Town State Grants	School State Grants	School Federal Grants	Town Revolving	School Revolving	Town Other	Sewer Inflow Infiltration Fund	Sewer Maintenance Fund	Total
Revenues:												
Intergovernmental	\$	-	-	\$ 2,099,693	\$ 731,262	\$ 1,105,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,936,758
Departmental and other income		239,202	21,317	-	-	-	-	-	694,485	521,666	20,953	1,497,623
Investment income		63	-	-	-	-	-	-	-	5,477	-	5,540
Non-enterprise charges for services		-	-	-	-	-	832,211	1,974,201	-	-	2,084,982	4,891,394
Total Revenues		<u>239,265</u>	<u>21,317</u>	<u>2,099,693</u>	<u>731,262</u>	<u>1,105,803</u>	<u>832,211</u>	<u>1,974,201</u>	<u>694,485</u>	<u>527,143</u>	<u>2,105,935</u>	<u>10,331,315</u>
Expenditures:												
Current:												
General government		38,760	-	94,053	-	-	-	-	305,707	-	-	438,520
Public safety		29,492	-	503,837	-	211,552	-	-	17,805	-	-	762,686
Education		-	28,538	-	901,753	1,121,124	-	1,833,791	23,138	-	-	3,908,344
Public works		2,227	-	1,853,516	-	-	-	-	15,594	196,146	1,834,972	3,902,455
Human services		49,329	-	146,275	-	37,044	-	-	-	-	-	232,648
Culture and recreation		48,502	-	-	-	482,391	-	-	-	-	-	530,893
Debt Service - Principal		-	-	-	-	-	-	-	-	-	60,000	60,000
Debt Service - Interest		-	-	-	-	-	-	-	-	-	12,076	12,076
Total Expenditures		<u>168,310</u>	<u>28,538</u>	<u>2,597,681</u>	<u>901,753</u>	<u>1,121,124</u>	<u>730,987</u>	<u>1,833,791</u>	<u>367,244</u>	<u>196,146</u>	<u>1,907,048</u>	<u>9,847,622</u>
Excess of Revenues Over (Under) Expenditures		<u>70,955</u>	<u>(7,221)</u>	<u>(497,988)</u>	<u>(170,491)</u>	<u>(15,321)</u>	<u>101,224</u>	<u>140,410</u>	<u>332,241</u>	<u>330,997</u>	<u>198,887</u>	<u>483,693</u>
Other Financing Sources (Uses):												
Transfers in		-	-	1,000,000	-	-	-	-	699,326	-	-	1,699,326
Transfers out		-	-	(1,000,000)	-	(237,726)	-	-	(30,000)	-	-	(1,267,726)
Total Other Financing Sources (Uses)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(237,726)</u>	<u>-</u>	<u>-</u>	<u>669,326</u>	<u>-</u>	<u>-</u>	<u>431,600</u>
Net Change in Fund Balances		<u>70,955</u>	<u>(7,221)</u>	<u>(497,988)</u>	<u>(170,491)</u>	<u>(15,321)</u>	<u>(136,502)</u>	<u>140,410</u>	<u>1,001,567</u>	<u>330,997</u>	<u>198,887</u>	<u>915,293</u>
Fund Balance, Beginning of Year		<u>180,003</u>	<u>35,145</u>	<u>167,697</u>	<u>664,401</u>	<u>140,890</u>	<u>552,240</u>	<u>585,639</u>	<u>3,145,075</u>	<u>489,484</u>	<u>(156,027)</u>	<u>5,804,547</u>
Fund Balance, End of Year		<u>\$ 250,958</u>	<u>\$ 27,924</u>	<u>\$ (330,291)</u>	<u>\$ 493,910</u>	<u>\$ 125,569</u>	<u>\$ 415,738</u>	<u>\$ 726,049</u>	<u>\$ 4,146,642</u>	<u>\$ 820,481</u>	<u>\$ 42,860</u>	<u>\$ 6,719,840</u>

TOWN OF HINGHAM

Combining Balance Sheet - Non-major Governmental Funds

Capital Projects Funds
June 30, 2008

Assets

	Whitney Wharf Renovation	Harbor Dredging	School Building Study Construction and Renovation	Fire Station Renovation	Central Fire Station Renovation	South Shore Country Club Irrigation	Foundry Pond Dam	Route 3A Force Main	DPW Buildings	Waste Water Management	Weir River Phase II	Foster School Capital Improvements	Middle School Renovations	Plymouth River School Improvements	Total
Assets:	\$ 582	\$ 829,758	\$ -	\$ -	\$ 155,899	\$ -	\$ 23,268	\$ -	\$ 833,836	\$ -	\$ -	\$ 8,048	\$ 415	\$ 8,019	\$ 3,424,373
Cash and equivalents										159,933					159,933
Other receivables															
Total Assets	\$ 1,564,548	\$ 829,758	\$ -	\$ -	\$ 155,899	\$ -	\$ 23,268	\$ -	\$ 833,836	\$ 159,933	\$ -	\$ 8,048	\$ 415	\$ 8,019	\$ 3,584,306

Liabilities and Fund Balances

	Whitney Wharf Renovation	Harbor Dredging	School Building Study Construction and Renovation	Fire Station Renovation	Central Fire Station Renovation	South Shore Country Club Irrigation	Foundry Pond Dam	Route 3A Force Main	DPW Buildings	Waste Water Management	Weir River Phase II	Foster School Capital Improvements	Middle School Renovations	Plymouth River School Improvements	Total
Liabilities:	\$ -	\$ -	\$ 50,389	\$ 457	\$ -	\$ -	\$ -	\$ 1,394	\$ 100,392	\$ 11,271	\$ 2,383	\$ 8,048	\$ 415	\$ 8,019	\$ 198,890
Warrants payable									2,000,000			104,364	263,250	109,219	2,476,833
BAN payable															
Total Liabilities	\$ -	\$ -	\$ 50,389	\$ 457	\$ -	\$ -	\$ -	\$ 1,394	\$ 2,100,392	\$ 11,271	\$ 2,383	\$ 112,412	\$ 263,665	\$ 117,238	\$ 2,675,723
Fund Balances:															
Unreserved:															
Undesignated	1,548,426	829,758	(50,389)	(457)	155,899	-	23,268	(1,394)	(1,266,556)	148,662	(2,383)	(104,364)	(263,250)	(109,219)	908,583
Total Fund Balances	\$ 1,548,426	\$ 829,758	\$ (50,389)	\$ (457)	\$ 155,899	\$ -	\$ 23,268	\$ (1,394)	\$ (1,266,556)	\$ 148,662	\$ (2,383)	\$ (104,364)	\$ (263,250)	\$ (109,219)	\$ 908,583
Total Liabilities and Fund Balances	\$ 1,564,548	\$ 829,758	\$ -	\$ -	\$ 155,899	\$ -	\$ 23,268	\$ -	\$ 833,836	\$ 159,933	\$ -	\$ 8,048	\$ 415	\$ 8,019	\$ 3,584,306

TOWN OF HINGHAM

Combining Balance Sheet - Non-major Governmental Funds

June 30, 2008

Permanent Funds

Assets

	Permanent Trust Funds			Total
	Preservation Projects	Conservation	Town Funds	
Cash and equivalents	\$ 567,225	\$ 140,424	\$ 233,265	\$ 940,914
Investment securities at fair value	-	<u>5,478</u>	<u>821,610</u>	<u>827,088</u>
Total Assets	<u>\$ 567,225</u>	<u>\$ 145,902</u>	<u>\$ 1,054,875</u>	<u>\$ 1,768,002</u>

Liabilities and Fund Balances

	Permanent Trust Funds			Total
	Preservation Projects	Conservation	Town Funds	
Warrants payable	\$ -	\$ -	\$ 114	\$ 114
Total Liabilities	-	-	<u>114</u>	<u>114</u>
Fund Balances:				
Non-expendable permanent funds	-	20,000	15,000	35,000
Unreserved:				
Undesignated	<u>567,225</u>	<u>125,902</u>	<u>1,039,761</u>	<u>1,732,888</u>
Total Fund Balances	<u>567,225</u>	<u>145,902</u>	<u>1,054,761</u>	<u>1,767,888</u>
Total Liabilities and Fund Balances	<u>\$ 567,225</u>	<u>\$ 145,902</u>	<u>\$ 1,054,875</u>	<u>\$ 1,768,002</u>

TOWN OF HINGHAM

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

For the Year Ended June 30, 2008

	Preservation Projects	Conservation	Town Funds	Total
Revenues:				
Departmental and other income	\$ 501,178	\$ -	\$ 55,322	\$ 556,500
Investment income	<u>7,834</u>	<u>4,519</u>	<u>44,788</u>	<u>57,141</u>
Total Revenues	<u>509,012</u>	<u>4,519</u>	<u>100,110</u>	<u>613,641</u>
Expenditures:				
Current:				
Miscellaneous	<u>1,026</u>	<u>5,424</u>	<u>68,666</u>	<u>75,116</u>
Total Expenditures	<u>1,026</u>	<u>5,424</u>	<u>68,666</u>	<u>75,116</u>
Excess of Revenues Over (Under) Expenditures	<u>507,986</u>	<u>(905)</u>	<u>31,444</u>	<u>538,525</u>
Other Financing Sources (Uses):				
Transfers in	-	-	83,534	83,534
Transfers out	-	-	<u>(111,486)</u>	<u>(111,486)</u>
Total Net Other Financing Sources (Uses)	-	-	<u>(27,952)</u>	<u>(27,952)</u>
Net Change in Fund Balance	<u>507,986</u>	<u>(905)</u>	<u>3,492</u>	<u>510,573</u>
Fund Balances, Beginning of Year	<u>59,239</u>	<u>146,807</u>	<u>1,051,269</u>	<u>1,257,315</u>
Fund Balances, End of Year	<u>\$ 567,225</u>	<u>\$ 145,902</u>	<u>\$ 1,054,761</u>	<u>\$ 1,767,888</u>

TOWN OF HINGHAM

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

For the Year Ended June 30, 2008

	Sewer Maintenance Fund			
	Budgeted Amounts		Actual	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Amounts</u>	<u>Variance Over/(Under)</u>
Revenues:				
Real estate and personal property taxes, Motor vehicle and other excise taxes net of tax refunds	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Penalties and interest	-	-	-	-
Investment income	-	-	-	-
Other income	-	-	20,953	20,953
Charges for service	1,600,000	1,600,000	2,084,982	484,982
Intergovernmental	-	-	-	-
Total Revenues	<u>1,600,000</u>	<u>1,600,000</u>	<u>2,105,935</u>	<u>505,935</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Education	-	-	-	-
Public works	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Pension benefits	-	-	-	-
Group health insurance	-	-	-	-
Miscellaneous	-	-	-	-
Sewer	1,946,690	1,947,317	1,834,972	112,345
Debt service	109,247	109,247	72,076	37,171
Intergovernmental	-	-	-	-
State and county assessments	-	-	-	-
Total Expenditures	<u>2,055,937</u>	<u>2,056,564</u>	<u>1,907,048</u>	<u>149,516</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(455,937)</u>	<u>(456,564)</u>	<u>198,887</u>	<u>655,451</u>
Other Financing Sources (Uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total Other Financing Sources (Uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (455,937)</u>	<u>\$ (456,564)</u>	<u>\$ 198,887</u>	<u>\$ 655,451</u>

TOWN OF HINGHAM

Note to Supplementary Information

June 30, 2008

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

A. *Budgetary Information*

The annual budget for the sewer fund for fiscal year 2008 was approved and authorized for \$2,055,937. During fiscal year 2008 the Town approved supplemental appropriations totaling \$627.



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

Board of Selectmen
Town of Hingham
Hingham, Massachusetts

We have audited the financial statements of the Town of Hingham, Massachusetts, as of and for the year ended June 30, 2008, and have issued our report thereon dated December 15, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Selectmen and management of the Town of Hingham, Federal awarding agencies, and pass-through entities and is not intended to be, and should not be used by anyone other than these specified parties.


Certified Public Accountants

December 15, 2008

STATISTICAL SECTION

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

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the town's financial performance has changed over time.

REVENUE CAPACITY

These schedules contain information to help the reader assess the factors affecting the town's ability to generate its revenue.

DEBT CAPACITY

These schedules contain information to help the reader assess the affordability of the town's current levels of outstanding debt and the ability to issue new debt.

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

OPERATING INFORMATION

These schedules contain service data to help the reader understand how the information in the financial reports relates to services the town provides.

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

	Fiscal Year					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities						
Invested in capital assets, net of related debt	\$38,551,877	\$38,073,230	\$37,754,728	\$52,330,548	\$65,883,656	\$64,238,223
Restricted	10,805,608	9,182,662	616,664	1,104,659	1,339,197	1,775,597
Unrestricted	4,116,795	5,986,192	14,434,337	17,896,855	15,576,261	17,470,135
Total governmental activities net assets	<u>\$53,474,280</u>	<u>\$53,242,084</u>	<u>\$52,805,729</u>	<u>\$71,332,062</u>	<u>\$82,799,114</u>	<u>\$83,483,955</u>
Business-type Activities						
Invested in capital assets, net of related debt	\$7,264,723	\$20,526,999	\$7,514,483	\$7,620,461	\$7,704,708	\$8,000,511
Restricted	0	3,227,745	0	0	0	0
Unrestricted	727,371	6,583,349	524,218	285,439	(311,897)	(56,468)
Total business-type activities net assets	<u>\$7,992,094</u>	<u>\$30,338,093</u>	<u>\$8,038,701</u>	<u>\$7,905,900</u>	<u>\$7,392,811</u>	<u>\$7,944,043</u>
Primary government						
Invested in capital assets, net of related debt	\$45,816,600	\$58,600,229	\$45,269,211	\$59,951,009	\$73,588,364	\$72,238,734
Restricted	10,805,608	12,410,407	616,664	1,104,659	1,339,197	1,775,597
Unrestricted	4,844,166	12,569,541	14,958,555	18,182,294	15,264,364	17,413,667
Total primary government activities net assets	<u>\$61,466,374</u>	<u>\$83,580,177</u>	<u>\$60,844,430</u>	<u>\$79,237,962</u>	<u>\$90,191,925</u>	<u>\$91,427,998</u>

Note: Town implemented GASB 34 in Fiscal 2003 data relevant for this schedule is unavailable prior to that year.

