

TOWN OF HAMILTON, MASSACHUSETTS

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2021



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**TOWN OF HAMILTON, MASSACHUSETTS
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	12
STATEMENT OF ACTIVITIES	13
BALANCE SHEET — GOVERNMENTAL FUNDS	15
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — GOVERNMENTAL FUNDS	16
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TOTAL FUND BALANCE TO THE STATEMENT OF NET POSITION	17
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES	18
STATEMENT OF FUND NET POSITION — PROPRIETARY FUND	19
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION — PROPRIETARY FUND	20
STATEMENT OF CASH FLOWS — PROPRIETARY FUND	21
STATEMENT OF FIDUCIARY NET POSITION — FIDUCIARY FUNDS	22
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION — FIDUCIARY FUNDS	23
NOTES TO BASIC FINANCIAL STATEMENTS	24
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — GENERAL FUND — BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)	62
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — COMMUNITY PRESERVATION FUND — BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)	64
PENSION PLAN SCHEDULES	66
OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULES	67
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	68



INDEPENDENT AUDITORS' REPORT

Honorable Select Board
Town of Hamilton, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Hamilton, Massachusetts, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Hamilton, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Hamilton, Massachusetts, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2022, on our consideration of the Town of Hamilton, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Hamilton, Massachusetts' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Boston, Massachusetts
March 3, 2022

**TOWN OF HAMILTON, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

As management of the Town of Hamilton, Massachusetts (the Town), we offer readers of these financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2021.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$20,151,186 (net position). The Town had an unrestricted deficit at the end of the current fiscal year totaling \$7,255,559.
- The Town's total net position increased by \$2,864,929 in the current fiscal year.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$6,378,342, or 19.20% of total general fund expenditures and transfers out.
- The Town's total bonded debt decreased by \$1,178,241 during the fiscal year.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements, which consists of the following three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains required supplementary information in addition to the basic financial statements.

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

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

**TOWN OF HAMILTON, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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). Governmental activities include general government, public safety, education, public works, health and human services, culture and recreation and debt service (interest). Business-type activities include the water and waste removal operations.

The government-wide financial statements can be found on pages 12 through 14 of this report.

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

1. Governmental funds
2. Proprietary funds
3. Fiduciary funds

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

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 effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains 115 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the general fund and community preservation (special revenue) fund, which are considered to be major funds. Data from the other 113 governmental funds are combined into a single, aggregated presentation titled nonmajor governmental funds.

The basic governmental funds financial statements can be found on pages 15 through 18 of this report.

**TOWN OF HAMILTON, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Proprietary Funds. The Town maintains one type of proprietary fund.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its operations.

The water enterprise fund is considered to be a major fund.

The basic proprietary fund financial statements can be found on pages 19 through 21 of this report.

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

The other postemployment benefits trust fund and private-purpose trust funds are reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions "other postemployment benefits trust fund" and "private purpose trust funds", respectively.

The basic fiduciary fund financial statements can be found on pages 22 through 23 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-61 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information is the budget comparison for the general fund and community preservation fund and certain pension and other postemployment benefits information, which can be located on pages 62 through 69 of this report.

Government-Wide Financial Analysis

The following tables present current and prior year data on the government-wide financial statements.

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$20,151,186 at the close of the fiscal year and are summarized as follows:

**TOWN OF HAMILTON, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current Assets	\$ 16,307,039	\$ 13,994,536	\$ 2,992,865	\$ 3,359,334	\$ 19,299,904	\$ 17,353,870
Noncurrent Assets (Excluding Capital Assets)	366,170	403,673	-	-	366,170	403,673
Capital Assets (Net)	21,522,055	21,783,444	13,299,185	12,008,742	34,821,240	33,792,186
Total Assets	<u>38,195,264</u>	<u>36,181,653</u>	<u>16,292,050</u>	<u>15,368,076</u>	<u>54,487,314</u>	<u>51,549,729</u>
Deferred Outflows of Resources	<u>1,262,069</u>	<u>2,243,630</u>	<u>80,597</u>	<u>146,763</u>	<u>1,342,666</u>	<u>2,390,393</u>
Liabilities						
Current Liabilities (Excluding Debt)	1,289,974	920,117	1,318,254	132,932	2,608,228	1,053,049
Noncurrent Liabilities (Excluding Debt)	14,463,278	18,023,129	929,222	1,175,544	15,392,500	19,198,673
Current Debt	1,122,932	655,165	518,075	523,076	1,641,007	1,178,241
Noncurrent Debt	3,981,628	4,636,793	7,634,260	8,152,335	11,615,888	12,789,128
Total Liabilities	<u>20,857,812</u>	<u>24,235,204</u>	<u>10,399,811</u>	<u>9,983,887</u>	<u>31,257,623</u>	<u>34,219,091</u>
Deferred Inflows of Resources	<u>4,155,777</u>	<u>2,034,540</u>	<u>265,394</u>	<u>133,085</u>	<u>4,421,171</u>	<u>2,167,625</u>
Net Position						
Net Investment in Capital Assets	18,583,503	18,200,805	5,179,388	5,073,305	23,762,891	23,274,110
Restricted	3,643,854	4,224,920	-	-	3,643,854	4,224,920
Unrestricted	(7,783,613)	(10,270,186)	528,054	324,562	(7,255,559)	(9,945,624)
Total Net Position	<u>\$ 14,443,744</u>	<u>\$ 12,155,539</u>	<u>\$ 5,707,442</u>	<u>\$ 5,397,867</u>	<u>\$ 20,151,186</u>	<u>\$ 17,553,406</u>

The largest portion of the Town's net position reflects its investment in capital assets (e.g., land, intangible assets, construction in progress, improvements, buildings, machinery and equipment, vehicles, library books, software, and infrastructure); less any related outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used.

The Town has no unrestricted net position available for the support of governmental activities. Such resources have been consumed with the recognition of net pension and other postretirement benefit liabilities. The Town has \$528,054 that may be used to support business-type activities.

**TOWN OF HAMILTON, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Changes in Net Position

For the fiscal year ended June 30, 2021, the Town's total net position increased by \$2,864,929, compared to an increase of \$2,466,139 in the prior fiscal year. These amounts are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for Services	\$ 1,365,221	\$ 1,047,602	\$ 1,973,319	\$ 1,782,256	\$ 3,338,540	\$ 2,829,858
Operating Grants and Contributions	1,170,565	661,738	1,199	9,281	1,171,764	671,019
Capital Grants and Contributions	541,478	534,726	-	-	541,478	534,726
General Revenues:						
Real Estate and Personal Property Taxes	30,273,837	28,870,695	-	-	30,273,837	28,870,695
Motor Vehicle and Other Excise Taxes	1,204,237	1,168,124	-	-	1,204,237	1,168,124
Meals Tax	46,182	66,051	-	-	46,182	66,051
Penalties and Interest on Taxes	158,911	72,560	-	-	158,911	72,560
Payments in Lieu of Taxes	-	35,557	-	-	-	35,557
Community Preservation Surcharges	504,368	480,926	-	-	504,368	480,926
Grants and Contributions not Restricted to Specific Programs	851,383	862,526	-	-	851,383	862,526
Unrestricted Investment Income	429,602	109,346	-	-	429,602	109,346
Total Revenues	36,545,784	33,909,851	1,974,518	1,791,537	38,520,302	35,701,388
Expenses						
General Government	3,608,703	2,733,926	-	-	3,608,703	2,733,926
Public Safety	4,811,215	4,622,891	-	-	4,811,215	4,622,891
Education	20,766,120	19,184,238	-	-	20,766,120	19,184,238
Public Works	2,652,677	2,374,595	-	-	2,652,677	2,374,595
Health and Human Services	609,732	674,636	-	-	609,732	674,636
Culture and Recreation	1,787,082	1,942,624	-	-	1,787,082	1,942,624
Hamilton Development Corporation	50,000	74,880	-	-	50,000	74,880
Employee Benefits	-	-	-	-	-	-
Debt Service - Interest	102,956	118,884	-	-	102,956	118,884
Water	-	-	1,266,888	1,508,575	1,266,888	1,508,575
Total Expenses	34,388,485	31,726,674	1,266,888	1,508,575	35,655,373	33,235,249
Change in Net Position Before Transfers	2,157,299	2,183,177	707,630	282,962	2,864,929	2,466,139
Transfers, Net	381,653	249,680	(381,653)	(249,680)	-	-
CHANGE IN NET POSITION	2,538,952	2,432,857	325,977	33,282	2,864,929	2,466,139
Net Position - Beginning of Year, As Restated	11,904,792	9,722,682	5,381,465	5,364,585	17,286,257	15,087,267
NET POSITION - END OF YEAR	\$ 14,443,744	\$ 12,155,539	\$ 5,707,442	\$ 5,397,867	\$ 20,151,186	\$ 17,553,406

Governmental activities increased the Town's net position by \$2,538,952. In the prior year, governmental activities increased the Town's net position by \$2,432,857. The key elements of this change were increases in charges for services and operating grants and contributions from the previous year.

Business-type activities increased the Town's net position by \$325,977. In the prior year, business-type activities increased the Town's net position by \$33,282. The key elements of this change related to decreases in pension and other postemployment benefits expenses from the prior year.

**TOWN OF HAMILTON, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Fund Financial Statement Analysis

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

Governmental Funds

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balance of expendable resources. Such information is useful in assessing the Town's financing requirements.

At the end of the current fiscal year, the governmental funds reported combined ending fund balance totaling \$13,983,279, an increase of \$1,335,337 in comparison with the prior year. Approximately \$6,008,000 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable (\$299,782)
- Restricted (\$4,323,980)
- Committed (\$3,333,036)
- Assigned (\$18,469)

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund totaled \$6,378,342, while total fund balance was \$9,729,847. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents 19.20% of total general fund expenditures and transfers out, while total fund balance represents 29.28% of that same amount.

The balance of the Town's general fund increased by \$1,279,287 during fiscal year 2021. The Town recognized a budgetary surplus of approximately \$2,822,000 (excluding encumbrances and continuing appropriations) and utilized approximately \$1,975,000 of reserves to fund appropriations during fiscal year 2021.

Financial highlights of the Town's other major governmental fund is as follows:

The fund balance of the community preservation fund (special revenue) increased by \$325,556 during the current fiscal year. The fund recognized \$505,401 in surcharges, \$137,651 in intergovernmental revenue, and \$541 of investment income. Expenditures and transfers out of \$118,037 and \$200,000, respectively, were incurred during the fiscal year.

Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

**TOWN OF HAMILTON, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Unrestricted net position of the water enterprise fund at the end of the year amounted to \$528,054. The water fund had an increase in net position for the year of \$325,977. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

The original general fund budget totaled \$34,128,840. During the year, appropriations were increased by \$612,291 for various purposes.

During the year, general fund revenues exceeded budgetary estimates and expenditures and encumbrances and continuing appropriations were less than budgetary estimates, resulting in a positive budget to actual variance of approximately \$2,162,000. Encumbrances and continuing appropriations totaled \$659,671 at year-end.

Capital Asset and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental and business type activities at the end of the fiscal year totaled \$34,821,240 (net of accumulated depreciation). This investment in capital assets includes land, intangible assets, improvements, buildings, machinery and equipment, vehicles, library books, software, infrastructure and construction in progress. The total increase in the investment in capital assets for the current fiscal year totaled \$1,029,054 or 3.05%.

