

**TOWN OF HAMILTON, MASSACHUSETTS**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2022**



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## INDEPENDENT AUDITORS' REPORT

Honorable Select Board  
Town of Hamilton, Massachusetts

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the discretely presented component unit of the Town of Hamilton, Massachusetts (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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, each major fund, the aggregate remaining fund information, and the discretely presented component unit of the Town, as of June 30, 2022, 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.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, effective July 1, 2021, the Town adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinions were not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Honorable Select Board  
Town of Hamilton, Massachusetts

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons, and certain pension and other postemployment benefits information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 February 1, 2023, on our consideration of the Town's 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's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Boston, Massachusetts  
February 1, 2023

**TOWN OF HAMILTON, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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, 2022.

**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 \$22,793,460 (net position). The Town had an unrestricted deficit at the end of the current fiscal year totaling \$4,801,621.
- The Town's total net position increased by \$2,642,274 in the current fiscal year.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$8,349,683, or 24.48% of total general fund expenditures and transfers out.
- The Town's total bonded debt decreased by \$1,173,239 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 (CONTINUED)  
JUNE 30, 2022**

**Overview of the Basic Financial Statements (Continued)**

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 operations.

The government-wide financial statements can be found on pages 13 through 16 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 120 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, American Rescue Plan Act (special revenue) fund, and community preservation (special revenue) fund, which are considered to be major funds. Data from the other 117 governmental funds are combined into a single, aggregated presentation titled nonmajor governmental funds.

The basic governmental funds financial statements can be found on pages 17 through 20 of this report.

**TOWN OF HAMILTON, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2022**

**Overview of the Basic Financial Statements (Continued)**

**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 21 through 25 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 26 through 27 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 28-64 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 65 through 74 of this report.



**TOWN OF HAMILTON, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2022**

**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 \$22,793,460 at the close of the fiscal year and are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Assets</b>						
Current Assets	\$ 19,174,711	\$ 16,307,039	\$ 2,525,660	\$ 2,992,865	\$ 21,700,371	\$ 19,299,904
Noncurrent Assets (Excluding Capital Assets)	1,284,075	366,170	-	-	1,284,075	366,170
Capital Assets (Net)	21,339,594	21,522,055	13,663,797	13,299,185	35,003,391	34,821,240
Total Assets	<u>41,798,380</u>	<u>38,195,264</u>	<u>16,189,457</u>	<u>16,292,050</u>	<u>57,987,837</u>	<u>54,487,314</u>
<b>Deferred Outflows of Resources</b>	<u>2,654,737</u>	<u>1,262,069</u>	<u>154,788</u>	<u>80,597</u>	<u>2,809,525</u>	<u>1,342,666</u>
<b>Liabilities</b>						
Current Liabilities (Excluding Debt)	2,427,846	1,289,974	438,966	1,318,254	2,866,812	2,608,228
Noncurrent Liabilities (Excluding Debt)	14,423,851	14,463,278	811,325	929,222	15,235,176	15,392,500
Current Debt	1,087,932	1,122,932	1,718,075	518,075	2,806,007	1,641,007
Noncurrent Debt	3,361,464	3,981,628	7,116,185	7,634,260	10,477,649	11,615,888
Total Liabilities	<u>21,301,093</u>	<u>20,857,812</u>	<u>10,084,551</u>	<u>10,399,811</u>	<u>31,385,644</u>	<u>31,257,623</u>
<b>Deferred Inflows of Resources</b>	<u>6,304,518</u>	<u>4,155,777</u>	<u>313,740</u>	<u>265,394</u>	<u>6,618,258</u>	<u>4,421,171</u>
<b>Net Position</b>						
Net Investment in Capital Assets	18,232,720	18,583,503	5,566,572	5,179,388	23,799,292	23,762,891
Restricted	3,795,789	3,643,854	-	-	3,795,789	3,643,854
Unrestricted	(5,181,003)	(7,783,613)	379,382	528,054	(4,801,621)	(7,255,559)
Total Net Position	<u>\$ 16,847,506</u>	<u>\$ 14,443,744</u>	<u>\$ 5,945,954</u>	<u>\$ 5,707,442</u>	<u>\$ 22,793,460</u>	<u>\$ 20,151,186</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 \$379,382 that may be used to support business-type activities.