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
General Government	\$ 3,171,254	\$ 3,863,297	\$ 3,778,376	\$ 3,760,874	\$ 5,624,069	\$ 5,830,597
Public safety	8,253,539	10,009,778	10,663,719	12,304,222	11,960,717	12,668,638
Education	33,974,567	35,386,466	38,635,348	42,805,299	43,304,982	45,982,757
Public Works	6,202,446	6,439,533	7,470,192	8,412,191	8,200,864	10,067,054
Group Health Insurance	2,085,192	2,502,730	2,752,529	3,289,713	3,317,028	3,430,971
Human Services	816,385	883,123	1,063,810	1,000,201	1,012,853	1,081,226
Culture and recreation	494,975	2,028,025	2,108,078	3,003,193	2,475,760	2,701,054
Pension benefits	2,125,349	-	-	-	-	-
Miscellaneous	1,800,341	2,404,699	3,045,493	-	-	-
Unallocated interest on long term debt	2,361,071	2,345,358	2,173,466	2,058,722	1,921,911	2,187,955
State and county charges	1,521,000	1,656,636	1,926,044	-	-	-
Total Governmental activities expenses	<u>62,806,119</u>	<u>67,519,645</u>	<u>73,617,055</u>	<u>76,634,415</u>	<u>77,818,184</u>	<u>83,950,252</u>
Business-type activities:						
Country Club	1,309,526	1,331,818	1,268,252	1,351,046	1,714,813	1,631,808
Total business-type activities expenses	<u>1,309,526</u>	<u>1,331,818</u>	<u>1,268,252</u>	<u>1,351,046</u>	<u>1,714,813</u>	<u>1,631,808</u>
Total primary government expenses	<u>\$ 64,115,645</u>	<u>\$ 68,851,463</u>	<u>\$ 74,885,307</u>	<u>\$ 77,985,461</u>	<u>\$ 79,532,997</u>	<u>\$ 85,582,060</u>
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 1,050,315	\$ 1,351,087	\$ 1,594,548	\$ 1,694,778	\$ 1,945,541	\$ 1,931,970
Public safety	-	1,682,616	2,277,532	2,129,662	1,454,445	1,428,864
Education	1,416,600	1,588,568	1,665,159	1,693,845	1,790,130	1,974,201
Public Works	1,672,788	1,697,531	1,474,903	1,696,892	1,835,713	2,092,231
Human Services	-	82,740	86,100	83,180	83,835	84,490
Operating grants and contributions	1,359,548	1,724,718	2,317,009	2,335,920	2,308,220	2,138,547
Capital grants and contributions	-	-	-	-	-	-
Total Governmental activities program revenues	<u>5,499,251</u>	<u>8,127,260</u>	<u>9,415,251</u>	<u>9,634,277</u>	<u>9,417,884</u>	<u>9,650,303</u>
Business-type activities:						
Charges for services:						
Country Club	1,559,811	1,555,091	1,520,687	1,527,265	1,516,724	1,653,287
Total business-type activities program revenues	<u>1,559,811</u>	<u>1,555,091</u>	<u>1,520,687</u>	<u>1,527,265</u>	<u>1,516,724</u>	<u>1,653,287</u>
Total primary government revenues	<u>\$ 7,059,062</u>	<u>\$ 9,682,351</u>	<u>\$ 10,935,938</u>	<u>\$ 11,161,542</u>	<u>\$ 10,934,608</u>	<u>\$ 11,303,590</u>
Net (Expense)/Revenue						
Governmental activities	(57,306,868)	(59,392,385)	(64,201,804)	(67,000,138)	(68,400,300)	(74,299,949)
Business-type activities	250,285	223,273	252,435	176,219	(198,089)	21,479
Total primary government net expense	<u>\$ (57,056,583)</u>	<u>\$ (59,169,112)</u>	<u>\$ (63,949,369)</u>	<u>\$ (66,823,919)</u>	<u>\$ (68,598,389)</u>	<u>\$ (74,278,470)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes	\$ 42,813,268	\$ 44,463,797	\$ 47,500,326	\$ 52,296,707	\$ 52,501,871	\$ 55,999,333
Licenses and fees	783,112	-	-	-	-	-
Unrestricted grants and contributions	12,163,587	12,717,178	14,108,355	12,111,270	13,456,536	15,401,426
Penalties and interest on taxes	284,557	335,005	340,133	347,513	385,993	303,699
Investment earnings	382,018	249,899	570,971	982,239	1,297,867	1,008,741
Miscellaneous	891,707	1,047,100	1,060,264	1,656,083	1,774,657	2,784,756
Resources expenses for component unit	(1,138,296)	-	-	-	-	-
Transfers	161,100	188,950	185,400	290,970	109,585	(203,650)
Total Governmental activities	<u>56,341,053</u>	<u>59,001,929</u>	<u>63,765,449</u>	<u>67,684,782</u>	<u>69,526,509</u>	<u>75,294,305</u>
Business-type activities:						
Country Club	-	-	-	-	-	-
Investment earnings	(17,097)	(60,441)	(24,272)	(18,050)	(10,900)	16,588
Transfers	(161,100)	(188,950)	(185,400)	(290,970)	(109,585)	203,650
Total business-type activities expenses	<u>(178,197)</u>	<u>(249,391)</u>	<u>(209,672)</u>	<u>(309,020)</u>	<u>(120,485)</u>	<u>220,238</u>
Total primary government	<u>\$ 56,162,856</u>	<u>\$ 58,752,538</u>	<u>\$ 63,555,777</u>	<u>\$ 67,375,762</u>	<u>\$ 69,406,024</u>	<u>\$ 75,514,543</u>
Changes in Net Assets						
Governmental activities	\$ (965,815)	\$ (390,456)	\$ (436,355)	\$ 684,644	\$ 1,126,209	\$ 994,356
Business-type activities	72,086	(26,118)	42,763	(132,801)	(318,574)	241,717
Total primary government	<u>\$ (893,727)</u>	<u>\$ (416,574)</u>	<u>\$ (393,592)</u>	<u>\$ 551,843</u>	<u>\$ 807,635</u>	<u>\$ 1,236,073</u>

Note: Town implemented GASB 34 in Fiscal 2003 data relevant for this schedule is unavailable prior to that year.

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

	Fiscal Year					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General fund						
Reserved	\$ 5,330,736	\$ 3,251,371	\$ 4,346,561	\$ 1,682,516	\$1,915,431	\$3,239,286
Unreserved	<u>4,431,052</u>	<u>5,760,866</u>	<u>4,662,890</u>	<u>7,900,614</u>	<u>6,416,619</u>	<u>5,645,425</u>
Total general fund	<u>\$ 9,761,788</u>	<u>\$ 9,012,237</u>	<u>\$ 9,009,451</u>	<u>\$ 9,583,130</u>	<u>\$ 8,332,050</u>	<u>\$ 8,884,711</u>
All Other Governmental Funds						
Reserved						
Unreserved, Reported in						
Special revenue funds	2,744,433	3,766,046	5,261,069	6,236,294	5,804,547	6,719,840
Capital project funds	2,148,526	937,214	(398,742)	199,093	(2,777,466)	(1,630,042)
Permanent funds	<u>424,639</u>	<u>1,228,031</u>	<u>1,015,406</u>	<u>905,556</u>	<u>1,257,315</u>	<u>1,767,888</u>
Total all other governmental funds	<u>\$ 5,317,598</u>	<u>\$ 5,931,291</u>	<u>\$ 5,877,733</u>	<u>\$ 7,340,943</u>	<u>\$ 4,284,396</u>	<u>\$ 6,857,686</u>

Note: Town implemented GASB 34 in Fiscal 2003 data relevant for this schedule is unavailable prior to that year.

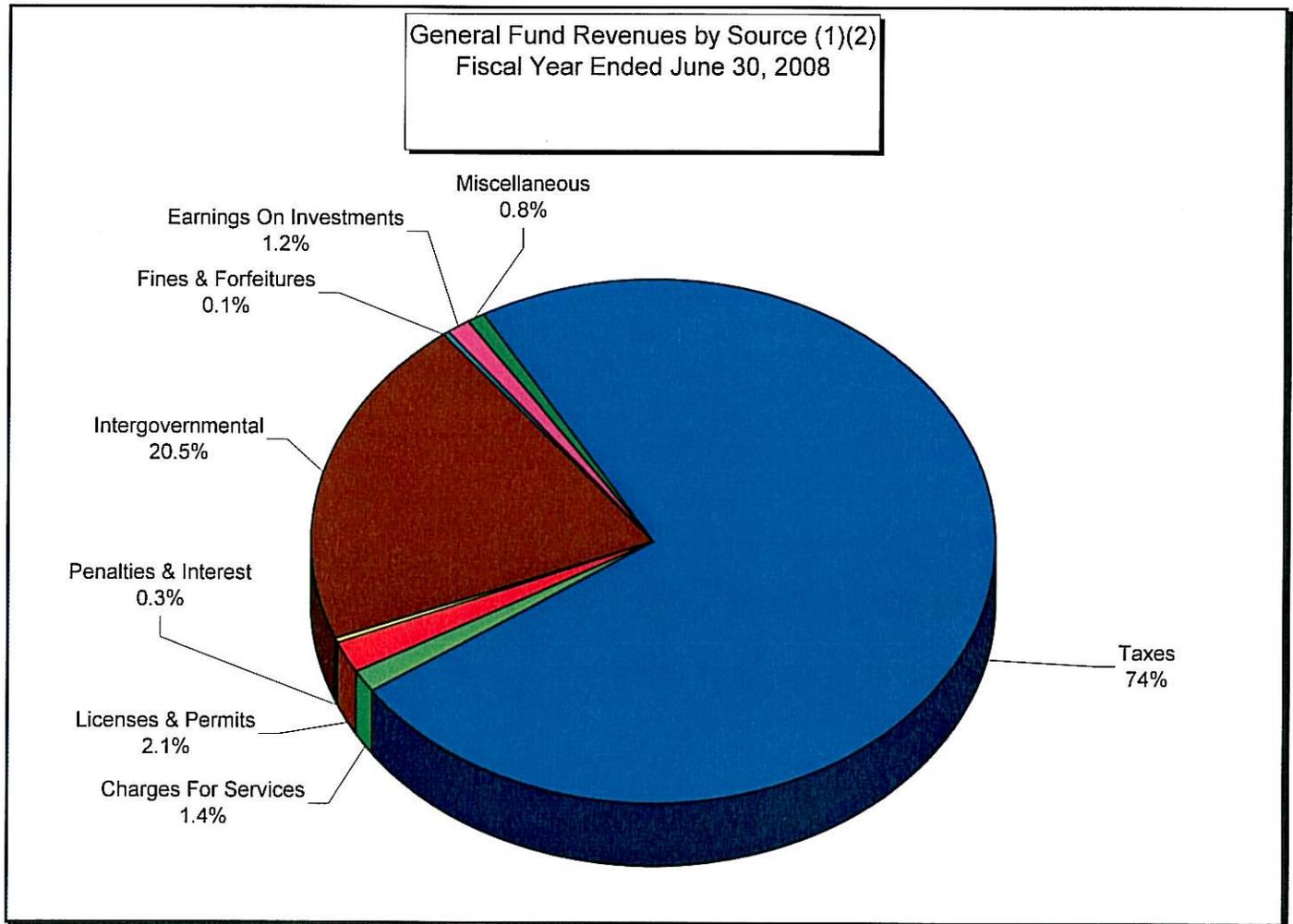
**TOWN OF HINGHAM
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST SIX FISCAL YEARS**