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

- Streets, sidewalks, and other infrastructure (\$909,000)
- Patton Homestead improvements (\$91,000)
- Water mains infrastructure (\$1,559,000)

The following table summarizes the Town's capital assets (net of accumulated depreciation):

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,373,848	\$ 2,373,848	\$ 283,912	\$ 283,912	\$ 2,657,760	\$ 2,657,760
Intangible Assets	1,750,000	1,750,000	-	-	1,750,000	1,750,000
Land Improvements	2,767,863	2,807,797	-	-	2,767,863	2,807,797
Buildings	7,160,673	7,492,320	2,163,662	2,014,954	9,324,335	9,507,274
Machinery and Equipment	926,372	1,073,854	6,044	10,565	932,416	1,084,419
Vehicles	1,072,124	1,189,952	63,201	86,048	1,135,325	1,276,000
Infrastructure	4,504,452	3,754,452	10,682,141	9,423,413	15,186,593	13,177,865
Construction in Progress	966,723	1,341,221	100,225	189,850	1,066,948	1,531,071
Total Capital Assets	<u>\$ 21,522,055</u>	<u>\$ 21,783,444</u>	<u>\$ 13,299,185</u>	<u>\$ 12,008,742</u>	<u>\$ 34,821,240</u>	<u>\$ 33,792,186</u>

Additional information on the Town's capital assets can be found in Note 5 of this report.

**TOWN OF HAMILTON, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$12,789,128, which is backed by the full faith and credit of the Town and consists entirely of general obligation bonds.

The Town's total bonded debt decreased by \$1,178,241 during the current fiscal year. No new long-term debt was issued during the fiscal year.

Additional information on the Town's long-term debt can be found in Note 10 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town Hall, 577 Bay Road, Hamilton, Massachusetts 01936.

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**TOWN OF HAMILTON, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hamilton Development Corporation
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 6,902,032	\$ 1,292,237	\$ 8,194,269	\$ -
Restricted Cash and Cash Equivalents	3,825,140	1,232,538	5,057,678	598,137
Investments	3,673,409	-	3,673,409	-
Restricted Investments	517,318	-	517,318	-
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate and Personal Property Taxes	455,585	-	455,585	-
Tax and Utility Liens	106,763	11,868	118,631	-
Motor Vehicle and Other Excise Taxes	110,522	-	110,522	-
Community Preservation Surcharges	6,829	-	6,829	-
Water Charges	-	456,222	456,222	-
Departmental and Other	12,902	-	12,902	-
Intergovernmental	696,539	-	696,539	-
Total Current Assets	<u>16,307,039</u>	<u>2,992,865</u>	<u>19,299,904</u>	<u>598,137</u>
Noncurrent Assets:				
Real Estate Tax Deferrals	4,182	-	4,182	-
Tax Foreclosures	361,988	-	361,988	-
Capital Assets Not Being Depreciated	5,090,571	384,137	5,474,708	-
Capital Assets, Net of Accumulated Depreciation	<u>16,431,484</u>	<u>12,915,048</u>	<u>29,346,532</u>	<u>-</u>
Total Noncurrent Assets	<u>21,888,225</u>	<u>13,299,185</u>	<u>35,187,410</u>	<u>-</u>
Total Assets	<u>38,195,264</u>	<u>16,292,050</u>	<u>54,487,314</u>	<u>598,137</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to OPEB	264,060	16,863	280,923	-
Related to Pensions	998,009	63,734	1,061,743	-
Total Deferred Outflows of Resources	<u>1,262,069</u>	<u>80,597</u>	<u>1,342,666</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Warrants Payable	554,329	48,700	603,029	200
Accrued Payroll	228,272	11,483	239,755	-
Tax Refunds Payable	232,826	-	232,826	-
Other Liabilities	14,777	-	14,777	1,815
Accrued Interest	27,947	52,833	80,780	-
Capital Lease Obligations	49,868	-	49,868	-
Advance Deposits	147,534	-	147,534	-
Compensated Absences	34,421	5,238	39,659	-
Short-Term Notes Payable	467,767	1,200,000	1,667,767	-
Long-Term Bonds and Notes Payable	655,165	518,075	1,173,240	-
Total Current Liabilities	<u>2,412,906</u>	<u>1,836,329</u>	<u>4,249,235</u>	<u>2,015</u>
Noncurrent Liabilities:				
Capital Lease Obligations	341,108	-	341,108	-
Compensated Absences	309,788	47,141	356,929	-
Net OPEB Liability	3,638,648	232,370	3,871,018	-
Net Pension Liability	10,173,734	649,711	10,823,445	-
Long-Term Bonds and Notes Payable	3,981,628	7,634,260	11,615,888	-
Total Noncurrent Liabilities	<u>18,444,906</u>	<u>8,563,482</u>	<u>27,008,388</u>	<u>-</u>
Total Liabilities	<u>20,857,812</u>	<u>10,399,811</u>	<u>31,257,623</u>	<u>2,015</u>
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB	3,158,199	201,687	3,359,886	-
Related to Pensions	997,578	63,707	1,061,285	-
Total Deferred Inflows of Resources	<u>4,155,777</u>	<u>265,394</u>	<u>4,421,171</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	18,583,503	5,179,388	23,762,891	-
Restricted for:				
Community Preservation	973,652	-	973,652	-
Affordable Housing	1,031,321	-	1,031,321	-
Permanent Funds:				
Expendable	327,002	-	327,002	-
Nonexpendable	299,782	-	299,782	-
Other Specific Purposes	1,012,097	-	1,012,097	-
Unrestricted	(7,783,613)	528,054	(7,255,559)	596,122
Total Net Position	<u>\$ 14,443,744</u>	<u>\$ 5,707,442</u>	<u>\$ 20,151,186</u>	<u>\$ 596,122</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF HAMILTON, MASSACHUSETTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT					
Governmental Activities:					
General Government	\$ 3,608,703	\$ 181,637	\$ 737,179	\$ -	\$ (2,689,887)
Public Safety	4,811,215	762,674	71,270	-	(3,977,271)
Education	20,766,120	-	-	-	(20,766,120)
Public Works	2,652,677	134,358	29,743	541,478	(1,947,098)
Health and Human Services	609,732	52,218	87,139	-	(470,375)
Culture and Recreation	1,787,082	234,334	245,234	-	(1,307,514)
Hamilton Development Corporation	50,000	-	-	-	(50,000)
Debt Service-Interest	102,956	-	-	-	(102,956)
Total Governmental Activities	<u>34,388,485</u>	<u>1,365,221</u>	<u>1,170,565</u>	<u>541,478</u>	<u>(31,311,221)</u>
Business-Type Activities:					
Water	<u>1,266,888</u>	<u>1,973,319</u>	<u>1,199</u>	<u>-</u>	<u>707,630</u>
Total Primary Government	<u>\$ 35,655,373</u>	<u>\$ 3,338,540</u>	<u>\$ 1,171,764</u>	<u>\$ 541,478</u>	<u>\$ (30,603,591)</u>
COMPONENT UNITS					
Hamilton Development Corporation	<u>\$ 64,635</u>	<u>\$ 13,649</u>	<u>\$ 50,000</u>	<u>\$ 410,569</u>	<u>\$ 409,583</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF HAMILTON, MASSACHUSETTS
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2021**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
CHANGES IN NET POSITION				
Net (Expense) Revenue (from Previous Page)	\$ (31,311,221)	\$ 707,630	\$ (30,603,591)	\$ 409,583
GENERAL REVENUES				
Real Estate and Personal Property Taxes	30,273,837	-	30,273,837	-
Motor Vehicle and Other Excise Taxes	1,204,237	-	1,204,237	-
Meals Tax	46,182	-	46,182	-
Penalties and Interest on Taxes	158,911	-	158,911	-
Community Preservation Surcharges	504,368	-	504,368	-
Grants and Contributions not Restricted to Specific Programs	851,383	-	851,383	-
Unrestricted Investment Income	429,602	-	429,602	293
Transfers, Net	381,653	(381,653)	-	-
Total General Revenues and Transfers	<u>33,850,173</u>	<u>(381,653)</u>	<u>33,468,520</u>	<u>293</u>
CHANGE IN NET POSITION	2,538,952	325,977	2,864,929	409,876
Net Position - Beginning of Year, As Restated	<u>11,904,792</u>	<u>5,381,465</u>	<u>17,286,257</u>	<u>186,246</u>
NET POSITION - END OF YEAR	<u>\$ 14,443,744</u>	<u>\$ 5,707,442</u>	<u>\$ 20,151,186</u>	<u>\$ 596,122</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF HAMILTON, MASSACHUSETTS
BALANCE SHEET — GOVERNMENTAL FUNDS
JUNE 30, 2021**

ASSETS	<u>General</u>	<u>Community Preservation</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 6,902,032	\$ -	\$ -	\$ 6,902,032
Investments	3,673,409	-	-	3,673,409
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate and Personal Property Taxes	455,585	-	-	455,585
Real Estate Tax Deferrals	4,182	-	-	4,182
Tax Liens	106,763	-	-	106,763
Motor Vehicle and Other Excise Taxes	110,522	-	-	110,522
Community Preservation Surcharges	-	6,829	-	6,829
Departmental and Other	-	-	12,902	12,902
Intergovernmental	-	-	696,539	696,539
Tax Foreclosures	361,988	-	-	361,988
Restricted Assets:				
Cash and Cash Equivalents	-	971,591	2,853,549	3,825,140
Investments	-	-	517,318	517,318
Total Assets	<u>\$ 11,614,481</u>	<u>\$ 978,420</u>	<u>\$ 4,080,308</u>	<u>\$ 16,673,209</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Warrants Payable	\$ 436,068	\$ 128	\$ 118,133	\$ 554,329
Accrued Payroll	180,834	76	47,362	228,272
Tax Refunds Payable	228,261	4,565	-	232,826
Other Liabilities	14,777	-	-	14,777
Advance Deposits	-	-	147,534	147,534
Short-Term Notes Payable	-	-	467,767	467,767
Total Liabilities	<u>859,940</u>	<u>4,769</u>	<u>780,796</u>	<u>1,645,505</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	1,024,694	6,829	12,902	1,044,425
FUND BALANCE				
Nonspendable	-	-	299,782	299,782
Restricted	-	966,822	3,357,158	4,323,980
Committed	3,333,036	-	-	3,333,036
Assigned	18,469	-	-	18,469
Unassigned	6,378,342	-	(370,330)	6,008,012
Total Fund Balance	<u>9,729,847</u>	<u>966,822</u>	<u>3,286,610</u>	<u>13,983,279</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 11,614,481</u>	<u>\$ 978,420</u>	<u>\$ 4,080,308</u>	<u>\$ 16,673,209</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF HAMILTON, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE — GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021**