**TOWN OF HAMILTON, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2022**

**Government-Wide Financial Analysis (Continued)**

**Changes in Net Position**

For the fiscal year ended June 30, 2022, the Town's total net position increased by \$2,642,274, compared to an increase of \$2,864,929 in the prior fiscal year. These amounts are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 1,667,833	\$ 1,365,221	\$ 1,891,796	\$ 1,973,319	\$ 3,559,629	\$ 3,338,540
Operating Grants and Contributions	1,194,789	1,170,565	1,398	1,199	1,196,187	1,171,764
Capital Grants and Contributions	381,740	541,478	-	-	381,740	541,478
General Revenues:						
Real Estate and Personal Property Taxes	31,665,365	30,273,837	-	-	31,665,365	30,273,837
Motor Vehicle and Other Excise Taxes	1,238,256	1,204,237	-	-	1,238,256	1,204,237
Meals Tax	61,550	46,182	-	-	61,550	46,182
Penalties and Interest on Taxes	105,347	158,911	-	-	105,347	158,911
Payments in Lieu of Taxes	73,906	-	-	-	73,906	-
Community Preservation Surcharges	526,362	504,368	-	-	526,362	504,368
Grants and Contributions not Restricted to Specific Programs	904,069	851,383	-	-	904,069	851,383
Unrestricted Investment Income	4,494	429,602	-	-	4,494	429,602
<b>Total Revenues</b>	<b>37,823,711</b>	<b>36,545,784</b>	<b>1,893,194</b>	<b>1,974,518</b>	<b>39,716,905</b>	<b>38,520,302</b>
<b>Expenses</b>						
General Government	3,469,500	3,608,703	-	-	3,469,500	3,608,703
Public Safety	4,874,797	4,811,215	-	-	4,874,797	4,811,215
Education	21,826,443	20,766,120	-	-	21,826,443	20,766,120
Public Works	2,739,102	2,652,677	-	-	2,739,102	2,652,677
Health and Human Services	688,377	609,732	-	-	688,377	609,732
Culture and Recreation	2,057,715	1,787,082	-	-	2,057,715	1,787,082
Hamilton Development Corporation	66,051	50,000	-	-	66,051	50,000
Debt Service - Interest	101,797	102,956	-	-	101,797	102,956
Water	-	-	1,250,849	1,266,888	1,250,849	1,266,888
<b>Total Expenses</b>	<b>35,823,782</b>	<b>34,388,485</b>	<b>1,250,849</b>	<b>1,266,888</b>	<b>37,074,631</b>	<b>35,655,373</b>
Change in Net Position Before Transfers	1,999,929	2,157,299	642,345	707,630	2,642,274	2,864,929
Transfers, Net	403,833	381,653	(403,833)	(381,653)	-	-
<b>CHANGE IN NET POSITION</b>	<b>2,403,762</b>	<b>2,538,952</b>	<b>238,512</b>	<b>325,977</b>	<b>2,642,274</b>	<b>2,864,929</b>
Net Position - Beginning of Year	14,443,744	11,904,792	5,707,442	5,381,465	20,151,186	17,286,257
<b>NET POSITION - END OF YEAR</b>	<b>\$ 16,847,506</b>	<b>\$ 14,443,744</b>	<b>\$ 5,945,954</b>	<b>\$ 5,707,442</b>	<b>\$ 22,793,460</b>	<b>\$ 20,151,186</b>

**TOWN OF HAMILTON, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2022**

**Government-Wide Financial Analysis (Continued)**

**Changes in Net Position (Continued)**

Governmental activities increased the Town's net position by \$2,403,762. In the prior year, governmental activities increased the Town's net position by \$2,538,952. The key element of this change was the decrease in capital grants and contributions from the previous year.

Business-type activities increased the Town's net position by \$238,512. In the prior year, business-type activities increased the Town's net position by \$325,977. The key element of this change related to the decrease in charges for services due to decreases in water consumption.

**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 \$15,999,423, an increase of \$2,016,144 in comparison with the prior year. Approximately \$7,871,000 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable (\$304,649)
- Restricted (\$4,441,303)
- Committed (\$3,290,999)
- Assigned (\$91,176)

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 \$8,349,683, while total fund balance was \$11,731,858. 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 24.48% of total general fund expenditures and transfers out, while total fund balance represents 34.39% of that same amount.