	FISCAL YEAR					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
REVENUES						
Taxes	\$ 42,913,930	\$ 45,732,781	\$ 48,094,223	\$ 51,523,864	\$ 53,645,306	\$ 57,314,221
Licenses and fees	783,112	1,841,699	2,443,941	2,306,958	1,629,756	1,606,900
Intergovernmental	13,922,750	14,258,972	16,143,996	16,178,632	17,999,121	19,916,398
Charges for services	3,558,155	3,825,415	4,092,192	4,018,802	3,622,749	4,344,359
Investment income	382,018	249,899	570,971	982,239	1,297,867	1,008,741
Other revenues	<u>2,112,186</u>	<u>2,273,472</u>	<u>2,395,302</u>	<u>3,425,582</u>	<u>4,159,838</u>	<u>4,891,394</u>
Total Revenues	<u>63,672,151</u>	<u>68,182,238</u>	<u>73,740,625</u>	<u>78,436,077</u>	<u>82,354,637</u>	<u>89,082,013</u>
EXPENDITURES						
General government	2,835,805	3,216,032	3,118,360	2,741,008	4,892,360	3,693,535
Public safety	8,241,068	8,493,836	9,223,025	10,095,403	10,482,700	10,823,407
Education	32,487,154	34,055,595	37,097,463	39,934,182	41,652,980	46,096,435
Public works	6,470,061	5,862,837	6,544,382	6,437,669	6,783,898	8,849,401
Human services	815,610	808,487	986,998	889,787	926,127	986,568
Culture and recreation	410,732	1,666,566	1,727,611	1,847,199	1,991,870	2,215,516
Pension benefits	2,125,349	2,206,705	2,290,770	2,587,077	2,667,706	2,725,478
Group health insurance	2,085,192	2,502,730	2,752,529	3,289,713	3,317,028	3,430,971
Miscellaneous	1,848,032	2,677,031	3,122,050	2,065,175	6,509,842	5,890,864
Intergovernmental	1,521,000	1,656,636	1,926,044	2,193,591	2,611,818	2,677,907
Debt service						
Principal	2,971,730	2,983,590	2,985,566	3,000,003	2,974,348	2,940,669
Interest	<u>2,401,441</u>	<u>2,377,001</u>	<u>2,207,571</u>	<u>2,088,551</u>	<u>1,961,172</u>	<u>2,015,523</u>
Total expenditures	<u>64,213,174</u>	<u>68,507,046</u>	<u>73,982,369</u>	<u>77,169,358</u>	<u>86,771,849</u>	<u>92,346,274</u>
Excess of revenues over (under) expenditures	\$ (541,023)	\$ (324,808)	\$ (241,744)	\$ 1,266,719	\$ (4,417,212)	\$ (3,264,261)
Ratio of Annual Debt Service to Expenditures	8.90%	8.60%	7.80%	7.20%	6.70%	6.30%
Other Financing Sources (Uses)						
Proceeds from borrowing	201,950			479,200		5,008,862
Transfers in	1,429,151	2,502,617	2,005,661	2,380,023	3,981,380	2,639,179
Transfers out	<u>(2,406,347)</u>	<u>(2,313,667)</u>	<u>(1,820,261)</u>	<u>(2,089,053)</u>	<u>(3,871,795)</u>	<u>(2,842,829)</u>
Total other financing sources (uses)	<u>(775,246)</u>	<u>188,950</u>	<u>185,400</u>	<u>770,170</u>	<u>109,585</u>	<u>4,805,212</u>
Net change in fund balances	<u>(1,316,269)</u>	<u>(135,858)</u>	<u>(56,344)</u>	<u>2,036,889</u>	<u>(4,307,627)</u>	<u>1,540,951</u>

Note: Town implemented GASB 34 in Fiscal 2003 data relevant for this schedule is unavailable prior to that year.

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

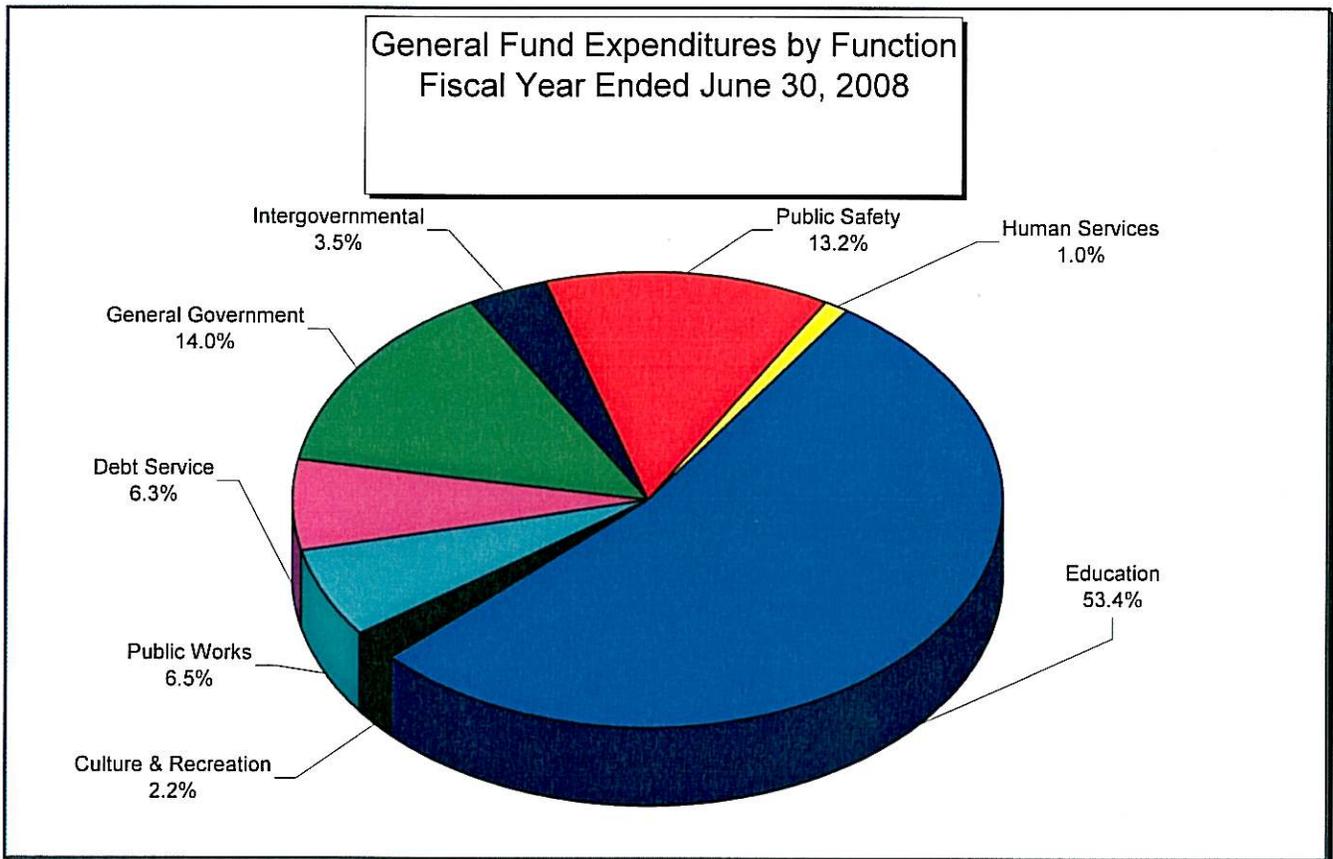
Fiscal Year Ended June 30	Taxes(3)	Charges For Services	Licenses & Permits	Inter-govern-Mental	Penalties & Interest	Fines & For- feitures	Earnings On Invest- Ments	Misc.	Total
1999	35,469	327	426	4,856	329	121	1,579	100	43,207
2000	37,433	368	573	5,679	240	108	1,294	287	45,980
2001	39,415	479	510	6,276	189	88	1,333	590	48,880
2002	41,693	608	668	8,714	241	80	1,193	280	53,476
2003	42,914	602	783	12,176	216	69	366	317	57,443
2004	45,733	643	1,842	11,724	214	120	239	315	60,829
2005	48,094	778	2,444	12,941	236	104	543	389	65,529
2006	51,524	937	2,307	13,337	258	88	933	900	70,284
2007	53,645	1,076	1,630	14,730	290	99	1,225	755	73,450
2008	57,314	1,073	1,607	15,980	226	78	946	630	77,854



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

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

<u>Fiscal Year Ended June 30</u>	<u>General Government(2)</u>	<u>Public Safety</u>	<u>Educa- tion</u>	<u>Public Works</u>	<u>Human Ser- vices</u>	<u>Culture & Recre- ation</u>	<u>Inter- govern- mental</u>	<u>Debt Ser- vice</u>	<u>Total</u>
1999	6,464	6,570	21,182	2,585	356	110	1,389	938	39,595
2000	6,816	7,291	22,548	3,867	367	129	1,411	2,339	44,768
2001	7,328	7,093	23,653	3,810	425	136	1,394	2,806	46,646
2002	7,292	7,385	25,190	3,811	526	174	1,364	4,137	49,879
2003	7,615	7,954	30,054	4,308	596	172	1,521	5,272	57,491
2004	8,030	7,996	31,204	4,050	594	1,344	1,657	5,141	60,014
2005	8,703	8,560	33,945	4,643	591	1,417	1,926	5,033	64,818
2006	9,640	9,400	36,272	4,097	641	1,437	2,194	4,934	68,615
2007	10,782	9,662	37,899	4,000	723	1,562	2,612	4,804	72,044
2008	10,698	10,061	40,751	4,947	754	1,685	2,678	4,809	76,383

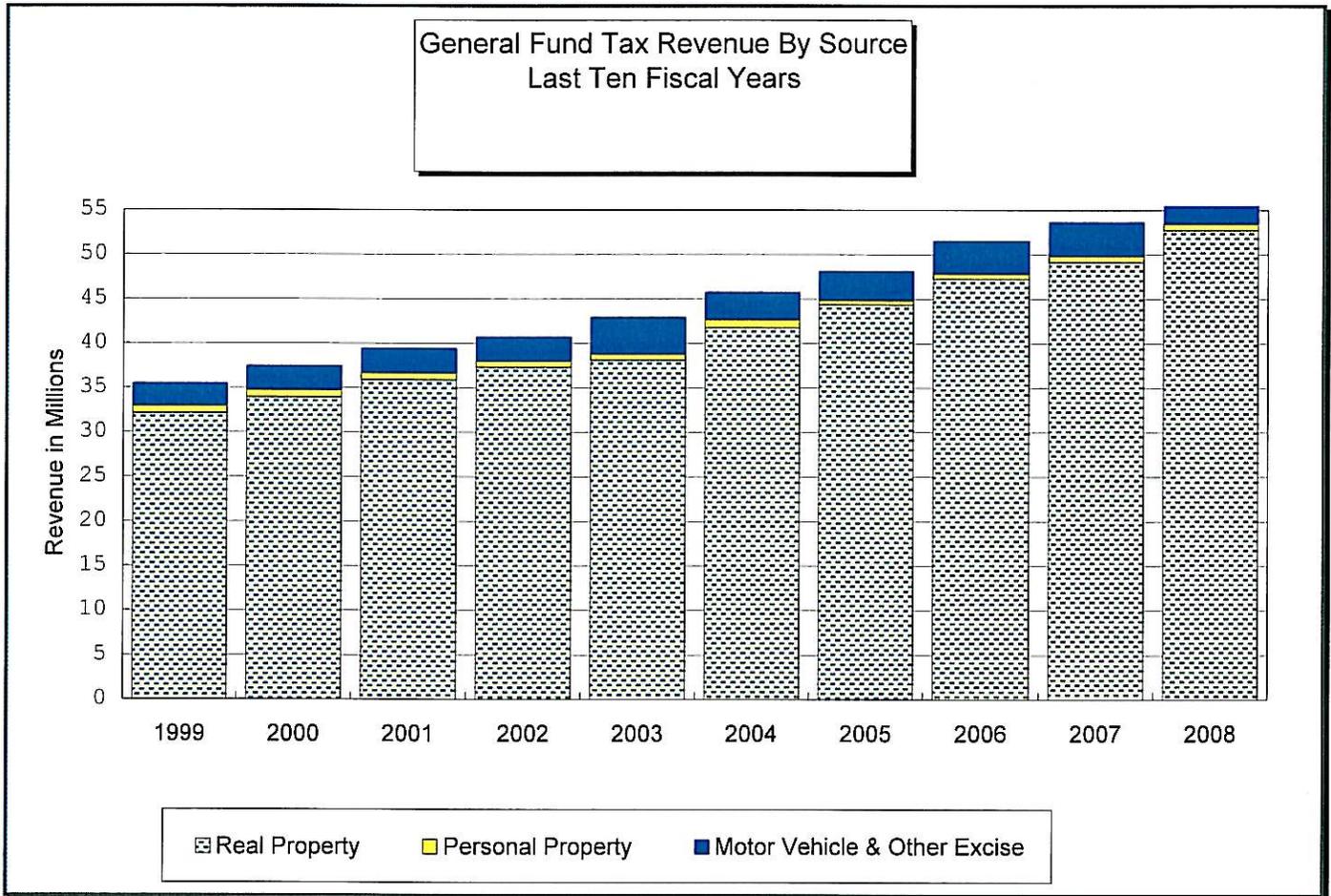


(1) All amounts in thousands (000's).