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Real Estate and Personal Property Taxes	\$ 30,218,664	\$ -	\$ -	\$ 30,218,664
Motor Vehicle and Other Excise Taxes	1,214,944	-	-	1,214,944
Meals tax	46,182	-	-	46,182
Tax Liens	140,978	-	-	140,978
Community Preservation Surcharges	-	505,401	-	505,401
Charges for Services	115,254	-	486,768	602,022
Intergovernmental	1,077,808	137,651	1,146,361	2,361,820
Penalties and Interest on Taxes	158,911	-	-	158,911
Licenses and Permits	476,725	-	-	476,725
Fines and Forfeitures	1,868	-	-	1,868
Departmental and Other	198,709	-	21,665	220,374
Contributions	-	-	244,610	244,610
Investment Income	427,852	541	13,566	441,959
Other	-	-	5,329	5,329
Total Revenues	<u>34,077,895</u>	<u>643,593</u>	<u>1,918,299</u>	<u>36,639,787</u>
EXPENDITURES				
Current:				
General Government	1,952,789	7,437	1,210,285	3,170,511
Public Safety	3,072,490	-	352,998	3,425,488
Education	20,727,030	-	-	20,727,030
Public Works	1,941,029	-	590,048	2,531,077
Health and Human Services	225,102	-	44,015	269,117
Culture and Recreation	1,144,262	-	235,350	1,379,612
Hamilton Development Corporation	50,000	-	-	50,000
Pension Benefits	1,052,821	-	-	1,052,821
Employee Benefits	1,832,655	-	-	1,832,655
Property and Liability Insurance	237,326	-	-	237,326
State and County Charges	247,238	-	-	247,238
Debt Service:				
Principal	535,000	85,000	-	620,000
Interest	117,628	25,600	-	143,228
Total Expenditures	<u>33,135,370</u>	<u>118,037</u>	<u>2,432,696</u>	<u>35,686,103</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	942,525	525,556	(514,397)	953,684
OTHER FINANCING SOURCES (USES)				
Transfers In	428,154	-	292,526	720,680
Transfer Out	(91,392)	(200,000)	(47,635)	(339,027)
Total Other Financing Sources (Uses)	<u>336,762</u>	<u>(200,000)</u>	<u>244,891</u>	<u>381,653</u>
NET CHANGE IN FUND BALANCE	1,279,287	325,556	(269,506)	1,335,337
Fund Balance - Beginning of Year	<u>8,450,560</u>	<u>641,266</u>	<u>3,556,116</u>	<u>12,647,942</u>
FUND BALANCE - END OF YEAR	<u>\$ 9,729,847</u>	<u>\$ 966,822</u>	<u>\$ 3,286,610</u>	<u>\$ 13,983,279</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF HAMILTON, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCE TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Fund Balance - Governmental Funds	\$ 13,983,279
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	21,522,055
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.	1,044,425
In the statement of net position, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.	(27,947)
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, Net	(4,636,793)
Capital Lease Obligations	(390,976)
Compensated Absences	(344,209)
Net Pension Liability	(10,173,734)
Net OPEB Liability	(3,638,648)
In the statement of net position, deferred outflows of resources are reported for amounts related to pensions and OPEB.	1,262,069
In the statement of net position, deferred inflows of resources are reported for amounts related to pensions and OPEB.	<u>(4,155,777)</u>
Net Position of Governmental Activities	<u><u>\$ 14,443,744</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF HAMILTON, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balance - Total Governmental Funds	\$ 1,335,337
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.</p>	
Capital Outlays	741,615
Depreciation	(1,003,004)
<p>Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.</p>	
	(94,004)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (when material). These amounts represent the related activity of the current period.</p>	
Bond Maturities	620,000
Net Amortization of Bond Premiums	35,165
Capital Lease Maturities	48,062
<p>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable.</p>	
	5,107
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:</p>	
Compensated Absences	(26,442)
Net OPEB Liability	3,282,190
Net Pension Liability	697,724
<p>In the statement of activities, deferred outflows related to pensions and OPEB are amortized and recognized as pension and OPEB expense. This amount represents the net change in deferred outflows related to pensions and OPEB.</p>	
	(981,561)
<p>In the statement of activities, deferred inflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred inflows related to pensions and OPEB.</p>	
	(2,121,237)
Changes in Net Position of Governmental Activities	<u>\$ 2,538,952</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF HAMILTON, MASSACHUSETTS
STATEMENT OF FUND NET POSITION — PROPRIETARY FUND
JUNE 30, 2021**

	<u>Business-Type Activities - Enterprise Fund Water</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,292,237
Restricted Cash and Cash Equivalents	1,232,538
Receivables, Net of Allowance for Uncollectible Amounts:	
Water Charges	456,222
Water Liens	11,868
Total Current Assets	<u>2,992,865</u>
Noncurrent Assets:	
Capital Assets Not Being Depreciated	384,137
Capital Assets, Net of Accumulated Depreciation	12,915,048
Total Noncurrent Assets	<u>13,299,185</u>
Total Assets	16,292,050
DEFERRED OUTFLOWS OF RESOURCES	
Related to OPEB	16,863
Related to Pensions	63,734
Total Deferred Outflows of Resources	<u>80,597</u>
LIABILITIES	
Current Liabilities:	
Warrants Payable	48,700
Accrued Payroll	11,483
Accrued Interest	52,833
Compensated Absences	5,238
Short-Term Notes Payable	1,200,000
Long-Term Bonds and Notes Payable	518,075
Total Current Liabilities	<u>1,836,329</u>
Noncurrent Liabilities:	
Compensated Absences	47,141
Net OPEB Liability	232,370
Net Pension Liability	649,711
Long-Term Bonds and Notes Payable	7,634,260
Total Noncurrent Liabilities	<u>8,563,482</u>
Total Liabilities	10,399,811
DEFERRED INFLOWS OF RESOURCES	
Related to OPEB	201,687
Related to Pensions	63,707
Total Deferred Inflows of Resources	<u>265,394</u>
FUND NET POSITION	
Net Investment in Capital Assets	5,179,388
Unrestricted	528,054
Total Net Position	<u>\$ 5,707,442</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF HAMILTON, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION — PROPRIETARY FUND
YEAR ENDED JUNE 30, 2021**

	Business-Type Activities - Enterprise Fund <u>Water</u>
OPERATING REVENUES	
Charges for Services	\$ 1,951,626
Other	<u>21,693</u>
Total Operating Revenues	<u>1,973,319</u>
OPERATING EXPENSES	
Cost of Service and Administration	612,773
Depreciation	<u>413,337</u>
Total Operating Expenses	<u>1,026,110</u>
OPERATING INCOME	947,209
NONOPERATING REVENUES (EXPENSES)	
Investment Income	1,199
Interest Expense	<u>(240,778)</u>
Total Nonoperating Revenues (Expenses), Net	<u>(239,579)</u>
INCOME BEFORE TRANSFERS	707,630
Transfers Out	<u>(381,653)</u>
CHANGE IN FUND NET POSITION	325,977
Fund Net Position - Beginning of Year, As Restated	<u>5,381,465</u>
FUND NET POSITION - END OF YEAR	<u><u>\$ 5,707,442</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF HAMILTON, MASSACHUSETTS
STATEMENT OF CASH FLOWS — PROPRIETARY FUND
YEAR ENDED JUNE 30, 2021**

	Business-Type Activities - Enterprise Fund <u>Water</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	\$ 2,029,360
Payments to Vendors	(367,721)
Payments to Employees	(333,934)
Net Cash Provided by Operating Activities	<u>1,327,705</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers Out	(381,653)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from the Issuance of Bonds and Notes	1,200,000
Acquisition and Construction of Capital Assets	(1,703,780)
Principal Payments on Bonds and Notes	(505,000)
Interest Expense	(248,898)
Net Cash Used by Capital and Related Financing Activities	<u>(1,257,678)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	<u>1,199</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	
	(310,427)
Cash and Cash Equivalents - Beginning of Year (Includes \$1,739,974 Reported as Restricted in the Water Enterprise Fund)	<u>2,835,202</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	
(Includes \$1,232,538 Reported as Restricted in the Water Enterprise Fund)	<u><u>\$ 2,524,775</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 947,209
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities not Requiring Current Cash Flows:	
Depreciation	413,337
Net Pension Liability	(61,422)
Net OPEB Liability	(220,342)
Deferred Inflows of Resources Related to Pensions	11,621
Deferred Outflows of Resources Related to Pensions	43,038
Deferred Inflows of Resources Related to OPEB	120,688
Deferred Outflows of Resources Related to OPEB	23,128
Effect of Changes in Operating Assets and Liabilities:	
Water Charges	57,817
Water Liens	(1,776)
Warrants Payable	(15,739)
Accrued Payroll	3,191
Compensated Absences	6,955
Total Adjustments	<u>380,496</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,327,705</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF HAMILTON, MASSACHUSETTS
STATEMENT OF FIDUCIARY NET POSITION — FIDUCIARY FUNDS
JUNE 30, 2021**

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds
ASSETS		
Cash and Cash Equivalents	\$ 680	\$ 48,893
Investments:		
Equities	801,781	10,819
Fixed Income Securities	219,925	31,612
Total Assets	1,022,386	91,324
FIDUCIARY NET POSITION		
Restricted for:		
Other Postemployment Benefits	1,022,386	-
Private Purposes	-	91,324
Total Fiduciary Net Position	\$ 1,022,386	\$ 91,324

See accompanying Notes to Basic Financial Statements.

**TOWN OF HAMILTON, MASSACHUSETTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION — FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2021**

	<u>Other Postemployment Benefits Trust Fund</u>	<u>Private Purpose Trust Funds</u>
ADDITIONS		
Contributions:		
Employer	\$ 1,179,367	\$ -
Private Donations	-	32,899
Total Contributions	<u>1,179,367</u>	<u>32,899</u>
Net Investment Income:		
Net Appreciation in Fair Value of Investments	52,264	-
Interest	-	985
Total Investment Income	<u>52,264</u>	<u>985</u>
Less: Investment Expense	<u>(1,078)</u>	<u>-</u>
Net Investment Income	<u>51,186</u>	<u>985</u>
 Total Additions	 1,230,553	 33,884
DEDUCTIONS		
Other Postemployment Benefits	208,167	-
Other	-	10,481
Total Deductions	<u>208,167</u>	<u>10,481</u>
 CHANGE IN NET POSITION	 1,022,386	 23,403
Net Position - Beginning of Year	<u>-</u>	<u>67,921</u>
 NET POSITION - END OF YEAR	 <u>\$ 1,022,386</u>	 <u>\$ 91,324</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

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

B. Reporting Entity

The Town of Hamilton, Massachusetts (the Town) is a municipal corporation that is governed by an elected Select Board (Board).

For financial reporting purposes, the basic financial statements include all funds, organizations, agencies, boards, commissions, and institutions that are not legally separate from the Town.

The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and/or significance of their relationship with the Town are such that exclusion would cause the Town's basic financial statements to be misleading or incomplete.

Discretely Presented Component Unit

Discretely presented component units are entities that are legally separate from the Town, but the nature and/or significance of their relationship with the Town is such that exclusion would cause the financial statements to be misleading or incomplete. The Town has included the Hamilton Development Corporation (Corporation) as a discretely presented component unit because there is a potential for the organization to provide specific financial benefits or to impose specific financial burdens on the Town.

The Corporation was established pursuant to Chapter 151 of the Acts of 2012 (Act) enacted by the Massachusetts State Legislature. The primary purpose of the Corporation, a body politic and corporate, is to improve the living standards of the citizenry of the Town by fostering the improvement of employment opportunities and develop, manage and operate public facilities and infrastructure necessary to improve the Town's economy. The Corporation is governed by a five-member board of directors appointed by the Select Board. The Corporation does not issue a separate audited financial statement.

Joint Ventures

A joint venture is an organization (resulting from a contractual arrangement) that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

Joint Ventures (Continued)

The Town participates in several joint ventures (described below) with other municipalities to pool resources and share the costs, risks and rewards of providing goods and services to venture participants directly, or for the benefit of the general public or specified recipients.

Hamilton-Wenham Library

During fiscal year 1998, the Town entered into an agreement with the Town of Wenham (Joint Library Agreement) to construct and operate a joint public library to be operated under the direction of a Joint Board of Library Trustees. The construction project was completed during fiscal year 2002, and the Joint Library began operations during fiscal year 2002. Operating and administrative expenditures are apportioned to the Towns of Hamilton and Wenham based on their assessed values on their last three tax recapitulation sheets. The Town of Wenham is the administrator for all matters associated with the management and operation of the Joint Library. Accordingly, all revenues and expenditures associated with the Joint Library are accounted for by the Town of Wenham. During fiscal year 2021, the Town paid approximately \$925,000 to the Town of Wenham to cover the Town's portion of the operating and administrative costs.

Complete financial statements for the Town of Wenham and the Joint Library can be obtained directly from the Town of Wenham, located at 184 Main Street, Wenham, Massachusetts, 01984.