The balance of the Town's general fund increased by \$2,002,011 during fiscal year 2022. The Town recognized a budgetary surplus of approximately \$2,397,000 (excluding encumbrances and continuing appropriations) and utilized approximately \$1,076,000 of reserves to fund appropriations during fiscal year 2022.

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 \$604,003 during the current fiscal year. The fund recognized \$528,321 in surcharges, \$216,540 in intergovernmental revenue, and \$3,305 of investment income. Expenditures of \$144,163 were incurred during the fiscal year.

**TOWN OF HAMILTON, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2022**

**Proprietary Funds**

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

Unrestricted net position of the water enterprise fund at the end of the year amounted to \$379,382. The water fund had an increase in net position for the year of \$238,512. 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 \$36,152,501. During the year, various appropriations were decreased for a total reduction of \$875,686.

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 \$2,397,000. Encumbrances and continuing appropriations totaled \$772,666 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 \$35,003,391 (net of accumulated depreciation). This investment in capital assets includes land, intangible assets (including intangible, right-to-use lease 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 \$182,151 or 0.52%.

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

- Streets, sidewalks, and other infrastructure (\$354,000)
- Water system and treatment plant improvements (\$806,000)
- Intangible, right-to-use lease assets acquisitions (\$255,000)

**TOWN OF HAMILTON, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2022**

**Capital Asset and Debt Administration (Continued)**

**Capital Assets (Continued)**

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 2,373,848	\$ 2,373,848	\$ 283,912	\$ 283,912	\$ 2,657,760	\$ 2,657,760
Intangible Assets	2,333,344	1,750,000	-	-	2,333,344	1,750,000
Land Improvements	2,782,929	2,767,863	-	-	2,782,929	2,767,863
Buildings	6,830,189	7,160,673	2,858,128	2,163,662	9,688,317	9,324,335
Machinery and Equipment	412,341	926,372	2,911	6,044	415,252	932,416
Vehicles	956,285	1,072,124	48,260	63,201	1,004,545	1,135,325
Infrastructure	4,673,653	4,504,452	10,359,265	10,682,141	15,032,918	15,186,593
Construction in Progress	977,005	966,723	111,321	100,225	1,088,326	1,066,948
Total Capital Assets	<u>\$ 21,339,594</u>	<u>\$ 21,522,055</u>	<u>\$ 13,663,797</u>	<u>\$ 13,299,185</u>	<u>\$ 35,003,391</u>	<u>\$ 34,821,240</u>

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

**Long-Term Debt**

At the end of the current fiscal year, total bonded debt outstanding was \$11,615,889, 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 \$1,173,239 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, 2022**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hamilton Development Corporation
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 8,335,105	\$ 1,320,422	\$ 9,655,527	\$ -
Restricted Cash and Cash Equivalents	5,493,317	737,035	6,230,352	620,656
Investments	3,980,979	-	3,980,979	-
Restricted Investments	527,677	-	527,677	-
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate and Personal Property Taxes	332,475	-	332,475	-
Tax and Utility Liens	38,034	6,161	44,195	-
Motor Vehicle and Other Excise Taxes	158,593	-	158,593	-
Community Preservation Surcharges	4,869	-	4,869	-
Water Charges	-	462,042	462,042	-
Departmental and Other	44,609	-	44,609	-
Intergovernmental	229,227	-	229,227	-
Lease	20,607	-	20,607	-
Prepaid Expenses	9,219	-	9,219	-
Total Current Assets	19,174,711	2,525,660	21,700,371	620,656
<b>NONCURRENT ASSETS</b>				
Receivables, Net of Allowance for Uncollectible Amounts:				
Lease	922,087	-	922,087	-
Tax Foreclosures	361,988	-	361,988	-
Capital Assets Not Being Depreciated	5,100,853	395,233	5,496,086	-
Capital Assets, Net of Accumulated Depreciation	16,238,741	13,268,564	29,507,305	-
Total Noncurrent Assets	22,623,669	13,663,797	36,287,466	-
Total Assets	41,798,380	16,189,457	57,987,837	620,656
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to OPEB	1,240,804	72,347	1,313,151	-
Related to Pensions	1,413,933	82,441	1,496,374	-
Total Deferred Outflows of Resources	2,654,737	154,788	2,809,525	-

See accompanying Notes to Basic Financial Statements.