(2) Includes employee benefits and miscellaneous

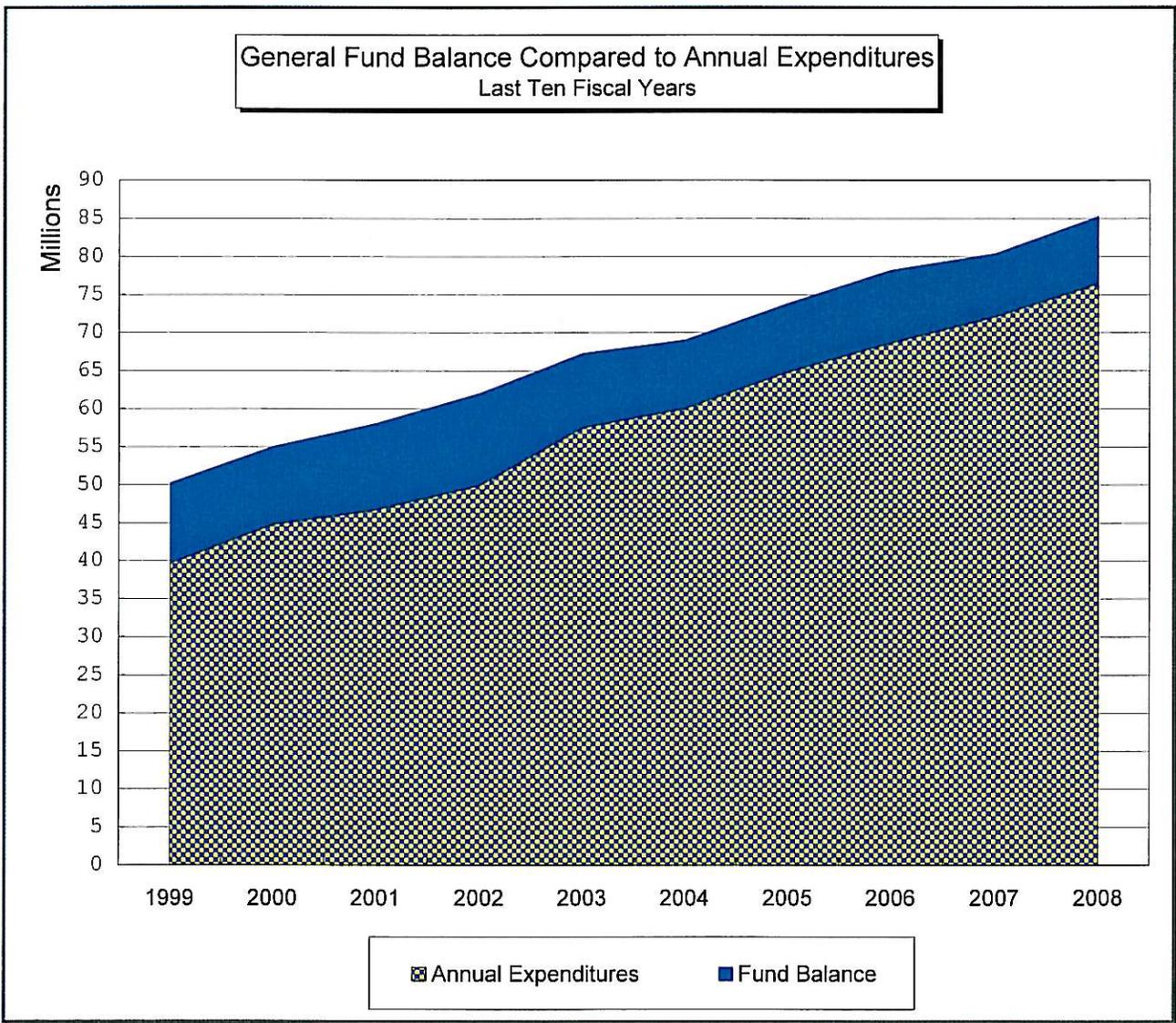
**TOWN OF HINGHAM
GENERAL FUND TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Real Property	Personal Property	Motor Vehicle & Other Excise	Total
1999	32,147,646	781,891	2,539,364	35,468,901
2000	33,915,720	782,741	2,734,172	37,432,633
2001	35,867,787	745,087	2,801,741	39,414,615
2002	37,309,524	625,711	2,783,268	40,718,503
2003	38,110,592	630,114	4,173,224	42,913,930
2004	41,723,063	874,984	3,134,734	45,732,781
2005	44,306,275	471,298	3,316,650	48,094,223
2006	47,196,123	599,809	3,727,932	51,523,864
2007	49,086,501	668,279	3,890,526	53,645,306
2008	52,729,826	690,885	3,893,511	57,314,222



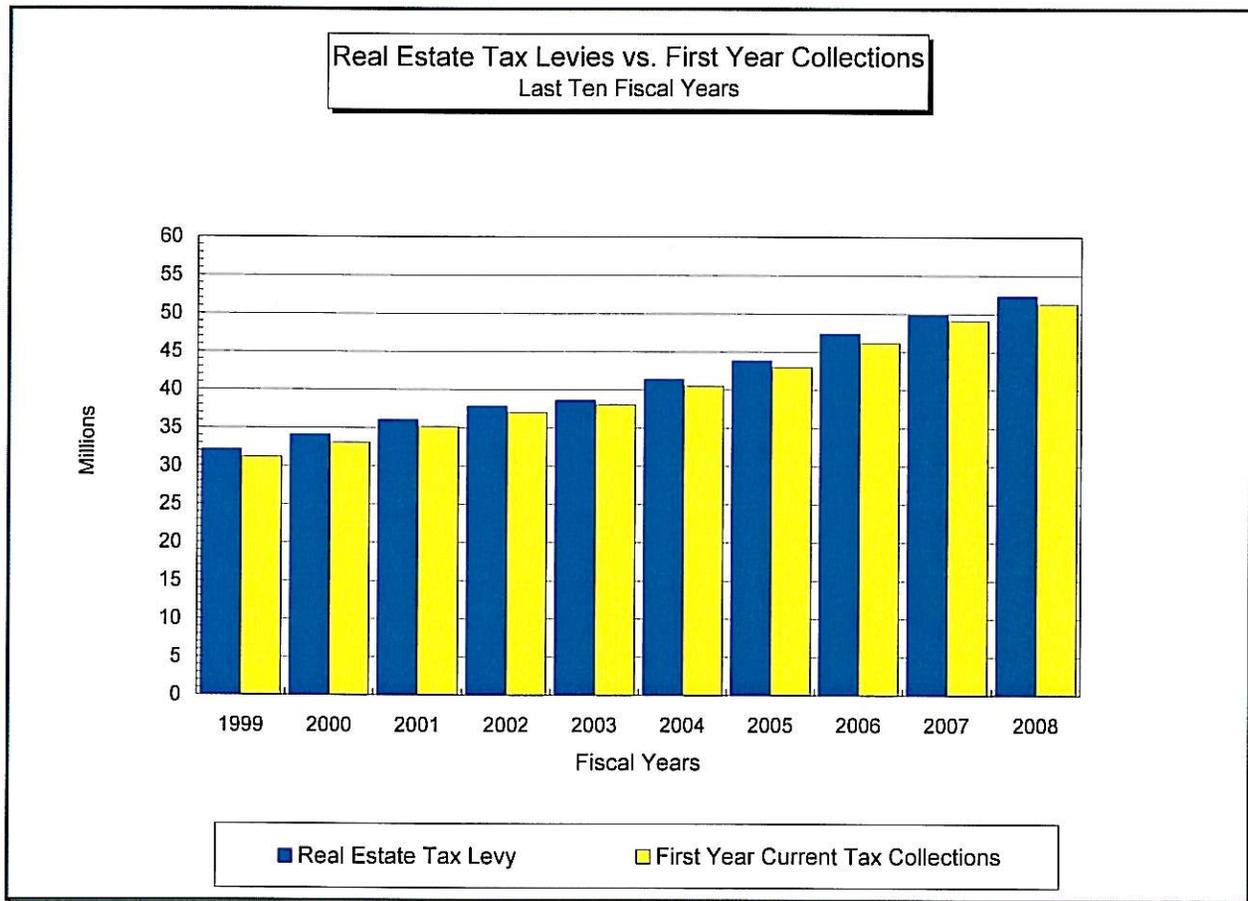
**TOWN OF HINGHAM
GENERAL FUND BALANCE COMPARED TO ANNUAL EXPENDITURES
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended June 30</u>	<u>Fund Balance</u>	<u>Annual Expenditures</u>	<u>Balance as % of Expenditures</u>
1999	10,593,275	39,594,671	26.75%
2000	10,238,139	44,767,581	22.87%
2001	11,387,861	46,645,766	24.41%
2002	12,158,407	49,879,152	24.38%
2003	9,761,788	57,490,513	16.98%
2004	9,012,237	60,014,608	15.02%
2005	9,009,451	64,818,332	13.90%
2006	9,583,130	68,614,807	13.97%
2007	8,332,050	72,043,499	11.57%
2008	8,884,711	76,382,718	11.63%



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

<u>Fiscal Year Ended June 30</u>	<u>Real Estate Tax Levy (1)</u>	<u>First Year Current Tax Collections (2)</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Levy Tax Collections</u>	<u>Total Tax Collections To Date</u>	<u>Percent of Levy Collected</u>
1999	32,181,705	31,154,307	96.8%	210,031	31,542,739	98.0%
2000	34,141,328	33,068,507	96.9%	200,031	33,548,483	98.3%
2001	36,110,458	35,156,713	97.4%	109,278	35,499,560	98.3%
2002	37,855,230	37,052,381	97.9%	126,626	37,209,987	98.3%
2003	38,634,634	38,052,681	98.5%	48,423	38,216,639	98.9%
2004	41,411,391	40,475,483	97.7%	109,179	40,751,178	98.4%
2005	43,844,609	42,972,135	98.0%	66,592	43,248,965	98.6%
2006	47,394,032	46,131,746	97.3%	149,335	46,545,277	98.2%
2007	49,861,711	49,102,357	98.5%	173,488	49,584,193	99.4%
2008	52,379,293	51,298,580	97.9%	27,937	51,717,429	98.7%

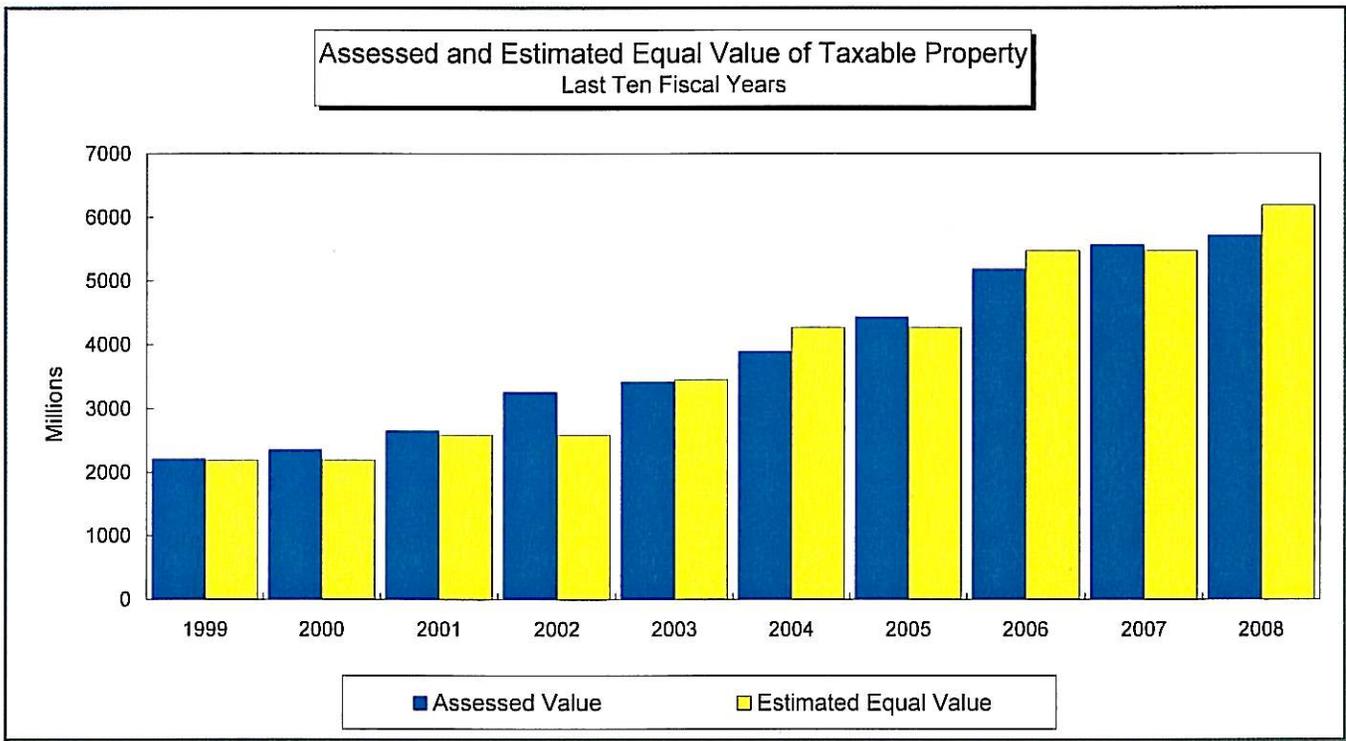


(1) Real Estate Tax Levy net of allowance for abatements and refunds.