Hamilton-Wenham Recreation Department

The Towns of Hamilton and Wenham operate a joint recreation department (Department). Operating and administrative expenditures are apportioned to the Towns of Hamilton and Wenham based on their assessed values on their last three tax recapitulation sheets. The Town of Hamilton is the administrator for all matters associated with the management and operation of the Department. Accordingly, all revenues and expenditures associated with the Department are accounted for by the Town of Hamilton. During fiscal year 2021, the Department's operating and administrative expenditures totaled approximately \$189,000. The Town of Wenham paid the Town of Hamilton approximately \$94,000 for their share of the Department's costs.

The Department's activities are accounted for in the Town of Hamilton's general fund. Neither Town has an equity interest in the operation of the Department.

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

Veterans' Memorial Pool at Patton Park

The Towns of Hamilton and Wenham operate a joint pool (Pool) that is used for the summer park and recreation program offered by the Hamilton-Wenham Joint Recreation Committee (Committee). The capital costs associated with the design and construction of the Pool were allocated 66.4% to the Town of Hamilton and 33.6% to the Town of Wenham. The Town of Hamilton is the administrator for all matters associated with the management and operation of the Pool. Costs associated with the operation and maintenance of the Pool are paid from revenues collected in a pool revolving fund maintained by the Town of Hamilton. The Town of Wenham will be annually charged an administrative fee based upon a calculation of the Town of Hamilton's indirect costs of administration associated with the Pool. During fiscal year 2021, the Town of Wenham paid the Town of Hamilton approximately \$2,300 for their share of indirect costs of administration associated with the Pool.

The Pool's operational activities are accounted for in the Town of Hamilton's Pool revolving fund (special revenue). Neither Town has an equity interest in the operation of the Pool.

Hamilton-Wenham Regional School District

The Hamilton-Wenham Regional School District (District) is governed by a six-member school committee consisting of one appointed and two elected representatives from the Town. The Town is indirectly liable for the District's debt and other expenditures and is assessed annually for its share of operating and capital costs. Operating costs are apportioned amongst the Towns based on the assessed values on their last three tax recapitulation sheets. Capital costs, including debt service, are apportioned amongst the Towns based on a combination of the three-year valuation average and pupil enrollments. For the fiscal year ended June 30, 2021, the Town's assessment for operating and capital costs totaled approximately \$19,972,000 and \$255,000, respectively.

Complete financial statements for the District can be obtained directly from the District located at Administrative Offices, 5 School Street, Wenham, Massachusetts, 01984.

North Shore Technical School

The North Shore Technical School is governed by a 16-member school district committee consisting of one elected representative from each member town, including the Town of Hamilton. The Town is indirectly liable for the North Shore Technical School debt and expenditures and is assessed annually for its share of operating and capital costs. For the fiscal year ended June 30, 2021, the Town's assessment for operating and capital costs totaled approximately \$224,000 and \$24,000, respectively. Separate financial statements may be obtained by writing to the Treasurer of the North Shore Technical School at 30 Log Bridge Road, Middleton, Massachusetts 01949.

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Implementation of New Accounting Principles

For the year ended June 30, 2021, the Town implemented the following pronouncements issued by the GASB:

- GASB Statement No. 84, *Fiduciary Activities*
- GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*

The implementation of these GASB statements had no reporting impact for the Town.

D. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government and the discretely presented component unit. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which are primarily supported by user fees.

Fund Financial Statements

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

Fiduciary funds are reported by fund type.

E. Measurement Focus, Basis of Accounting, and Basis of Presentation

Government-Wide Financial Statements

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

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

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

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

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

Except for charges between the general fund and enterprise funds, the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of the charges between the general fund and enterprise fund would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

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

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

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The following major governmental funds are reported:

The *general fund* is used to account for and report all financial resources not accounted for and reported in another fund.

The *community preservation fund* is a special revenue fund used to account for the 2% local real estate tax surcharge on nonexempt property (and matching state trust fund distribution) that can be used for open space, historic resource, and affordable housing purposes. Property exempt from the surcharge consists of the first \$100,000 of all residential property and also property owned by low-income residents or seniors with low or moderate income as defined by Massachusetts Department of Revenue (DOR) guidelines. Disbursements from this fund must originate from the Community Preservation Committee and be approved by Town Meeting.

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

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs and benefit the government or its citizenry.

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Fund Financial Statements (Continued)

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

The following proprietary fund is reported:

The *water enterprise fund* (major fund) is used to account for the activities of the water department.

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

The following fiduciary fund types are reported:

The *other postemployment benefits trust fund* is an irrevocable trust fund established to accumulate resources to reduce the unfunded actuarial liability of health care and other postemployment benefits.

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefits individuals, private organizations, or other governments.

F. Cash and Cash Equivalents 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.

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate Taxes, Personal Property Taxes, and Tax Liens

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

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

Motor Vehicle Excise Taxes

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

Community Preservation Surcharges

Community preservation surcharges are levied annually at a rate of 2% of residents' real estate tax bills with exemptions for the first \$100,000 of residential property and property owned by qualified persons with low income and seniors with low or moderate income as defined by DOR guidelines. The surcharge is due with the real estate tax on a quarterly basis each August 1, November 1, February 1, and May 1 and are subject to penalties and interest if they are not paid by the respective due date. Overdue surcharges are included on the tax liens processed on delinquent real estate taxes. Surcharges are recorded as receivables in the fiscal year of the levy.

Water Charges and Water Liens

User fees are levied quarterly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user fees are based on actual subsequent billings and are recorded as revenue in the current period. Water liens are processed in December of each year and are included as a lien on the property owner's tax bill. Water charges are recorded as receivables in the fiscal year of the levy.

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accounts Receivable (Continued)

Departmental and Other

Departmental and other receivables primarily consist of police details and are recorded as receivables when accrued.

Intergovernmental

Various state and federal operating and capital grants are applied for and received annually. For nonexpenditure 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.

H. Allowance for Uncollectible Amounts

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

- Personal property taxes
- Motor vehicle and other excise taxes
- Departmental and other

At June 30, 2021, the allowances related to these accounts receivable are immaterial and therefore not reported.

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

- Real estate taxes and tax liens
- Community preservation surcharges
- Water charges and liens
- Loans

Intergovernmental receivables are considered 100% collectible.

I. Inventories

Government-Wide and Fund Financial Statements

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

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Restricted Assets

Government-Wide and Fund Financial Statements

Assets are reported as restricted when limitations on their use change the nature of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

K. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which consist of land, intangible assets, construction in progress, improvements, buildings, machinery and equipment, vehicles, library books, software, and infrastructure (e.g., roads, water mains, and similar items), are reported in the applicable governmental or business-type activities 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 acquisition value at the date of donation.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Depreciable assets are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

Improvements	20 Years
Buildings	40 to 50 Years
Machinery and Equipment	5 to 10 Years
Vehicles	5 to 10 Years
Library Books	10 Years
Software	5 Years
Infrastructure	20 to 50 Years

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

Governmental Funds Financial Statements

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

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

M. Interfund Transfers

During the course of its operations, resources are permanently reallocated between funds.

Government-Wide Financial Statements

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

Fund Financial Statements

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

N. Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

Deferred outflows of resources related to pensions and OPEB are reported in the government-wide and proprietary funds statements of net position.

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Unavailable revenue is reported in the governmental funds balance sheet. Unavailable revenue represents billed receivables that do not meet the availability criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting.

Deferred inflows of resources related to pensions and OPEB are reported in the government-wide and proprietary funds statements of net position.

P. Advance Deposits

Government-Wide and Fund Financial Statements

Advance deposits represent exchange revenues received in advance of meeting requirements for revenue recognition.

Q. Net Position and Fund Balance

Government-Wide Financial Statements and Proprietary Fund Financial Statements (Net Position)

Net position represents the residual difference between assets and deferred outflows less liabilities and deferred inflows.

Net position is reported as restricted when amounts are restricted by outside parties for a specific future use.

Net position has been “restricted” for the following:

“Community preservation” represents amounts restricted for the purpose of acquiring land for conservation, recreational, and affordable housing projects.

“Affordable housing” represents amounts restricted (in accordance with MGL, Chapter 44, Section 55C) for the creation and preservation of affordable housing within the Town.

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

“Permanent funds – nonexpendable” represents amounts held in trust for which only investment earnings may be expended.

“Other specific purposes” represents other restrictions placed on assets from outside parties.

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Net Position and Fund Balance (Continued)

Governmental Funds Financial Statements (Fund Balance)

The following fund balance classifications describe the relative strength of the spending constraints:

Nonspendable – represents amounts that cannot be spent either because they are in nonspendable form (i.e., prepaid amounts) or because they are legally or contractually required to be maintained intact (i.e., principal of permanent fund).

Restricted – represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – represents amounts that can be used only for specific purposes imposed by a formal action of Town meeting, which is the highest level of decision-making authority for the Town. Committed amounts may be established, modified, or rescinded only through actions approved by Town meeting.

Assigned – represents amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Under the Town's structure, authorized assignments for noncontractual encumbrances can be made by individual department heads.

Unassigned – represents the residual fund balance for the General Fund and the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

Encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

R. Long-Term Debt

Government-Wide and Proprietary Fund Financial Statements

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

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Long-Term Debt (Continued)

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources when the debt is issued. 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.

S. Investment Income

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

Investment income from permanent funds and the proprietary funds are retained in the respective funds.

T. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

U. Pensions

Government-Wide and Fund Financial Statements

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

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Postretirement Benefits

Government-Wide and Fund Financial Statements

In addition to providing pension benefits, and as more fully described in Note 11, the Town provides health insurance coverage for current and future retirees and their spouses.

W. Use of Estimates

Government-Wide and Fund Financial Statements

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by Town Meeting vote. The Finance Committee presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between and within departments subsequent to the approval of the annual budget requires majority Town Meeting approval via Special Town Meeting.

The majority of appropriations are noncontinuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year.

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

Generally, expenditures may not exceed the level of spending (salaries, expenses, and capital) authorized for an appropriation account. However, the Town is statutorily required to pay debt service, regardless of whether such amounts are appropriated.

An annual budget is adopted for the general fund and community preservation fund in conformity with the guidelines described above. The original fiscal year 2021 approved budget for the general fund and community preservation fund authorized appropriations of \$34,128,840 and \$137,600, respectively. During the fiscal year, appropriations were increased for the general fund by \$612,291, and \$275,131 for the community preservation fund.

The Accountant's office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. Individual Fund Deficits

At June 30, 2021, the following fund deficits exist in the governmental funds:

Fund	Amount	Funding Source
Town Hall Remodeling Project	\$ 292,601	Long-Term Debt
COVID FEMA	52,666	Federal Grant
Body Cameras Grant	16,440	State Grant
Firefighter Safety Grant	8,623	State Grant
Total	<u>\$ 370,330</u>	

NOTE 3 DEPOSITS AND INVESTMENTS

The municipal finance laws of the Commonwealth authorize the Town to invest temporarily idle cash in bank term deposits and certificates of deposits, and treasury and agency obligations of the United States government, with maturities of one year or less; U.S. treasury or agency repurchase agreements with maturities of not more than 90 days; money market accounts; and the state treasurer's investment pool – the Massachusetts Municipal Depository Trust (MMDT). The Treasurer also has expanded investment powers as it relates to certain trust funds (as defined by the Commonwealth), permanent funds, and fiduciary funds.

The MMDT meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee. The reported value of the pool is the same as the fair value of pool shares.

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

A cash and investment pool is maintained that is available for use by all funds with unrestricted cash and investments. The deposits and investments of the permanent funds, other postemployment benefits trust fund, private purpose trust funds and the Hamilton Development Corporation are held separately from other Town funds.