**TOWN OF HAMILTON, MASSACHUSETTS  
STATEMENT OF NET POSITION (CONTINUED)  
JUNE 30, 2022**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hamilton Development Corporation
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Warrants Payable	\$ 667,236	\$ 375,900	\$ 1,043,136	\$ -
Accrued Payroll	244,323	14,095	258,418	-
Other Liabilities	20,219	-	20,219	1,817
Accrued Interest	22,645	47,225	69,870	-
Unearned Revenue	1,134,393	-	1,134,393	-
Lease Liability	103,872	-	103,872	-
Advance Deposits	195,160	-	195,160	-
Compensated Absences	39,998	1,746	41,744	-
Short-Term Notes Payable	467,767	1,200,000	1,667,767	-
Long-Term Bonds and Notes Payable	620,165	518,075	1,138,240	-
Total Current Liabilities	<u>3,515,778</u>	<u>2,157,041</u>	<u>5,672,819</u>	<u>1,817</u>
<b>NONCURRENT LIABILITIES</b>				
Lease Liability	418,601	-	418,601	-
Compensated Absences	359,982	15,718	375,700	-
Net OPEB Liability	4,436,666	258,686	4,695,352	-
Net Pension Liability	9,208,602	536,921	9,745,523	-
Long-Term Bonds and Notes Payable	3,361,464	7,116,185	10,477,649	-
Total Noncurrent Liabilities	<u>17,785,315</u>	<u>7,927,510</u>	<u>25,712,825</u>	<u>-</u>
Total Liabilities	21,301,093	10,084,551	31,385,644	1,817
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to OPEB	2,991,719	174,436	3,166,155	-
Related to Pensions	2,389,171	139,304	2,528,475	-
Related to Lease	923,628	-	923,628	-
Total Deferred Inflows of Resources	<u>6,304,518</u>	<u>313,740</u>	<u>6,618,258</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	18,232,720	5,566,572	23,799,292	-
Restricted for:				
Community Preservation	1,575,694	-	1,575,694	-
Affordable Housing	391,275	-	391,275	-
Permanent Funds:				
Expendable	327,463	-	327,463	-
Nonexpendable	304,649	-	304,649	-
Other Specific Purposes	1,196,708	-	1,196,708	-
Unrestricted	<u>(5,181,003)</u>	<u>379,382</u>	<u>(4,801,621)</u>	<u>618,839</u>
Total Net Position	<u>\$ 16,847,506</u>	<u>\$ 5,945,954</u>	<u>\$ 22,793,460</u>	<u>\$ 618,839</u>

See accompanying Notes to Basic Financial Statements.



**TOWN OF HAMILTON, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>PRIMARY GOVERNMENT</b>					
Governmental Activities:					
General Government	\$ 3,469,500	\$ 297,385	\$ 153,198	\$ -	\$ (3,018,917)
Public Safety	4,874,797	646,096	295,372	2,305	(3,931,024)
Education	21,826,443	-	-	-	(21,826,443)
Public Works	2,739,102	122,232	26,430	379,435	(2,211,005)
Health and Human Services	688,377	56,893	406,666	-	(224,818)
Culture and Recreation	2,057,715	545,227	311,751	-	(1,200,737)
Hamilton Development Corporation	66,051	-	-	-	(66,051)
Debt Service-Interest	101,797	-	1,372	-	(100,425)
Total Governmental Activities	<u>35,823,782</u>	<u>1,667,833</u>	<u>1,194,789</u>	<u>381,740</u>	<u>(32,579,420)</u>
Business-Type Activities:					
Water	<u>1,250,849</u>	<u>1,891,796</u>	<u>1,398</u>	<u>-</u>	<u>642,345</u>
Total Primary Government	<u>\$ 37,074,631</u>	<u>\$ 3,559,629</u>	<u>\$ 1,196,187</u>	<u>\$ 381,740</u>	<u>\$ (31,937,075)</u>
<b>COMPONENT UNITS</b>					
Hamilton Development Corporation	<u>\$ 43,973</u>	<u>\$ -</u>	<u>\$ 66,051</u>	<u>\$ -</u>	<u>\$ 22,078</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF HAMILTON, MASSACHUSETTS  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>CHANGES IN NET POSITION</b>				
Net (Expense) Revenue (from Previous Page)	\$ (32,579,420)	\$ 642,345	\$ (31,937,075)	\$ 22,078
<b>GENERAL REVENUES</b>				
Real Estate and Personal Property Taxes	31,665,365	-	31,665,365	-
Motor Vehicle and Other Excise Taxes	1,238,256	-	1,238,256	-
Meals Tax	61,550	-	61,550	-
Penalties and Interest on Taxes	105,347	-	105,347	-
Payments in Lieu of Taxes	73,906	-	73,906	-
Community Preservation Surcharges	526,362	-	526,362	-
Grants and Contributions not Restricted to Specific Programs	904,069	-	904,069	-
Unrestricted Investment Income	4,494	-	4,494	639
Transfers, Net	403,833	(403,833)	-	-
Total General Revenues and Transfers	<u>34,983,182</u>	<u>(403,833)</u>	<u>34,579,349</u>	<u>639</u>
<b>CHANGE IN NET POSITION</b>	2,403,762	238,512	2,642,274	22,717
Net Position - Beginning of Year	<u>14,443,744</u>	<u>5,707,442</u>	<u>20,151,186</u>	<u>596,122</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 16,847,506</u></u>	<u><u>\$ 5,945,954</u></u>	<u><u>\$ 22,793,460</u></u>	<u><u>\$ 618,839</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF HAMILTON, MASSACHUSETTS  
BALANCE SHEET — GOVERNMENTAL FUNDS  
JUNE 30, 2022**