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

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

<u>Fiscal Year Ended June 30</u>	<u>Assessed Value (1)</u>	<u>Estimated Equal Value (2)</u>	<u>As Of</u>	<u>Assessed Value to Estimated Equal Value</u>	<u>Direct Rate</u>
1999	2,213,907,480	2,191,461,700	01/01/1998	101.0%	14.74
2000	2,360,625,044	2,191,461,700	01/01/1998	107.7%	14.61
2001	2,654,902,440	2,588,869,000	01/01/2000	102.6%	13.75
2002	3,263,821,350	2,588,869,000	01/01/2000	126.1%	11.72
2003	3,416,302,980	3,449,880,000	01/01/2002	99.0%	11.47
2004	3,897,620,840	4,273,602,000	01/01/2004	91.2%	10.68
2005	4,436,551,270	4,273,602,000	01/01/2004	103.8%	9.96
2006	5,192,463,730	5,479,432,500	01/01/2006	94.8%	9.20
2007	5,572,597,140	5,479,432,500	01/01/2006	101.7%	9.00
2008	5,725,353,220	6,190,427,500	01/01/2008	92.5%	9.20



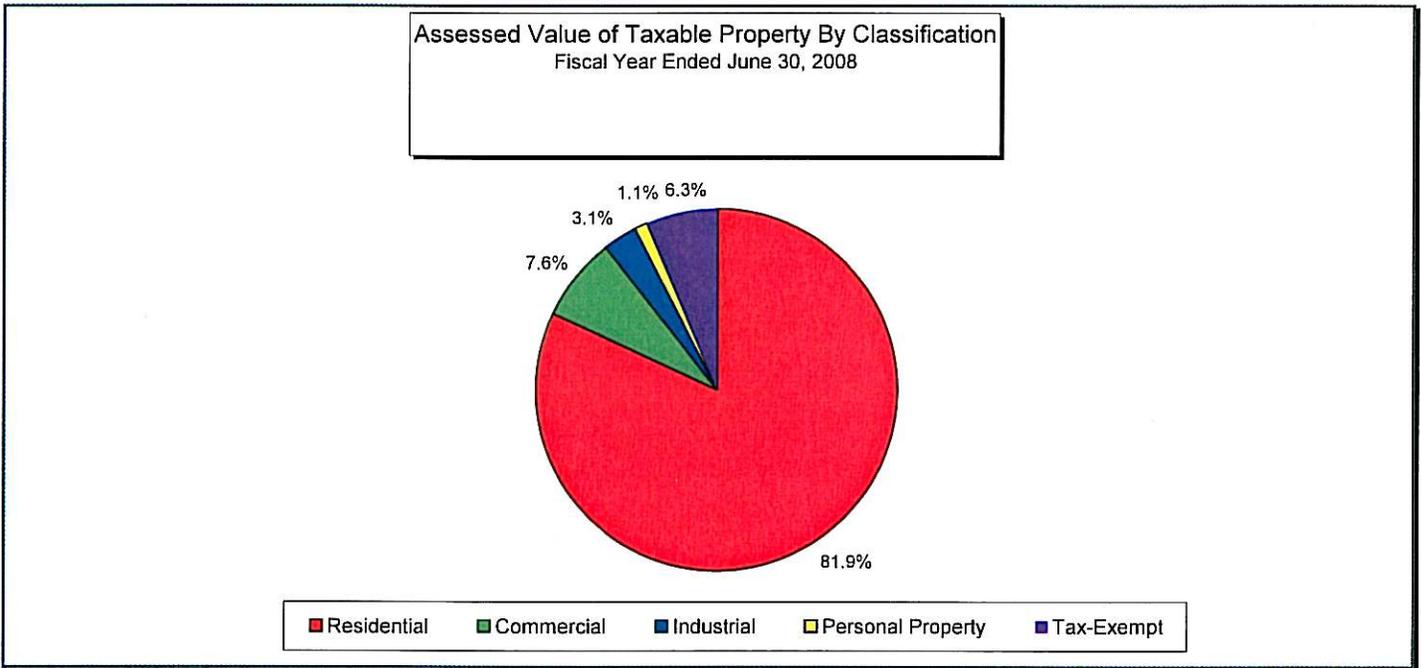
Source: Assessors Department, Town of Hingham

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

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

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

<u>Fiscal Year Ended June 30 (2)</u>	<u>Residential Valuation</u>	<u>Commercial Valuation</u>	<u>Industrial Valuation</u>	<u>Personal Property Valuation</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Valuation</u>
1999	1,859,786,771	186,650,447	114,350,482	53,119,780	310,077,300	1,903,830,180
2000	2,009,206,664	184,860,278	113,285,982	53,272,120	310,932,500	2,049,692,544
2001	2,291,626,641	195,458,633	113,038,026	54,779,140	312,071,400	2,342,831,040
2002	2,844,936,015	221,833,805	143,584,280	53,467,250	313,242,000	2,950,579,350
2003	2,968,345,775	244,125,645	149,690,680	54,140,880	314,993,100	3,101,309,880
2004	3,445,300,065	229,436,735	153,148,500	69,735,540	315,970,600	3,581,650,240
2005	3,968,827,225	247,289,457	158,456,758	61,977,830	315,475,400	4,121,075,870
2006	4,537,505,927	383,712,499	205,880,174	65,365,130	328,824,300	4,863,639,430
2007	4,880,457,430	423,901,180	193,763,390	74,475,140	333,520,000	5,239,077,140
2008	5,001,557,821	463,240,322	191,314,157	69,240,920	384,268,700	5,341,084,520
10 yr avg	\$3,380,755,033	\$278,050,900	\$153,651,243	\$60,957,373	\$323,937,530	\$3,549,477,019



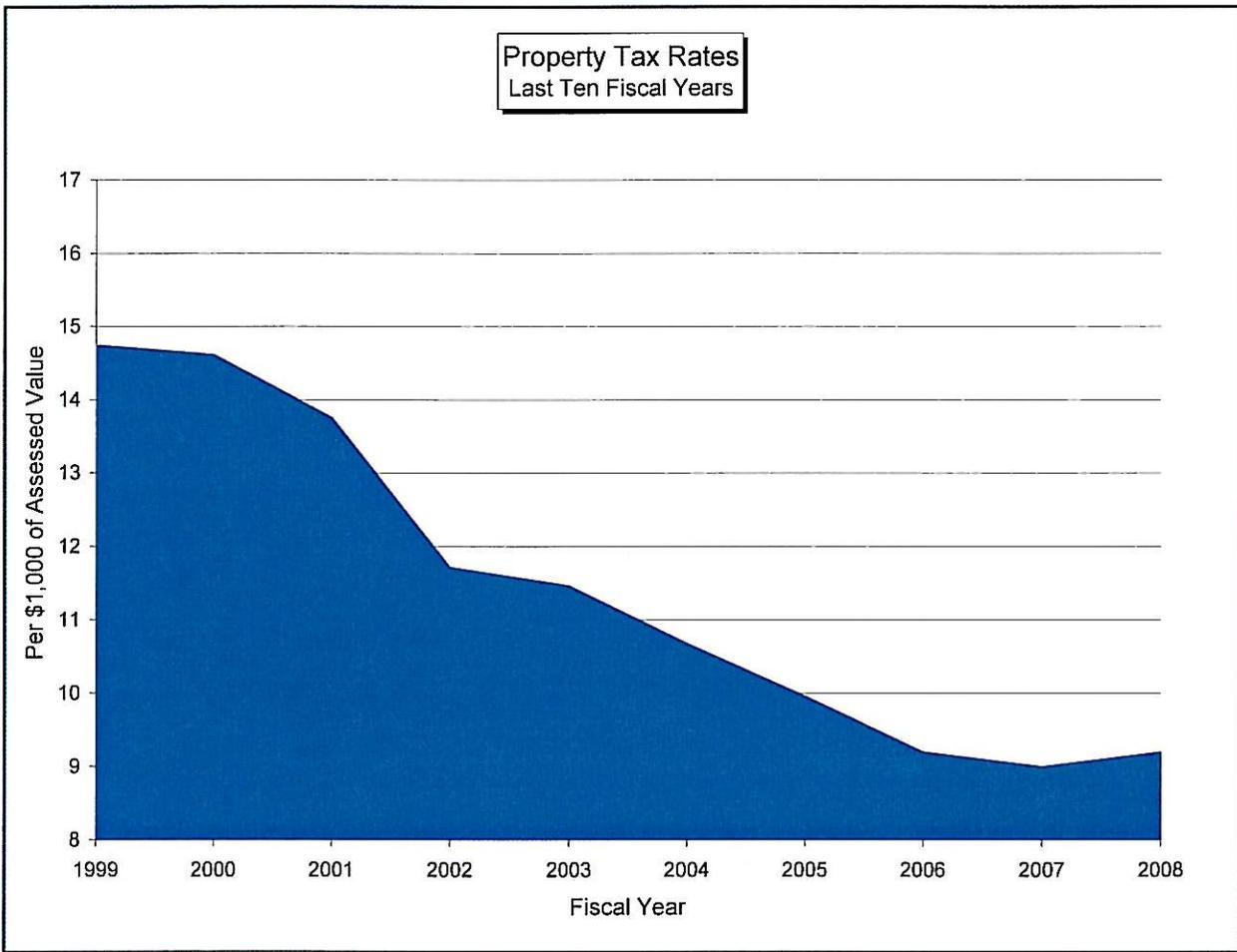
Source: Assessors Department, Town of Hingham

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

(2) Change in valuations caused by revaluation of taxable property as required by State statute every three years; 1993, 1996, 1999, 2002, 2005 and 2008.

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

Fiscal Year Ended June 30	Residential	Commercial (2)	Industrial (2)	Personal
1999	14.74	14.74	14.74	14.74
2000	14.61	14.61	14.61	14.61
2001	13.75	13.75	13.75	13.75
2002	11.72	11.72	11.72	11.72
2003	11.47	11.47	11.47	11.47
2004	10.68	10.68	10.68	10.68
2005	9.96	9.96	9.96	9.96
2006	9.20	9.20	9.20	9.20
2007	9.00	9.00	9.00	9.00
2008	9.20	9.20	9.20	9.20



SOURCE: Assessor's Department, Town of Hingham

(1) There are no property tax rates that apply to overlapping governments.

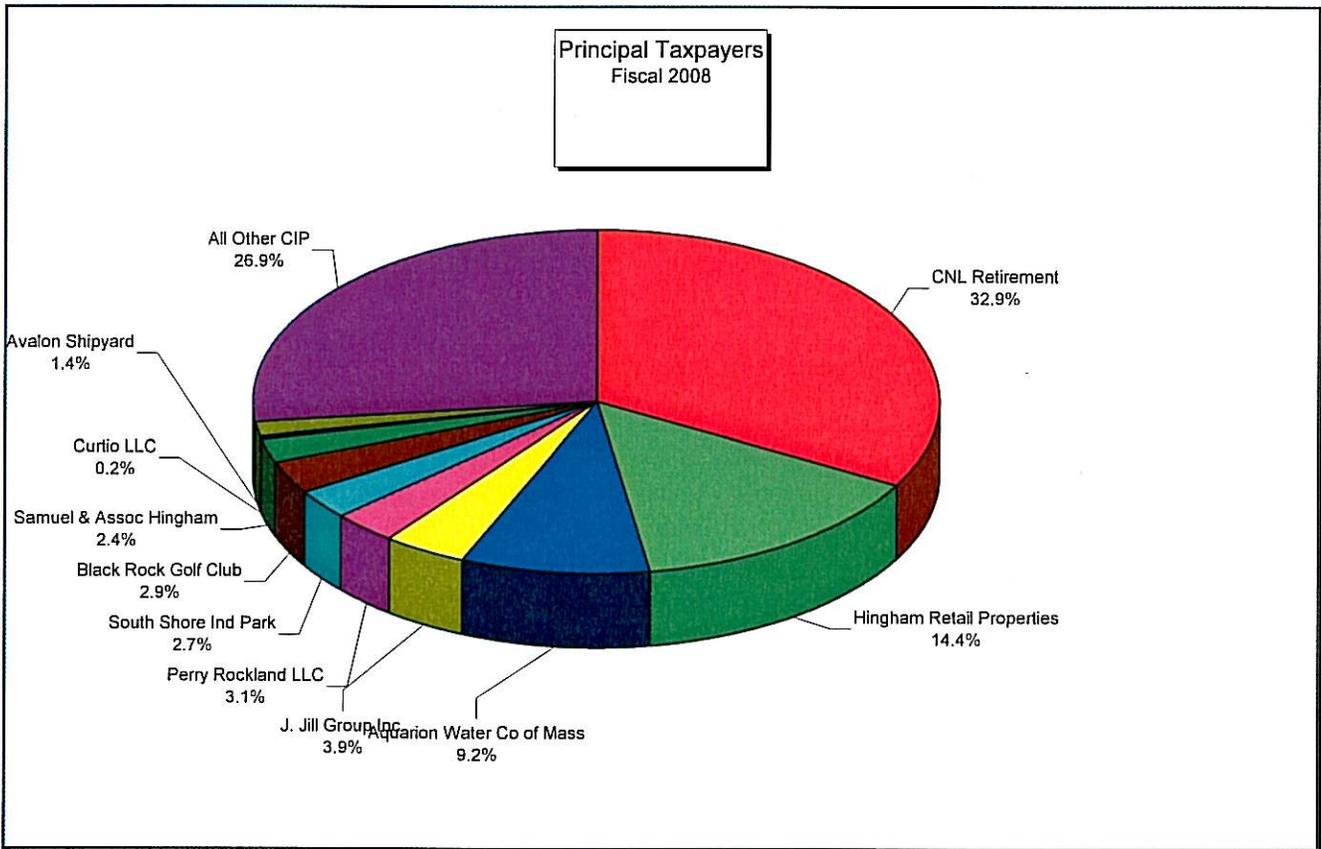
(2) Towns in Massachusetts are permitted to charge a higher rate for commercial and industrial properties; However, the Town of Hingham has always maintained a single rate structure.