A. Deposits – Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town’s deposits may not be recovered. The Town and the Hamilton Development Corporation do not have policies for custodial credit risk of deposits. As of June 30, 2021, \$5,332,525 of the Town’s bank balance of \$13,594,471 was uninsured and uncollateralized. As of June 30, 2021, the Hamilton Development Corporation was not exposed to custodial credit risk.

B. Investments Summary

The Town’s investments at June 30, 2021 are presented in the following table. All investments are presented by investment type, with debt securities presented by maturity.

<u>Investment Type</u>	<u>Total Amount</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less Than One</u>	<u>One to Five</u>
Debt Securities:			
U.S. Treasuries	\$ 490,482	\$ 115,070	\$ 375,412
U.S. Agencies	337,798	-	337,798
Corporate Bonds	1,621,112	431,135	1,189,977
Mutual Bond Funds	470,149	470,149	-
Certificates of Deposit	454,848	112,432	342,416
External Investment Pool (MMDT)	57,265	57,265	-
Total Debt Securities	<u>3,431,654</u>	<u>\$ 1,186,051</u>	<u>\$ 2,245,603</u>
Other Investments:			
Equity Securities	1,078,693		
Equity Mutual Funds	801,782		
Total Other Investments	<u>1,880,475</u>		
Total Investments	<u>\$ 5,312,129</u>		

C. Investments – Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The Town does not have a policy for interest rate risk of debt securities.

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

D. Investments – Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk of investments. As of June 30, 2021, the Town's investments were not exposed to custodial credit risk.

E. Investments – Credit Risk of Debt Securities

Credit risk for investments is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Town does not have a policy for credit risk of debt securities. As of June 30, 2021, the credit ratings of the Town's investments in debt securities, exclusive of exempt U.S. Treasuries of \$490,482 are as follows:

Quality Ratings *	Investment Type					
	Total Amount	U.S. Agencies	Corporate Bonds	Certificates of Deposit	Mutual Bond Funds	External Investment Pool (MMDT)
A+	\$ 217,578	\$ -	\$ 217,578	\$ -	\$ -	\$ -
A-	315,152	-	315,152	-	-	-
BBB+	546,503	-	546,503	-	-	-
BBB	541,879	-	541,879	-	-	-
Unrated	1,320,060	337,798	-	454,848	470,149	57,265
Total	<u>\$ 2,941,172</u>	<u>\$ 337,798</u>	<u>\$ 1,621,112</u>	<u>\$ 454,848</u>	<u>\$ 470,149</u>	<u>\$ 57,265</u>

* Per the rating scale of Standard and Poor's (Nationally recognized statistical rating organization)

F. Investments – Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town does not have a policy for concentration of credit risk. As of June 30, 2021, the Town was not exposed to concentration of credit risk.

G. Investments – Fair Value Measurements

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

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

G. Investments – Fair Value Measurements (Continued)

The Town has the following recurring fair value measurements as of June 30, 2021:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>	
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Equity Securities:			
Equity Mutual Funds	\$ 801,782	\$ -	\$ 801,782
Equity Securities	1,078,693	1,078,693	-
Total Equity Securities	<u>1,880,475</u>	<u>1,078,693</u>	<u>801,782</u>
Debt Securities:			
U.S. Agency Securities	337,798	-	337,798
U.S. Treasury Securities	490,482	-	490,482
Corporate Bonds	1,621,112	-	1,621,112
Certificates of Deposit	454,848	-	454,848
Mutual Bond Funds	470,149	-	470,149
Total Debt Securities	<u>3,374,389</u>	<u>-</u>	<u>3,374,389</u>
Total Investments by Fair Value Level	5,254,864	<u>\$ 1,078,693</u>	<u>\$ 4,176,171</u>
Investments Measured at Amortized Cost:			
External Investment Pool (MMDT)	57,265		
Total Investments - Town	<u>\$ 5,312,129</u>		

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 ACCOUNTS RECEIVABLE

At June 30, 2021, receivables for the individual major governmental funds and nonmajor governmental funds, in the aggregate, including the applicable allowances for uncollectible amounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
Receivables:			
Real Estate and Personal Property Taxes	\$ 455,585	\$ -	\$ 455,585
Real Estate Tax Deferrals	4,182	-	4,182
Tax Liens	106,763	-	106,763
Motor Vehicle and Other Excise Taxes	110,522	-	110,522
Community Preservation Surcharges	6,829	-	6,829
Departmental and Other	23,966	(11,064)	12,902
Intergovernmental	696,539	-	696,539
Total	<u>\$ 1,404,386</u>	<u>\$ (11,064)</u>	<u>\$ 1,393,322</u>

At June 30, 2021, receivables for the water enterprise fund consist of the following:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
Receivables:			
Water Charges	\$ 456,222	\$ -	\$ 456,222
Water Liens	11,868	-	11,868
Total	<u>\$ 468,090</u>	<u>\$ -</u>	<u>\$ 468,090</u>

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 2,373,848	\$ -	\$ -	\$ 2,373,848
Intangible Assets	1,750,000	-	-	1,750,000
Construction in Progress	1,341,221	39,348	(413,846)	966,723
Total Capital Assets Not Being Depreciated	5,465,069	39,348	(413,846)	5,090,571
Capital Assets Being Depreciated:				
Improvements	3,732,171	141,983	-	3,874,154
Buildings	14,578,341	-	-	14,578,341
Machinery and Equipment	2,238,755	15,847	(51,175)	2,203,427
Vehicles	2,732,798	49,293	(72,820)	2,709,271
Library Books	265,666	-	-	265,666
Software	20,765	-	-	20,765
Infrastructure	5,450,689	908,990	-	6,359,679
Total Capital Assets Being Depreciated	29,019,185	1,116,113	(123,995)	30,011,303
Less: Accumulated Depreciation for:				
Improvements	(924,374)	(181,917)	-	(1,106,291)
Buildings	(7,086,021)	(331,647)	-	(7,417,668)
Machinery and Equipment	(1,164,901)	(163,329)	51,175	(1,277,055)
Vehicles	(1,542,846)	(167,121)	72,820	(1,637,147)
Library Books	(265,666)	-	-	(265,666)
Software	(20,765)	-	-	(20,765)
Infrastructure	(1,696,237)	(158,990)	-	(1,855,227)
Total Accumulated Depreciation	(12,700,810)	(1,003,004)	123,995	(13,579,819)
Total Capital Assets Being Depreciated, Net	16,318,375	113,109	-	16,431,484
Total Governmental Activities Capital Assets, Net	\$ 21,783,444	\$ 152,457	\$ (413,846)	\$ 21,522,055

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 283,912	\$ -	\$ -	\$ 283,912
Construction in Progress	189,850	-	(89,625)	100,225
Total Capital Assets Not Being Depreciated	473,762	-	(89,625)	384,137
Capital Assets Being Depreciated:				
Buildings	3,454,199	234,275	-	3,688,474
Machinery and Equipment	41,848	-	-	41,848
Vehicles	335,662	-	-	335,662
Infrastructure	12,662,347	1,559,130	-	14,221,477
Total Capital Assets Being Depreciated	16,494,056	1,793,405	-	18,287,461
Less: Accumulated Depreciation for:				
Buildings	(1,439,245)	(85,567)	-	(1,524,812)
Machinery and Equipment	(31,283)	(4,521)	-	(35,804)
Vehicles	(249,614)	(22,847)	-	(272,461)
Infrastructure	(3,238,934)	(300,402)	-	(3,539,336)
Total Accumulated Depreciation	(4,959,076)	(413,337)	-	(5,372,413)
Total Capital Assets Being Depreciated, Net	11,534,980	1,380,068	-	12,915,048
Total Business-Type Activities Capital Assets, Net	<u>\$ 12,008,742</u>	<u>\$ 1,380,068</u>	<u>\$ (89,625)</u>	<u>\$ 13,299,185</u>
Hamilton Development Corporation:				
Capital Assets Not Being Depreciated:				
Land	\$ 339,500	\$ -	\$ (339,500)	\$ -
Capital Assets Being Depreciated:				
Buildings	260,550	-	(260,550)	-
Less: Accumulated Depreciation for:				
Buildings	(42,341)	-	42,341	-
Total Capital Assets Being Depreciated, Net	218,209	-	(218,209)	-
Total Discretely Presented Component Units Capital Assets, Net	<u>\$ 557,709</u>	<u>\$ -</u>	<u>\$ (557,709)</u>	<u>\$ -</u>

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

General Government	\$ 46,038
Public Safety	343,026
Education	39,090
Public Works	268,314
Health and Human Services	6,068
Culture and Recreation	300,468
Total Depreciation Expense - Governmental Activities	<u>\$ 1,003,004</u>

Business-Type Activities:

Water	<u>\$ 413,337</u>
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NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2021 are summarized as follows:

<u>Transfers Out</u>	<u>Transfers In</u>		<u>Total</u>	
	General Fund	Nonmajor Governmental Funds		
General Fund	\$ -	\$ 91,392	\$ 91,392	(1)
Community Preservation Fund	-	200,000	200,000	(2)
Nonmajor Governmental Funds	46,501	1,134	47,635	(3)
Water Enterprise Fund	381,653	-	381,653	(4)
Total	<u>\$ 428,154</u>	<u>\$ 292,526</u>	<u>\$ 720,680</u>	

- (1) Represents budgeted transfers from the general fund to the Patton Homestead fund (\$90,571) and pool revolving fund (\$821).
- (2) Represents budgeted transfer from the community preservation fund to the Affordable Housing Trust.
- (3) Represents budgeted transfers from the sale of lots and graves fund (\$2,000) and from the Patton Homestead fund (\$44,501) to the general fund for indirect costs. Also represents transfer from the Clark Property fund to the conservation fund (\$1,134).
- (4) Represents a budgeted transfer from the water enterprise fund to the general fund for indirect costs.

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 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 anticipation notes (RAN) or tax anticipation notes (TAN).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BAN) or grant anticipation notes (GAN).

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

Details related to the short-term debt activity for the fiscal year ended June 30, 2021 is as follows:

Notes Payable – Governmental Funds

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2020	Increases	Decreases	Balance at June 30, 2021
BAN	Town Hall Improvements	8/28/20	8/21/21	1.00%	\$ -	\$ 467,767	\$ -	\$ 467,767

Notes Payable – Water Enterprise Fund

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2020	Increases	Decreases	Balance at June 30, 2021
BAN	Water Treatment Plant Improvements	8/28/20	8/27/21	1.00%	\$ -	\$ 1,200,000	\$ -	\$ 1,200,000

Subsequent Event

On August 27, 2021 the Town reissued BAN's in the amount of \$467,767 (governmental funds) and \$1,200,000 (water enterprise fund) at an interest rate of 1.00% and a maturity date of August 25, 2022.