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

2008

1999

Taxpayer	Type of Business	Valuation	% of		Taxpayer	Type of Business	Valuation
			CIP(2)	Levy(3)			
CNL Retirement	Housing	\$238,482,400	32.9%	4.2%	Mass American Water	Utility	\$40,281,150
Hingham Retail Properties	Mall	\$104,319,900	14.4%	1.8%	Nynex	Utility	\$13,584,700
Aquarion Water Co of Mass	Utilities	\$66,247,840	9.2%	1.2%	SS Industrial Park	Industrial Park	\$12,383,050
J. Jill Group Inc.	Retail	\$27,891,400	3.9%	0.5%	Thomas J. Flatley	Office Bldg.	\$12,105,300
Perry Rockland LLC	Office Building	\$22,428,300	3.1%	0.4%	FNB Boston Trustee	Mall	\$11,039,200
South Shore Ind Park	Land and Building	\$19,190,000	2.7%	0.3%	Hewitts Cove Realty	Shipyards	\$8,325,230
Black Rock Golf Club	Golf	\$21,101,200	2.9%	0.4%	Bare Cove Realty	Office Bldg.	\$9,662,200
Samuel & Assoc Hingham	Land	\$17,476,000	2.4%	0.3%	Talbots	Retail	\$10,209,720
Curtio LLC	Mall	\$14,638,200	2.0%	0.3%	Curtio LLC	Mall	\$8,330,270
Avalon Shipyards	Land	\$10,240,800	1.4%	0.2%	Derby Realty	Office Bldg.	\$6,610,700



(1) SOURCE: Assessor's Department, Town of Hingham
 (2) Total Commercial, Industrial & Personal Property(CIP) valuation \$723,795,399
 (3) Total valuation of all property \$5,725,353,220

TOWN OF HINGHAM
RATIOS OF OUTSTANDING DEBT AND GENERAL BONDED DEBT
LAST TEN FISCAL YEARS

Governmental Activities									
Fiscal Year	Population	Personal Income	Assessed Value	General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Assessed Value	
1999	20,165	\$840,940,995	\$2,213,907,480	\$13,546,249	-	\$672	1.61%	0.61%	
2000	20,954	\$873,844,662	\$2,360,625,044	\$11,801,795	-	\$563	1.35%	0.50%	
2001	20,762	\$865,837,686	\$2,654,902,440	\$11,091,207	-	\$534	1.28%	0.42%	
2002	20,762	\$865,837,686	\$3,263,821,350	\$53,302,405	-	\$2,567	6.16%	1.63%	
2003	20,898	\$871,509,294	\$3,416,302,980	\$50,486,385	-	\$2,416	5.79%	1.48%	
2004	20,720	\$864,086,160	\$3,897,620,840	\$47,439,157	-	\$2,290	5.49%	1.22%	
2005	20,872	\$870,425,016	\$4,436,551,270	\$44,388,652	-	\$2,127	5.10%	1.00%	
2006	21,095	\$879,724,785	\$5,192,463,730	\$41,850,720	-	\$1,984	4.76%	0.81%	
2007	21,275	\$887,231,325	\$5,572,597,140	\$38,788,259	-	\$1,823	4.37%	0.70%	
2008	21,978	\$916,548,534	\$5,725,353,220	\$40,741,181	-	\$1,854	4.45%	0.71%	

Business-type Activities(1)							Total Primary Government			
Fiscal Year	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value	Percentage of Personal Income	Percentage of Assessed Value		
1999	\$1,820,718	-	\$15,366,967	\$762	1.83%	0.69%	1.83%	0.69%		
2000	\$1,585,326	-	\$13,387,121	\$639	1.53%	0.57%	1.53%	0.57%		
2001	\$1,393,300	-	\$12,484,507	\$601	1.44%	0.47%	1.44%	0.47%		
2002	\$1,200,000	-	\$54,502,405	\$2,625	6.29%	1.67%	6.29%	1.67%		
2003	\$1,000,000	-	\$51,486,385	\$2,464	5.91%	1.51%	5.91%	1.51%		
2004	\$2,075,000	-	\$49,514,157	\$2,390	5.73%	1.27%	5.73%	1.27%		
2005	\$600,000	-	\$44,988,652	\$2,155	5.17%	1.01%	5.17%	1.01%		
2006	\$400,000	-	\$42,250,720	\$2,003	4.80%	0.81%	4.80%	0.81%		
2007	\$200,000	\$767,370	\$39,755,629	\$1,869	4.48%	0.71%	4.48%	0.71%		
2008	\$1,585,000	\$861,570	\$43,187,751	\$1,965	4.71%	0.75%	4.71%	0.75%		

(1) South Shore Country Club
Source: Audited Financial Statements, U.S.Census
Note: Used 1999 per capita income, no data available for later years.

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

	Fiscal Year									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Equalized value established January 1 by Comm of Mass.	\$ 2,191,460	\$ 2,191,460	\$ 2,588,860	\$ 2,588,860	\$ 3,449,880	\$ 4,273,600	\$ 4,273,600	\$ 5,479,433	\$ 5,479,433	\$ 6,190,427
Debt limit	\$ 109,573	\$ 109,573	\$ 129,443	\$ 129,443	\$ 172,494	\$ 213,680	\$ 213,680	\$ 273,972	\$ 273,972	\$ 309,521
Total net debt applicable to limit	<u>12,481</u>	<u>11,802</u>	<u>11,091</u>	<u>55,546</u>	<u>52,910</u>	<u>49,642</u>	<u>46,883</u>	<u>44,430</u>	<u>41,629</u>	<u>43,976</u>
Legal debt margin	<u>\$ 97,092</u>	<u>\$ 97,771</u>	<u>\$ 118,352</u>	<u>\$ 73,897</u>	<u>\$ 119,584</u>	<u>\$ 164,038</u>	<u>\$ 166,797</u>	<u>\$ 229,542</u>	<u>\$ 232,343</u>	<u>\$ 265,545</u>
Total net debt applicable to the limit as a percentage of debt limit	11.39%	10.77%	8.57%	42.91%	30.67%	23.23%	21.94%	16.22%	15.19%	14.21%

(Dollars in thousands)

(1) Massachusetts General Laws, Chapter 44, Section 10 states that a town shall not authorize indebtedness to an amount exceeding five percent (5%) of the town's equalized valuation as determined by the Commissioner of Revenue. As of June 30, 2008 the most recent valuation was as of Jan 1, 2008. A town may; however, borrow up to ten percent (10%) of such equalized valuation with the approval of the Emergency Finance Board established under Chapter 49 of the Acts of 1993.

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

TOWN OF HINGHAM
 COMPUTATION OF OVERLAPPING DEBT
 June 30, 2008

<u>Fiscal Year Ended June 30</u>	<u>Outstanding Long Term Debt</u>	<u>Hingham's Estimated Share (1)</u>	<u>2008 Dollar Assessment (2)</u>
Plymouth County (3)	\$0	N/A	\$86,756
MWRA (4)	\$3,718,957,000	0.361%	\$1,323,016
MBTA (5)			\$433,009

(1) Estimated share based upon operating expenses.

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

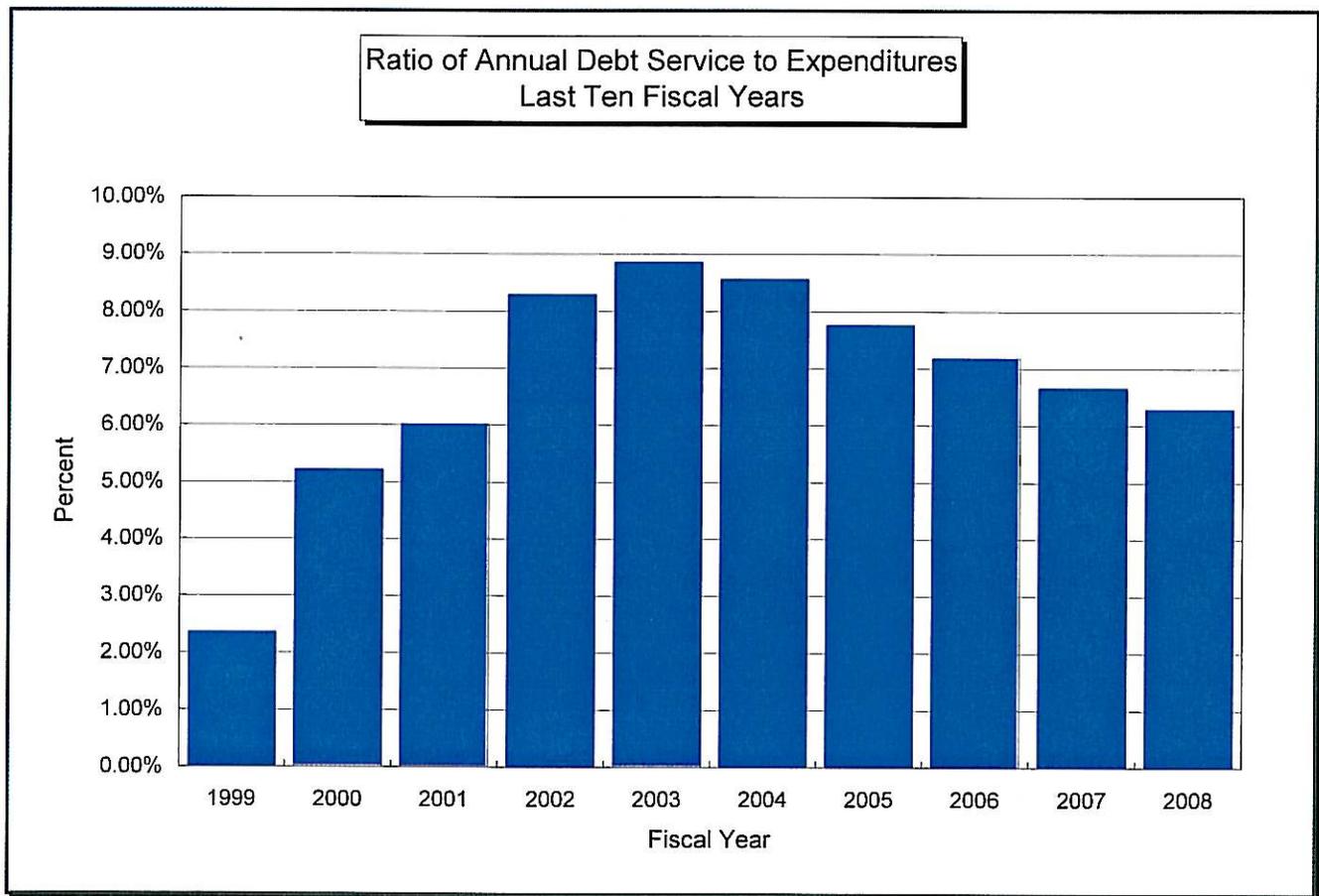
(3) Source: County Treasurer. County expenses, including debt service, are assessed upon the towns within the county in proportion to their taxable valuation.

(4) Source: Massachusetts Water Resources Authority (MWRA). Sewer debt only as of June 30, 2008. The MWRA provides water and sewer services to its member towns. Hingham is not a member of the MWRA water division as Hingham receives water from a private company.

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

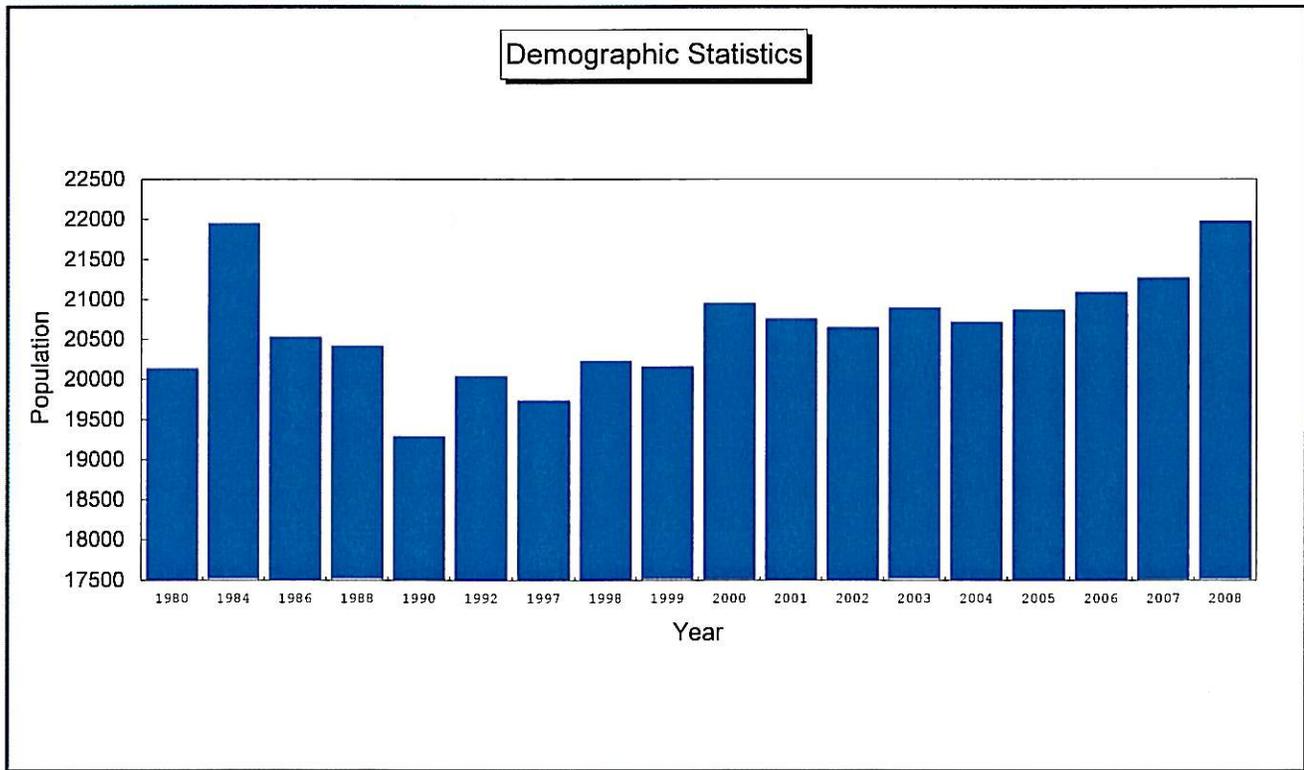
TOWN OF HINGHAM
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT
TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS