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 LONG-TERM OBLIGATIONS

The following represents a summary of changes that occurred in long-term obligations during the fiscal year ended June 30, 2021:

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion
Governmental Activities:					
Bonds and Notes Payable	\$ 4,995,000	\$ -	\$ (620,000)	\$ 4,375,000	\$ 620,000
Unamortized Bond Premium	296,958	-	(35,165)	261,793	35,165
Total Bonds and Notes Payable	<u>5,291,958</u>	<u>-</u>	<u>(655,165)</u>	<u>4,636,793</u>	<u>655,165</u>
Capital Lease Obligations	439,038	-	(48,062)	390,976	49,868
Compensated Absences	317,767	26,442	-	344,209	34,421
Total	<u>\$ 6,048,763</u>	<u>\$ 26,442</u>	<u>\$ (703,227)</u>	<u>\$ 5,371,978</u>	<u>\$ 739,454</u>
Business-Type Activities:					
Bonds and Notes Payable	\$ 8,365,000	\$ -	\$ (505,000)	\$ 7,860,000	\$ 500,000
Unamortized Bond Premium	310,411	-	(18,076)	292,335	18,075
Total Bonds and Notes Payable	<u>8,675,411</u>	<u>-</u>	<u>(523,076)</u>	<u>8,152,335</u>	<u>518,075</u>
Compensated Absences	45,424	6,955	-	52,379	5,238
Total	<u>\$ 8,720,835</u>	<u>\$ 6,955</u>	<u>\$ (523,076)</u>	<u>\$ 8,204,714</u>	<u>\$ 523,313</u>
Discretely Presented Component Unit:					
Mortgage Loan Payable	<u>\$ 431,702</u>	<u>\$ -</u>	<u>\$ (431,702)</u>	<u>\$ -</u>	<u>\$ -</u>

Except for bonds issued for the community preservation fund, long-term liabilities of governmental activities are generally liquidated by the general fund. Long-term debt issued for community preservation projects are liquidated by the community preservation fund.

NOTE 9 CAPITAL LEASE OBLIGATION

The Town leases a fire truck under a capital lease for which payments conclude in fiscal year 2028. The lease began in fiscal year 2019 and requires payments annually for 10 years. The lease agreement contains a bargain purchase option which would allow the Town to purchase the fire truck at the end of the lease term. The cost of the lease for the year ended June 30, 2021 was \$64,557 and is reported as a public safety expenditure of the general fund.

The future minimum lease payments are as follows at June 30, 2021:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 64,557
2023	64,557
2024	64,557
2025	64,557
2026	64,557
2027	64,557
2028	<u>64,553</u>
Total Minimum Lease Payments	451,895
Less: Amounts Representing Interest	<u>(60,919)</u>
Present Value of Minimum Lease Payments	<u>\$ 390,976</u>

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 CAPITAL LEASE OBLIGATION (CONTINUED)

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

	Governmental Activities
Asset:	
Machinery and Equipment	\$ 549,917
Less: Accumulated Amortization	(137,479)
Total	\$ 412,438

NOTE 10 LONG-TERM DEBT

Details related to the outstanding indebtedness at June 30, 2021, and the debt service requirements, are as follows:

Bonds and Notes Payable - Governmental Funds

Project	Maturity Date	Interest Rate %	Outstanding at June 30, 2020	Issued	Redeemed	Outstanding at June 30, 2021
Landfill Closure	3/15/2022	2.00	\$ 70,000	\$ -	\$ (35,000)	\$ 35,000
Public Safety Building - Refunding	9/15/2025	2.00 - 4.00	1,650,000	-	(280,000)	1,370,000
Fire Truck	5/15/2027	2.00 - 4.00	490,000	-	(70,000)	420,000
Landfill Capping	5/15/2030	2.00 - 4.00	850,000	-	(85,000)	765,000
Sagamore Hill Land Acquisition	3/15/2032	2.00 - 3.00	995,000	-	(85,000)	910,000
Chebacco Road Paving	11/1/2034	2.00 - 5.00	940,000	-	(65,000)	875,000
Total Governmental Funds			\$ 4,995,000	\$ -	\$ (620,000)	\$ 4,375,000

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

Fiscal Year	Principal	Interest	Total
2022	\$ 620,000	\$ 121,728	\$ 741,728
2023	585,000	98,678	683,678
2024	580,000	79,178	659,178
2025	575,000	64,453	639,453
2026	570,000	47,303	617,303
2027	305,000	38,028	343,028
2028	230,000	30,753	260,753
2029	230,000	23,175	253,175
2030	225,000	16,298	241,298
2031	140,000	10,445	150,445
2032	140,000	6,845	146,845
2033	60,000	3,215	63,215
2034	60,000	1,925	61,925
2035	55,000	633	55,633
Total	\$ 4,375,000	\$ 542,653	\$ 4,917,653

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 LONG-TERM DEBT (CONTINUED)

Bonds and Notes Payable - Water Enterprise Fund

<u>Project</u>	<u>Maturity Date</u>	<u>Interest Rate %</u>	<u>Outstanding at June 30, 2020</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2021</u>
Water System Reconstruction	05/15/35	2.00 - 4.00	\$ 3,720,000	\$ -	\$ (255,000)	\$ 3,465,000
Water System Reconstruction	03/15/37	2.00 - 3.00	1,615,000	-	(95,000)	1,520,000
Water Distribution System	11/1/39	2.00 - 5.00	1,255,000	-	(65,000)	1,190,000
Water Distribution System Phase IV	11/1/39	2.00 - 5.00	1,600,000	-	(80,000)	1,520,000
Water Treatment Plant	11/1/39	2.00 - 5.00	175,000	-	(10,000)	165,000
Total Enterprise Funds			<u>\$ 8,365,000</u>	<u>\$ -</u>	<u>\$ (505,000)</u>	<u>\$ 7,860,000</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 500,000	\$ 231,598	\$ 731,598
2023	500,000	211,948	711,948
2024	500,000	192,298	692,298
2025	500,000	175,923	675,923
2026	500,000	161,873	661,873
2027	500,000	148,123	648,123
2028	500,000	132,823	632,823
2029	495,000	116,372	611,372
2030	495,000	101,605	596,605
2031	495,000	89,163	584,163
2032	490,000	75,913	565,913
2033	490,000	62,638	552,638
2034	490,000	49,213	539,213
2035	490,000	35,331	525,331
2036	240,000	21,433	261,433
2037	240,000	15,175	255,175
2038	145,000	8,845	153,845
2039	145,000	5,329	150,329
2040	145,000	1,776	146,776
Total	<u>\$ 7,860,000</u>	<u>\$ 1,837,373</u>	<u>\$ 9,697,373</u>

Authorized and Unissued Debt

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2021, the Town had authorized and unissued debt of \$1,000,000 for water treatment plant improvements.

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

Plan Description – The Town provides health and life insurance coverage for its retirees and their survivors (hereinafter referred to as the Plan) as a single-employer defined benefit Other Postemployment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process. The Plan does not issue a stand-alone, GAAP basis audited financial report.

The Plan is administered by the Town Treasurer as having been duly designated as the Trustee by the Plan trust agreement.

Benefits Provided – The Town provides healthcare and life insurance benefits for retirees and their dependents for the duration of retirement. An employee hired before April 2, 2012 shall become eligible to retire under the plan upon attainment of age 55 as an active member and completion of 10 years of service, or an employee shall be able to retire with 20 years of service regardless of age. Those hired on or after April 2, 2012 shall be eligible to retire upon attainment of age 60 with 10 years of creditable service. The benefit terms provide for payment of 55% of health insurance premiums for non-Medicare-eligible retirees and 55% of supplemental health insurance premiums for Medicare-eligible retirees. The benefit terms also provide for payment of 75% of premiums for \$15,000 of life insurance benefits for retirees. Dental insurance coverage is also offered but at no cost to the Town. The costs of administering the Plan are paid by the Town.

Contributions – The contribution requirements of Plan members and the Town are established and may be amended by the Town. The required health insurance contribution rates of Plan members and the Town are 45% and 55%, respectively.

For the fiscal year ended June 30, 2021, employer contributions totaled \$1,179,367. The Plan did not receive contributions from any other sources.

Plan Investments – The Town's policy in regard to the allocation of invested assets is established and may be amended by the Select Board by a majority vote. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan.

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 36.09%. The money-weighted rate of return expresses investment performance, net of investment expense.

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class include in the target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity - Large Cap	25.50%	4.90%
Domestic Equity - Small/Mid Cap	24.00%	5.40%
Domestic Fixed Income	19.75%	1.40%
International Equity - Developed Market	13.25%	5.32%
Alternatives	7.00%	6.32%
International Equity - Emerging Market	6.50%	6.26%
International Fixed Income	4.00%	1.30%
Real Estate	0.00%	6.25%
Cash and Cash Equivalents	0.00%	0.00%
Total	<u>100.00%</u>	

Participants Covered by Benefit Terms – The number of participants as of July 1, 2019, the latest actuarial valuation, was as follows:

Active Employees	59
Retired Employees	38
Total	<u>97</u>

Net OPEB Liability – Changes in the total OPEB liability are as follows:

	<u>Total OPEB Liability</u>	<u>Increase (Decrease) Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances at June 30, 2020	\$ 7,373,550	\$ -	\$ 7,373,550
Changes for the Year:			
Service Cost	232,207	-	232,207
Interest	252,085	-	252,085
Changes of Assumptions	(2,756,271)	-	(2,756,271)
Contributions - Employer	-	1,179,367	(1,179,367)
Investment Income	-	51,186	(51,186)
Benefits Payments	(208,167)	(208,167)	-
Net Changes	<u>(2,480,146)</u>	<u>1,022,386</u>	<u>(3,502,532)</u>
Balances at June 30, 2021	<u>\$ 4,893,404</u>	<u>\$ 1,022,386</u>	<u>\$ 3,871,018</u>

Fiduciary Net Position as a Percentage of the Total OPEB Liability 20.89%

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The OPEB trust fund reported in the fiduciary funds financial statements is reported using the flow of economic resources measurement focus and uses the accrual basis of accounting. Contributions are recognized as additions in the period when they have become due pursuant to formal commitments, statutory or contractual requirements. Benefits and refunds are recognized as deductions when incurred.

The Town's net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions - The total OPEB liability in the July 1, 2019 actuarial valuation and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Discount Rate	6.68% (previously 3.36%)
Inflation	2.50%
Healthcare Cost Trend Rates	4.50%
Pre-Retirement Mortality	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Post-Retirement Mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Disabled Mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year
Mortality Experience Study	The actuarial assumptions used to calculate the actuarial accrued liability and the service cost primarily reflect the latest experience studies of the Massachusetts PERAC issued in 2014 and their most recent analysis of retiree mortality during 2015 and 2016.

Discount Rate – The discount rate used to measure the total OPEB liability was 6.68%. The projection of cash flows used to determine the discount rate assumed that contributions from the Town will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability calculated using the discount rate of 6.68%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.68%) or one-percentage-point higher (7.68%) than the current rate:

	One Percent Decrease (5.68%)	Current Discount Rate (6.68%)	One Percent Increase (7.68%)
Total OPEB Liability	<u>\$ 4,523,369</u>	<u>\$ 3,871,018</u>	<u>\$ 3,334,282</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that is one-percentage-point lower (3.50%) or one-percentage-point higher (5.50%) than the current rate:

	One Percent Decrease	Healthcare Cost Trend Rates	One Percent Increase
Total OPEB Liability	<u>\$ 3,290,283</u>	<u>\$ 3,871,018</u>	<u>\$ 4,583,491</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2021, the Town recognized OPEB expense of (\$120,294). At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 141,977	\$ (829,274)
Changes of Assumptions	138,946	(2,515,194)
Net Difference Between Projected and Actual Earnings on Plan Investments	-	(15,418)
Total	<u>\$ 280,923</u>	<u>\$ (3,359,886)</u>

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	\$ (572,672)
2023	(637,959)
2024	(713,239)
2025	(718,912)
2026	(436,181)
Total	<u>\$ (3,078,963)</u>

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 FUND BALANCE

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

	<u>General</u>	<u>Community Preservation</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Permanent Fund Principal	\$ -	\$ -	\$ 299,782	\$ 299,782
Restricted for:				
Community Preservation	-	966,822	-	966,822
Affordable Housing	-	-	1,031,321	1,031,321
Capital	-	-	105,890	105,890
General Government	-	-	542,869	542,869
Public Safety	-	-	143,366	143,366
Public Works	-	-	1,197,811	1,197,811
Health and Human Services	-	-	149,994	149,994
Culture and Recreation	-	-	185,907	185,907
Subtotal Restricted	<u>-</u>	<u>966,822</u>	<u>3,357,158</u>	<u>4,323,980</u>
Committed to:				
Subsequent Year's Expenditures	684,674	-	-	684,674
Capital Stabilization	1,443,230	-	-	1,443,230
Recreation Fields Stabilization	563,930	-	-	563,930
Continuing Appropriations	641,202	-	-	641,202
Subtotal Committed	<u>3,333,036</u>	<u>-</u>	<u>-</u>	<u>3,333,036</u>
Assigned to:				
Encumbrances	18,469	-	-	18,469
Unassigned	<u>6,378,342</u>	<u>-</u>	<u>(370,330)</u>	<u>6,008,012</u>
Total	<u>\$ 9,729,847</u>	<u>\$ 966,822</u>	<u>\$ 3,286,610</u>	<u>\$ 13,983,279</u>

NOTE 13 STABILIZATION FUNDS

The Town maintains general, recreation fields, and capital stabilization funds that were established under MGL Chapter 40, Section 5B. Additionally, Appropriations in and out of the stabilization funds require two-thirds vote of Town meeting. Investment income is retained by the funds.

The balance of the general, recreation fields, and capital stabilization funds at June 30, 2021 total \$1,683,971, \$563,930, and \$1,443,230, respectively, and are reported in the general fund as unassigned (\$1,683,971) and committed (\$563,930 and \$1,443,230) fund balance.

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 14 RISK FINANCING

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

The Town participates in a health insurance risk pool trust administered by Massachusetts Interlocal Insurance Association (Association), which was founded to establish insurance cost stability for Massachusetts' entities. The Association offers a variety of premium based plans to its members with each participating governmental unit being charged a premium for coverage based on rates established by the Association. The Town is obligated to pay the Association its required premiums and, in the event that the Association is terminated, its pro-rata share of a deficit, should one exist. These premium based payments are recorded as expenditures in the General Fund.

NOTE 15 PENSION PLAN – ESSEX REGIONAL RETIREMENT SYSTEM

General Information about the Pension Plan

Plan description. Employees of the Town deemed eligible by the Essex Regional Retirement Board are provided with pensions through the Essex Regional Retirement System (ERRS) - a cost-sharing multiple-employer defined benefit pension plan administered by the Essex Regional Retirement Board. Membership in the ERRS is mandatory immediately upon the commencement of employment for all permanent, full time employees (except for school department employees who serve in a teaching capacity). The ERRS issues a publicly available financial report that can be obtained online at <https://www.essexregional.com/home/pages/annual-audits> or by contacting the ERRS located at 491 Maple Street, Suite 202, Danvers, Massachusetts, 01923.

Benefits provided. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The plan provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are three classes of membership in the plan; Group 1, Group 2, and Group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have been specified as hazardous. Lastly, Group 4 consists of police officers, firefighters, and other hazardous positions.

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 15 PENSION PLAN – ESSEX REGIONAL RETIREMENT SYSTEM (CONTINUED)

General Information about the Pension Plan (Continued)

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service if hired after 1978 and if classified in Groups 1 or 2. A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance upon reaching the age of 60 with 10 years of service if in Group 1, 50 years of age with 10 years of service if in Group 2, and 55 years of age if hired prior to 1978 or if classified in Group 4. Normal retirement for most employees occurs at age 65 (except for certain hazardous duty and public safety positions, whose normal retirement is at age 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent on several factors, including whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veterans' status, and group classification.

Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Contributions. Chapter 32 of the MGL assigns authority to establish and amend contribution requirements of the plan. Employers are required to pay an actuarially determined annual appropriation. The total appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the plan's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The pension fund appropriations are allocated amongst employers based on covered payroll. Active member employees contribute between 5 and 11% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Members hired on or after January 1, 1979, contribute an additional 2% of annual regular compensation in excess of \$30,000. Contributions to the pension plan from the Town were \$1,052,821 for the year ended June 30, 2021.

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 15 PENSION PLAN – ESSEX REGIONAL RETIREMENT SYSTEM (CONTINUED)

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

At June 30, 2021, the Town reported a liability of \$10,823,445 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020; which was rolled forward to the measurement date of December 31, 2020. The Town proportion of the net pension liability is a blended rate of the proportionate share of active employer's covered payroll and direct charges for early retirement incentives.

At June 30, 2021, the Town's proportion was 2.727%, which compared to a proportion of 2.749% at June 30, 2020.

For the year ended June 30, 2021, the Town recognized pension expense of \$1,183,910. At June 30, 2021, the Town reported deferred inflows of resources and deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,183	\$ 9,280
Differences Between Projected and Actual Earnings on Investments	-	805,270
Changes of Assumptions	724,070	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	336,490	246,735
Total	\$ 1,061,743	\$ 1,061,285

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

Year Ended June 30,	Amount
2022	58,242
2023	248,461
2024	(161,872)
2025	(144,373)
Total	\$ 458

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 15 PENSION PLAN – ESSEX REGIONAL RETIREMENT SYSTEM (CONTINUED)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pensions (Continued)**

Actuarial assumptions. The total pension liability was determined using the following actuarial assumptions:

Salary Increases: Based on years of service, ranging from 7.50% at zero years of service decreasing to 3.75% after five years of service.

Mortality Rates: Pre-Retirement - The RP-2014 Employee Mortality Table projected generationally with scale MP-2019.

Health-Retiree - The RP-2014 Healthy Annuitant Mortality Table projected generationally with scale MP-2019.

Disabled Retiree - The RP-2014 Healthy Annuitant Mortality Table, set forward two years, projected generationally with scale MP-2019.

Investment Rate of Return: 7.30%

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	23.10 %	6.40 %
Core Fixed Income	15.80	2.70
International Developed Markets Equity	14.40	6.60
Private Equity	12.40	10.20
Hedge Fund, PCS	8.80	5.20
Real Estate	8.30	6.00
Value Added Fixed Income	7.40	6.20
International Emerging Markets Equity	5.80	8.40
Timberland	3.30	6.60
Overlay	0.60	-
Liquidating Portfolios	0.10	-
Total	<u>100.00 %</u>	

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 15 PENSION PLAN – ESSEX REGIONAL RETIREMENT SYSTEM (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.30%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.30%) or one-percentage-point higher (8.30%) than the current rate:

	One Percent Decrease (6.3%)	Current Discount Rate (7.3%)	One Percent Increase (8.3%)
Town's Proportionate Share of the Net Pension Liability	\$ 13,858,975	\$ 10,823,445	\$ 8,272,054

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued ERRS financial report that can be obtained online at <https://www.essexregional.com/home/pages/annual-audits>.

NOTE 16 COMMITMENTS

The Town has entered into, or is planning to enter into, contracts totaling approximately \$11,500,000 for the design and reconstruction of its water system and facilities. Of the \$11,500,000 authorized for the water system and facilities, \$10,500,000 has been funded through the issuance of bonds.

**TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 17 CONTINGENCIES

Various legal actions and claims are pending against the Town. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2021.

The Town participates in a number of federal award programs. The amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

NOTE 18 PRIOR PERIOD ADJUSTMENT

The Town changed the measurement date of their net other postemployment benefits liability, reported in accordance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, to June 30, 2021; which is also the OPEB Plan's fiscal year end. The Town's previous accounting policy would have reported their liability as of a measurement date one year earlier than the OPEB Plan's fiscal year end. As a result, the Town has restated its beginning net position as of June 30, 2020, to reflect the change of accounting principle. The cumulative effects of the change are presented as follows:

	Governmental Activities	Business-Type Activities	Water Enterprise Fund
Net Position, June 30, 2020, as Previously Reported	\$ 12,155,539	\$ 5,397,867	\$ 5,397,867
Cumulative Affects of Restatements:			
Net OPEB Liability	(250,747)	(16,402)	(16,402)
Net Position, June 30, 2020, as Restated	\$ 11,904,792	\$ 5,381,465	\$ 5,381,465

TOWN OF HAMILTON, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE —
GENERAL FUND — BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Real Estate and Personal Property Taxes	\$ -	\$ 30,131,414	\$ -	\$ 30,131,414
Motor Vehicle and Other Excise Taxes	-	882,257	-	882,257
Meals Tax	-	57,800	-	57,800
Tax Liens	-	-	-	-
Payments in Lieu of Taxes	-	28,050	-	28,050
Charges for Services	-	-	-	-
Intergovernmental	-	1,100,203	-	1,100,203
Penalties and Interest on Taxes	-	57,375	-	57,375
Licenses and Permits	-	242,123	-	242,123
Fines and Forfeitures	-	5,525	-	5,525
Departmental and Other	-	181,627	-	181,627
Investment Income	-	8,500	-	8,500
Total Revenues	-	32,694,874	-	32,694,874
EXPENDITURES				
Current:				
General Government	181,418	1,976,414	191,691	2,349,523
Public Safety	6,476	3,263,114	111,000	3,374,114
Education	-	20,435,661	309,600	20,745,261
Public Works	125,122	2,266,380	-	2,391,502
Health and Human Services	-	275,409	-	275,409
Culture and Recreation	50,000	1,162,321	-	1,212,321
Hamilton Development Corporation	-	50,000	-	50,000
Pension Benefits	-	1,072,029	-	1,072,029
Employee Benefits	11,049	1,202,083	-	1,202,083
Property and Liability Insurance	-	256,721	-	256,721
State and County Charges	-	252,967	-	252,967
Debt Service:				
Principal	-	535,000	-	535,000
Interest	-	134,000	-	134,000
Total Expenditures	374,065	32,882,099	612,291	33,850,930
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(374,065)	(187,225)	(612,291)	(1,156,056)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	428,154	-	428,154
Transfers Out	-	(1,246,741)	-	(1,246,741)
Total Other Financing Sources (Uses)	-	(818,587)	-	(818,587)
NET CHANGE IN FUND BALANCE				
	(374,065)	(1,005,812)	(612,291)	(1,974,643)
Fund Balance - Beginning of Year	5,405,182	5,405,182	5,405,182	5,405,182
FUND BALANCE - END OF YEAR	\$ 5,031,117	\$ 4,399,370	\$ 4,792,891	\$ 3,430,539

See accompanying Notes to Required Supplementary Information.

TOWN OF HAMILTON, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE —
GENERAL FUND — BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
REVENUES				
Real Estate and Personal Property Taxes	\$ 30,495,592	\$ -	\$ 30,495,592	\$ 364,178
Motor Vehicle and Other Excise Taxes	1,214,944	-	1,214,944	332,687
Meals Tax	46,182	-	46,182	(11,618)
Tax Liens	140,978	-	140,978	140,978
Payments in Lieu of Taxes	-	-	-	(28,050)
Charges for Services	115,254	-	115,254	115,254
Intergovernmental	1,077,808	-	1,077,808	(22,395)
Penalties and Interest on Taxes	158,911	-	158,911	101,536
Licenses and Permits	476,725	-	476,725	234,602
Fines and Forfeitures	1,868	-	1,868	(3,657)
Departmental and Other	198,709	-	198,709	17,082
Investment Income	11,903	-	11,903	3,403
Total Revenues	<u>33,938,874</u>	<u>-</u>	<u>33,938,874</u>	<u>1,244,000</u>
EXPENDITURES				
Current:				
General Government	1,936,461	215,623	2,152,084	197,439
Public Safety	3,072,490	7,034	3,079,524	294,590
Education	20,727,030	-	20,727,030	18,231
Public Works	1,941,029	389,388	2,330,417	61,085
Health and Human Services	225,102	-	225,102	50,307
Culture and Recreation	1,144,262	47,626	1,191,888	20,433
Hamilton Development Corporation	50,000	-	50,000	-
Pension Benefits	1,052,821	-	1,052,821	19,208
Employee Benefits	986,455	-	986,455	215,628
Property and Liability Insurance	237,326	-	237,326	19,395
State and County Charges	247,238	-	247,238	5,729
Debt Service:				
Principal	535,000	-	535,000	-
Interest	117,628	-	117,628	16,372
Total Expenditures	<u>32,272,842</u>	<u>659,671</u>	<u>32,932,513</u>	<u>918,417</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	1,666,032	(659,671)	1,006,361	2,162,417
OTHER FINANCING SOURCES (USES)				
Transfers In	428,154	-	428,154	-
Transfers Out	(1,246,741)	-	(1,246,741)	-
Total Other Financing Sources (Uses)	<u>(818,587)</u>	<u>-</u>	<u>(818,587)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE				
	847,445	(659,671)	187,774	2,162,417
Fund Balance - Beginning of Year	<u>5,405,182</u>	<u>-</u>	<u>5,405,182</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,252,627</u>	<u>\$ (659,671)</u>	<u>\$ 5,592,956</u>	<u>\$ 2,162,417</u>

See accompanying Notes to Required Supplementary Information.