<u>Fiscal Year</u> <u>Year Ended</u> <u>Ended June 30</u>	<u>Annual Debt</u> <u>Service</u>	<u>Total General Fund</u> <u>Expenditures</u>	<u>Ratio of Annual</u> <u>Debt Service to</u> <u>Expenditures</u>
1999	938,151	39,594,671	2.4%
2000	2,338,791	44,767,581	5.2%
2001	2,805,734	46,645,766	6.0%
2002	4,137,257	49,879,152	8.3%
2003	5,271,866	59,490,513	8.9%
2004	5,140,505	60,014,608	8.6%
2005	5,033,606	64,818,332	7.8%
2006	4,933,631	68,614,807	7.2%
2007	4,804,214	72,043,499	6.7%
2008	4,809,000	76,382,718	6.3%



TOWN OF HINGHAM DEMOGRAPHIC STATISTICS

<u>Year</u>	<u>Town of Hingham Pop (1)</u>	<u>Plymouth County Pop (2)</u>	<u>Commonwealth of Mass Pop (2)</u>
1980	20,139	405,437	5,737,083
1984	21,950	417,328	5,798,000
1986	20,533	424,400	5,832,000
1988	20,421	430,900	5,890,000
1990	19,295	435,276	6,016,000
1992	20,044	439,653	5,998,000
1997	19,738	462,159	6,117,520
1998	20,235	467,588	6,144,407
1999	20,165	473,026	6,175,169
2000	20,954	472,822	6,349,097
2001	20,762	481,059	6,379,304
2002	20,654	474,200	6,421,800
2003	20,898	485,747	6,427,803
2004	20,720	487,521	6,433,422
2005	20,872	490,655	6,416,505
2006	21,095	492,409	6,398,743
2007	21,275	493,623	6,437,193
2008	21,978	490,258	6,449,755

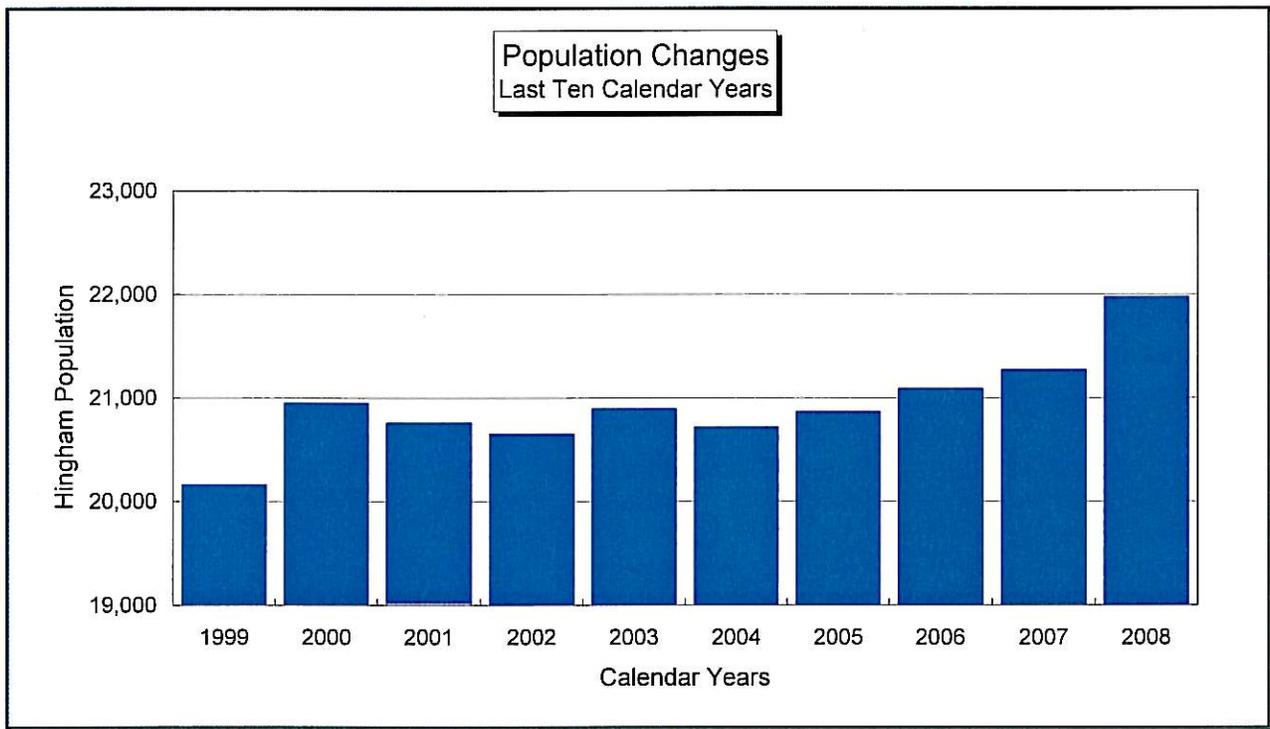


(1) Source:Hingham Town Clerk's Office.

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

TOWN OF HINGHAM
POPULATION CHANGES
LAST TEN CALENDAR YEARS

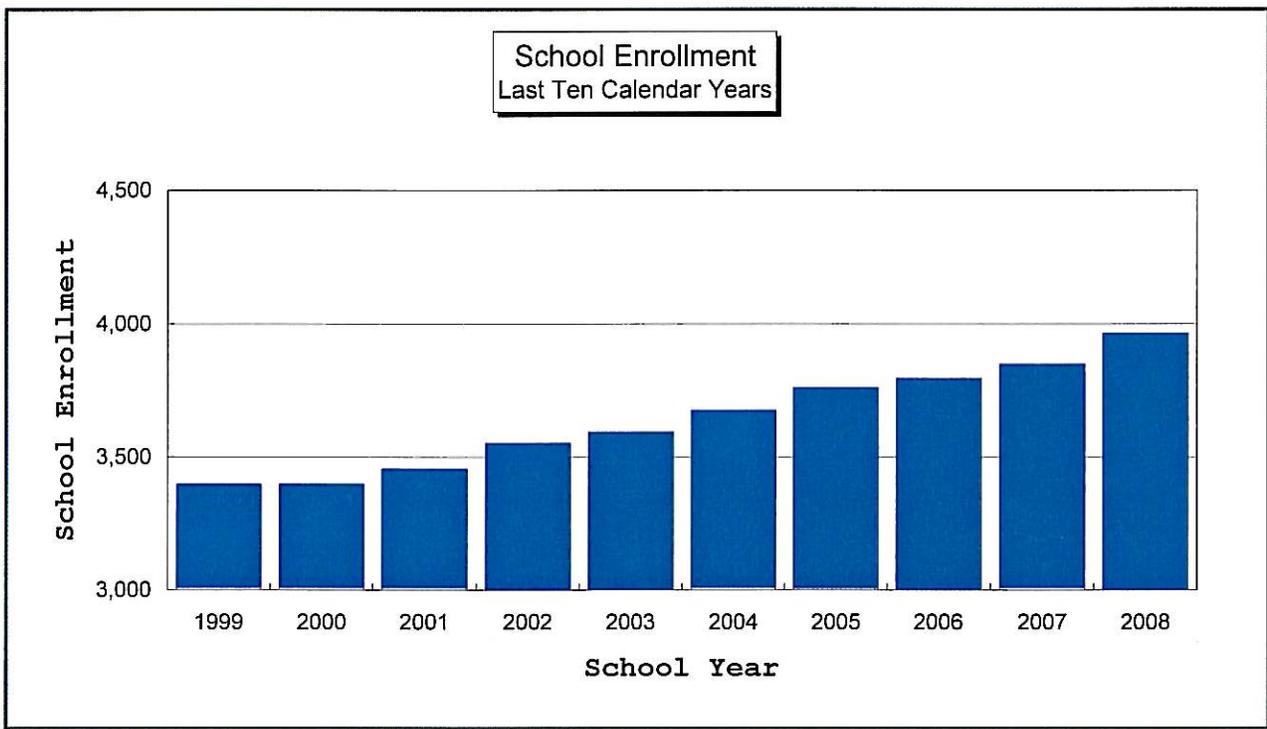
<u>Year</u>	<u>Population</u>	<u>Increase (Decrease)</u>
1999	20,165	(70)
2000	20,954	789
2001	20,762	(192)
2002	20,654	(108)
2003	20,898	244
2004	20,720	(178)
2005	20,872	152
2006	21,095	223
2007	21,275	180
2008	21,978	703



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

TOWN OF HINGHAM
SCHOOL ENROLLMENT STATISTICS
LAST TEN YEARS

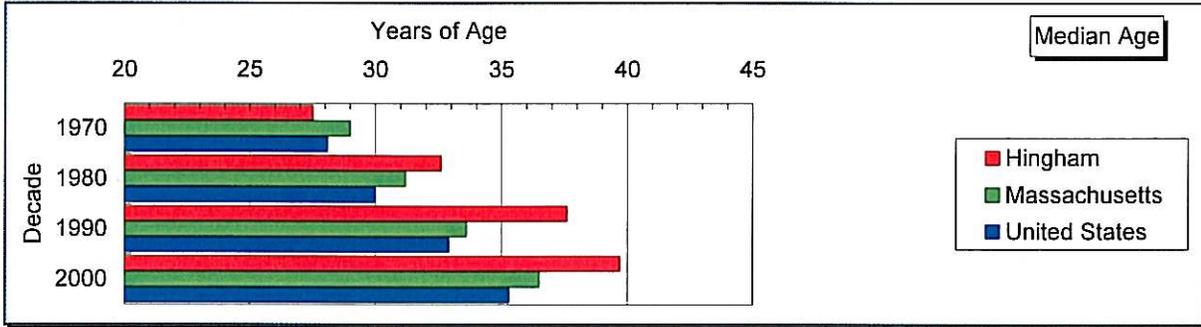
<u>School Year</u>	<u>School Enrollment</u>	<u>Increase (Decrease)</u>
1999	3,400	43
2000	3,400	0
2001	3,457	57
2002	3,554	97
2003	3,596	42
2004	3,678	82
2005	3,763	85
2006	3,796	33
2007	3,850	54
2008	3,966	116



Source: Hingham's School Business Administration Office

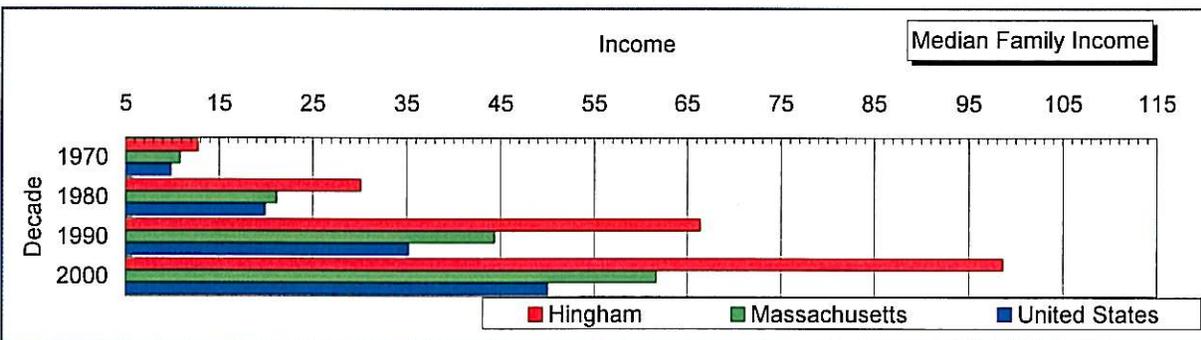
**TOWN OF HINGHAM
MEDIAN AGE, MEDIAN FAMILY INCOME
AND PER CAPITA INCOME**