TOWN OF HAMILTON, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE — COMMUNITY PRESERVATION FUND —
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Community Preservation Surcharges	\$ -	\$ 495,918	\$ -	\$ 495,918
Intergovernmental	-	63,857	-	63,857
Investment Income	-	-	-	-
Total Revenues	<u>-</u>	<u>559,775</u>	<u>-</u>	<u>559,775</u>
EXPENDITURES				
Current:				
Administrative	-	21,017	-	21,017
Projects, Acquisitions, and Other	15,693	5,983	75,131	81,114
Debt Service:				
Principal	-	85,000	-	85,000
Interest	-	25,600	-	25,600
Total Expenditures	<u>15,693</u>	<u>137,600</u>	<u>75,131</u>	<u>212,731</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(15,693)	422,175	(75,131)	347,044
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(200,000)	(200,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>
NET CHANGE IN FUND BALANCE	(15,693)	422,175	(275,131)	147,044
Fund Balance - Beginning of Year	<u>631,264</u>	<u>631,264</u>	<u>631,264</u>	<u>631,264</u>
FUND BALANCE - END OF YEAR	<u>\$ 615,571</u>	<u>\$ 1,053,439</u>	<u>\$ 356,133</u>	<u>\$ 778,308</u>

See accompanying Notes to Required Supplementary Information.

TOWN OF HAMILTON, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE — COMMUNITY PRESERVATION FUND —
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
REVENUES				
Community Preservation Surcharges	\$ 509,966	\$ -	\$ 509,966	\$ 14,048
Intergovernmental	137,651	-	137,651	73,794
Investment Income	541	-	541	541
Total Revenues	<u>648,158</u>	<u>-</u>	<u>648,158</u>	<u>88,383</u>
EXPENDITURES				
Current:				
Administrative	1,323	-	1,323	19,694
Projects, Acquisitions, and Other	6,114	75,000	81,114	-
Debt Service:				
Principal	85,000	-	85,000	-
Interest	25,600	-	25,600	-
Total Expenditures	<u>118,037</u>	<u>75,000</u>	<u>193,037</u>	<u>19,694</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	530,121	(75,000)	455,121	108,077
OTHER FINANCING SOURCES (USES)				
Transfers Out	(200,000)	-	(200,000)	-
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	330,121	(75,000)	255,121	108,077
Fund Balance - Beginning of Year	631,264	-	631,264	-
FUND BALANCE - END OF YEAR	<u>\$ 961,385</u>	<u>\$ (75,000)</u>	<u>\$ 886,385</u>	<u>\$ 108,077</u>

**TOWN OF HAMILTON, MASSACHUSETTS
PENSION PLAN SCHEDULES
JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)**

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

	2021	2020	2019	2018	2017	2016	2015
Town's Proportion of the Net Pension Liability	2.727%	2.749%	2.758%	2.535 %	2.741 %	2.628 %	2.746 %
Town's Proportionate Share of the Net Pension Liability	<u>\$ 10,823,445</u>	<u>\$ 11,582,591</u>	<u>\$ 11,651,319</u>	<u>\$ 9,538,820</u>	<u>\$ 10,559,951</u>	<u>\$ 9,546,806</u>	<u>\$ 9,315,055</u>
Town's Covered Payroll	<u>\$ 4,056,484</u>	<u>\$ 3,909,649</u>	<u>\$ 3,761,561</u>	<u>\$ 3,613,506</u>	<u>\$ 3,526,675</u>	<u>\$ 3,470,734</u>	<u>\$ 3,333,273</u>
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	266.82%	296.26%	309.75%	263.98 %	299.43 %	275.07 %	279.46 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.73 %	55.46 %	51.89 %	55.40 %	51.12 %	51.01 %	52.27 %

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

**SCHEDULE OF TOWN'S CONTRIBUTIONS
ESSEX REGIONAL RETIREMENT SYSTEM (1)**

	2021	2020	2019	2018	2017	2016	2015
Actuarially Required Contribution	\$ 1,052,821	\$ 987,370	\$ 921,648	\$ 789,304	\$ 794,132	\$ 721,863	\$ 704,356
Contributions in Relation to the Actuarially Required Contribution	<u>(1,052,821)</u>	<u>(987,370)</u>	<u>(921,648)</u>	<u>(789,304)</u>	<u>(794,132)</u>	<u>(721,863)</u>	<u>(704,356)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Payroll	<u>\$ 4,056,484</u>	<u>\$ 3,909,649</u>	<u>\$ 3,761,561</u>	<u>\$ 3,613,506</u>	<u>\$ 3,526,675</u>	<u>\$ 3,470,734</u>	<u>\$ 3,333,273</u>
Contributions as a Percentage of Covered Payroll	25.95 %	25.25 %	24.50 %	21.84 %	22.52 %	20.80 %	21.13 %

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

**TOWN OF HAMILTON, MASSACHUSETTS
OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULES
JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)**

The following schedule provides information related to the Town's other postemployment benefits plan:

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS (1)

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service Cost	\$ 232,207	\$ 232,207	\$ 224,658	\$ 284,193	\$ 232,636
Interest on Unfunded Liability	252,085	243,109	256,109	238,471	232,202
Change in Assumptions	(2,756,271)	-	(336,109)	314,827	-
Differences Between Actual and Expected Experience	-	-	(1,250,224)	-	556,505
Benefits Payments	(208,167)	(208,167)	(199,203)	(180,976)	(354,621)
Net Change in Total OPEB Liability	(2,480,146)	267,149	(1,304,769)	656,515	666,722
Total OPEB Liability - Beginning	7,373,550	7,106,401	8,411,170	7,754,655	7,087,933
Total OPEB Liability - Ending (a)	<u>\$ 4,893,404</u>	<u>\$ 7,373,550</u>	<u>\$ 7,106,401</u>	<u>\$ 8,411,170</u>	<u>\$ 7,754,655</u>
Fiduciary Net Position					
Contributions - Employer	\$ 1,179,367	\$ 208,167	\$ 199,203	\$ 180,976	\$ 354,621
Net Investment Income	51,186	-	-	-	-
Benefits Payments	(208,167)	(208,167)	(199,203)	(180,976)	(354,621)
Net Change in Fiduciary Net Position	1,022,386	-	-	-	-
Fiduciary Net Position - Beginning	-	-	-	-	-
Fiduciary Net Position - Ending (b)	<u>\$ 1,022,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 3,871,018</u>	<u>\$ 7,373,550</u>	<u>\$ 7,106,401</u>	<u>\$ 8,411,170</u>	<u>\$ 7,754,655</u>
Covered Employee Payroll	\$ 5,548,620	\$ 5,230,107	\$ 5,230,107	\$ 4,938,721	\$ 4,794,875
Net OPEB liability as a Percentage of Covered Employee Payroll	69.77%	140.98%	135.87%	170.31%	161.73%

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

SCHEDULE OF TOWN CONTRIBUTIONS – OPEB PLAN (2)

	2021	2020	2019	2018	2017
Actuarially Required Contribution	\$ 437,277	\$ 613,310	\$ 659,391	\$ 668,306	\$ 628,305
Contributions in Relation to the Actuarially Required Contribution	(1,179,367)	(208,167)	(199,203)	(180,976)	(354,621)
Contribution Deficiency (Excess)	<u>\$ (742,090)</u>	<u>\$ 405,143</u>	<u>\$ 460,188</u>	<u>\$ 487,330</u>	<u>\$ 273,684</u>

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

SCHEDULE OF INVESTMENT RETURNS – OPEB PLAN (3)

	2021	2020	2019	2018	2017
Annual Money-Weighted Rate of Return, Net of Investment Expense	36.09%	N/A	N/A	N/A	N/A

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

See accompanying Notes to Required Supplementary Information.

TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

NOTE 1 BUDGETARY – GAAP RECONCILIATION

For budgetary financial reporting purposes, the Uniform Massachusetts Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund and community preservation fund for the fiscal year ended June 30, 2021, is presented below:

General Fund

	<u>Revenues</u>	<u>Expenditures</u>	<u>OFS/ (OFU), Net</u>	<u>Fund Balance</u>
Budgetary Basis as Reported on the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	\$ 33,938,874	\$ 32,932,513	\$ (818,587)	\$ 5,592,956
<u>Adjustments and Reclassifications</u>				
Activity of Stabilization Fund Recorded in the General Fund for GAAP Purposes	206,020	7,109	247,757	1,683,971
Activity of Other Post Employment Benefits Trust Fund Recorded in the General Fund for GAAP Purposes	165,235	846,200	-	-
Activity of Recreation Stabilization Fund Recorded in the General Fund for GAAP Purposes	13,025	2,889	-	563,930
Activity of Capital Stabilization Fund Recorded in the General Fund for GAAP Purposes	31,668	6,330	907,592	1,443,230
Net Change in Recording 60-Day Receipts	(48,666)	-	-	14,350
Net Change in Recording Tax Refunds Payable	(228,261)	-	-	(228,261)
To Record Encumbrances and Continuing Appropriations	<u>-</u>	<u>(659,671)</u>	<u>-</u>	<u>659,671</u>
GAAP Basis as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance	<u>\$ 34,077,895</u>	<u>\$ 33,135,370</u>	<u>\$ 336,762</u>	<u>\$ 9,729,847</u>

TOWN OF HAMILTON, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

NOTE 1 BUDGETARY – GAAP RECONCILIATION (CONTINUED)

Community Preservation Fund

	<u>Revenues</u>	<u>Expenditures</u>	<u>OFS/ (OFU), Net</u>	<u>Fund Balance</u>
Budgetary Basis as Reported on the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	\$ 648,158	\$ 193,037	\$ (200,000)	\$ 886,385
<u>Adjustments</u>				
Net Change in Recording Tax Refunds Payable	(4,565)	-	-	(4,565)
Net Change in Recording Investment Income	-	-	-	10,002
To Record Encumbrances and Continuing Appropriations	-	(75,000)	-	75,000
GAAP Basis as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance	<u>\$ 643,593</u>	<u>\$ 118,037</u>	<u>\$ (200,000)</u>	<u>\$ 966,822</u>

NOTE 2 METHODS AND ASSUMPTIONS – ACTUARIALLY DETERMINED CONTRIBUTIONS – OPEB

The following methods and assumptions from the July 1, 2019 actuarial valuation were used to determine the most recent actuarially determined contribution rates:

Actuarial cost method:	Individual Entry Age Normal
Amortization Method:	Level Dollar
Remaining amortization period:	30 years from July 1, 2019
Asset valuation method:	Market Value
Inflation rate:	2.50%
Healthcare/Medical Cost Trend Rate:	4.50%