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



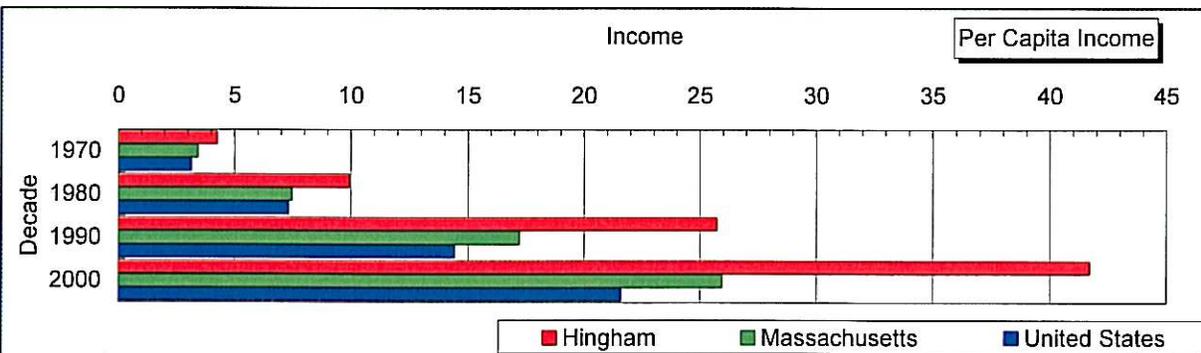
Median Family Income

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



Per Capita Income

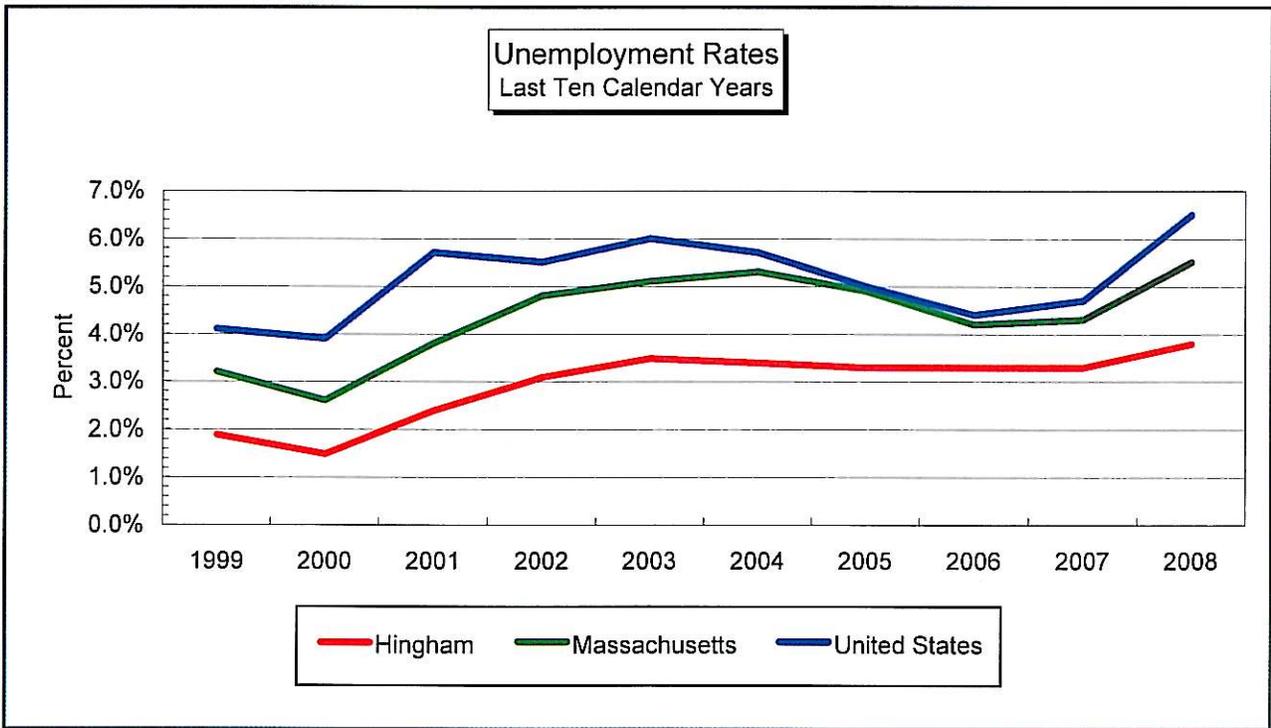
1970	\$4,251	\$3,425	\$3,139
1980	9,949	7,459	7,313
1990	25,726	17,224	14,420
2000	41,703	25,952	21,587



Source: Federal Bureau of the Census.

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

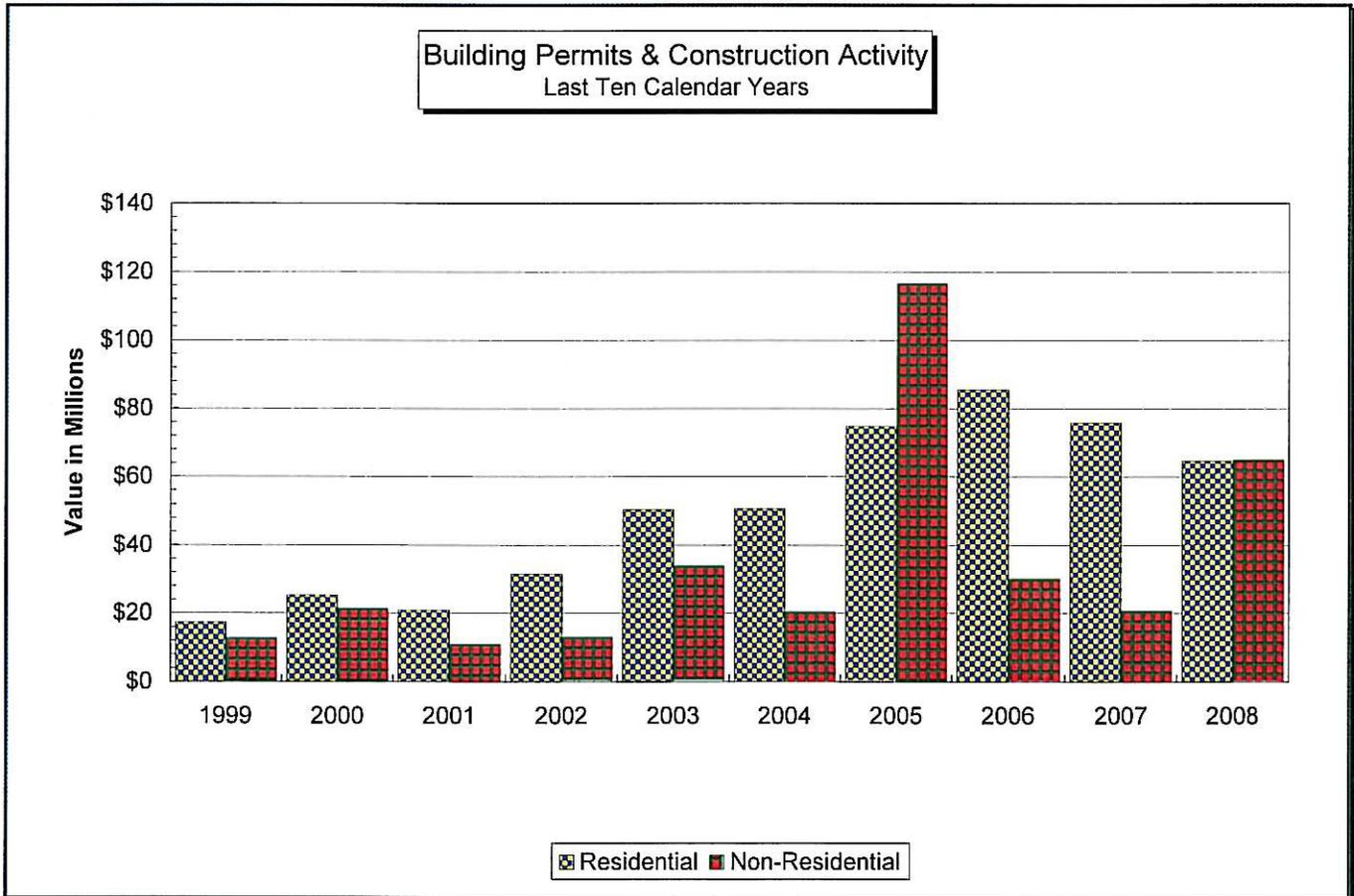
Year	Hingham (1)	Massachusetts (1)	United States (1)
1999	1.9%	3.2%	4.1%
2000	1.5%	2.6%	3.9%
2001	2.4%	3.8%	5.7%
2002	3.1%	4.8%	5.5%
2003	3.5%	5.1%	6.0%
2004	3.4%	5.3%	5.7%
2005	3.3%	4.9%	5.0%
2006	3.3%	4.2%	4.4%
2007	3.3%	4.3%	4.7%
2008	3.8%	5.5%	6.5%



(1) Source: Massachusetts Division of Employment and Training
(As of October, 2008)

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

<u>Year</u>	<u>Residential</u>		<u>Non-Residential</u>		<u>Total</u>
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	
1999	691	17,443,789	77	12,783,436	30,227,225
2000	617	25,369,117	152	21,452,362	46,821,479
2001	550	20,966,124	200	11,078,881	32,045,005
2002	629	31,516,573	221	13,121,122	44,637,695
2003	664	50,477,912	231	33,959,121	84,437,033
2004	626	50,729,984	311	20,509,704	71,239,688
2005	760	74,780,951	302	116,596,153	191,377,104
2006	687	85,518,014	292	30,130,645	115,648,659
2007	682	75,809,759	263	20,778,531	96,588,290
2008	752	64,635,923	307	65,018,772	129,654,695



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

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

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

2008

<u>Employer</u>	<u>Business</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total Employment</u>
Talbots	Retail Clothing	1,200	1	10.03%
Town of Hingham	Government	1,020	2	8.52%
Blue Cross/Blue Shield	Health Care	990	3	8.27%
Serono Laboratories	Bio-Technology	601	4	5.02%
Linden Ponds	Health Care	450	5	3.76%
Russ Electric	Manufacturing	300	6	2.51%
Stop & Shop	Retail	200	7	1.67%
Harbor House	Health Care	200	8	1.67%
Whole Foods	Retail	185	9	1.55%
Eat Well	Restaurant	170	10	1.42%

1999

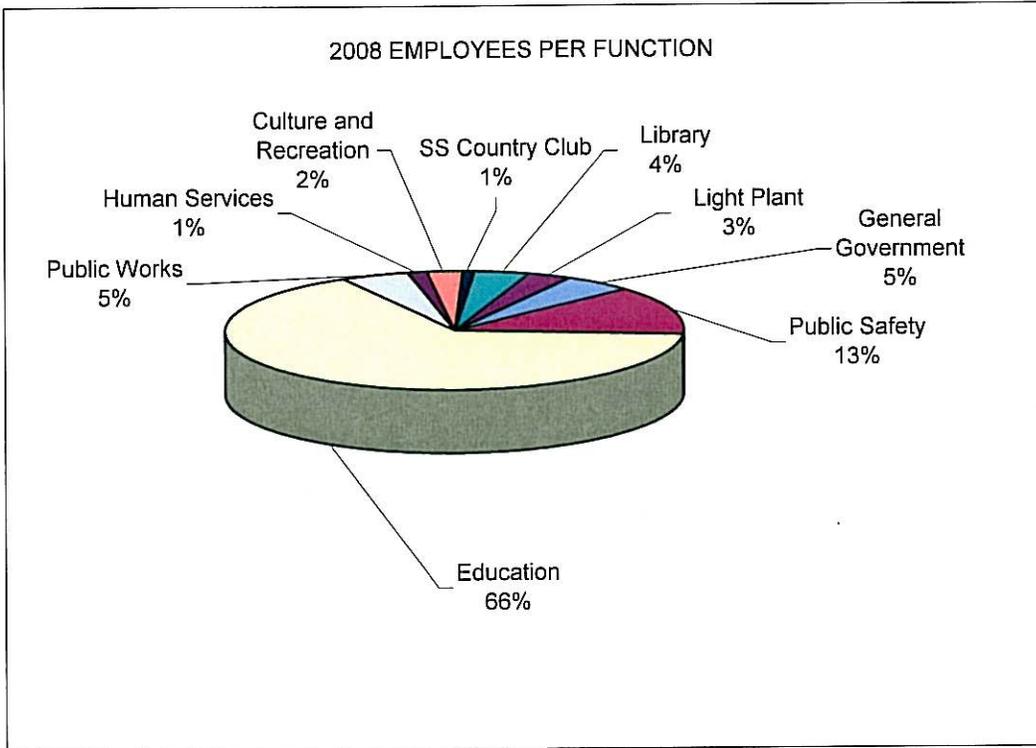
<u>Employer</u>	<u>Business</u>	<u>Employees</u>	<u>Rank</u>
Talbots	Retail Clothing	900	1
Town of Hingham	Government	565	2
Russ Electric	Manufacturing	300	3
Sager Electric	Electrical Equipment	250	4
Stop & Shop	Retail	209	5
Harbor House	Health Care	145	6
Building #19	Distribution Warehouse	85	7
Bradlees	Retail	80	8
Hingham Mutual Fire Insurance	Insurance	50	9
Hingham Bay Club	Restaurant	50	10

Source: Mass Division of Employment and Training
Town of Hingham Accounting Office

Note: Data for 1999 for total employment in the town is not available

TOWN OF HINGHAM
NUMBER OF EMPLOYEES
PER FUNCTION OF GOVERNMENT

	2008	2008	2007	2007
	# of	% of Total	# of	% of Total
	Employees	Employees	Employees	Employees
General Government	50	4.90%	42	4.32%
Public Safety	133	13.04%	122	12.55%
Education	670	65.69%	648	66.67%
Public Works	49	4.80%	48	4.94%
Human Services	14	1.37%	14	1.44%
Culture and Recreation	24	2.35%	25	2.57%
Business Activities				
SS Country Club	8	0.78%	5	0.51%
Component Unit				
Library	42	4.12%	41	4.22%
Light Plant	<u>30</u>	<u>2.94%</u>	<u>27</u>	<u>2.78%</u>
TOTAL EMPLOYEES	1020	100.00%	972	100.00%



Source: Town Accountant's Payroll Department

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