<b>ASSETS</b>	General	Community Preservation	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	\$ 8,335,105	\$ -	\$ -	\$ -	\$ 8,335,105
Investments	3,980,979	-	-	-	3,980,979
Receivables, Net of Allowance for Uncollectible Amounts:					
Real Estate and Personal Property Taxes	332,475	-	-	-	332,475
Tax Liens	38,034	-	-	-	38,034
Motor Vehicle and Other Excise Taxes	158,593	-	-	-	158,593
Community Preservation Surcharges	-	4,869	-	-	4,869
Departmental and Other	-	-	-	44,609	44,609
Intergovernmental	-	-	-	229,227	229,227
Lease	942,694	-	-	-	942,694
Prepaid Expenditures	9,219	-	-	-	9,219
Tax Foreclosures	361,988	-	-	-	361,988
Restricted Assets:					
Cash and Cash Equivalents	-	1,571,216	1,134,393	2,787,708	5,493,317
Investments	-	-	-	527,677	527,677
<b>Total Assets</b>	<b>\$ 14,159,087</b>	<b>\$ 1,576,085</b>	<b>\$ 1,134,393</b>	<b>\$ 3,589,221</b>	<b>\$ 20,458,786</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Warrants Payable	\$ 535,385	\$ 241	\$ -	\$ 131,610	\$ 667,236
Accrued Payroll	190,838	150	-	53,335	244,323
Other Liabilities	20,219	-	-	-	20,219
Unearned Revenue	-	-	1,134,393	-	1,134,393
Advance Deposits	-	-	-	195,160	195,160
Short-Term Notes Payable	-	-	-	467,767	467,767
<b>Total Liabilities</b>	<b>746,442</b>	<b>391</b>	<b>1,134,393</b>	<b>847,872</b>	<b>2,729,098</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue	757,159	4,869	-	44,609	806,637
Related to Lease	923,628	-	-	-	923,628
<b>Total Deferred Inflows of Resources</b>	<b>1,680,787</b>	<b>4,869</b>	<b>-</b>	<b>44,609</b>	<b>1,730,265</b>
<b>FUND BALANCE</b>					
Nonspendable	-	-	-	304,649	304,649
Restricted	-	1,570,825	-	2,870,478	4,441,303
Committed	3,290,999	-	-	-	3,290,999
Assigned	91,176	-	-	-	91,176
Unassigned	8,349,683	-	-	(478,387)	7,871,296
<b>Total Fund Balance</b>	<b>11,731,858</b>	<b>1,570,825</b>	<b>-</b>	<b>2,696,740</b>	<b>15,999,423</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 14,159,087</b>	<b>\$ 1,576,085</b>	<b>\$ 1,134,393</b>	<b>\$ 3,589,221</b>	<b>\$ 20,458,786</b>

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, 2022**

	General	Community Preservation	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Real Estate and Personal Property Taxes	\$ 31,767,591	\$ -	\$ -	\$ -	\$ 31,767,591
Motor Vehicle and Other Excise Taxes	1,190,185	-	-	-	1,190,185
Meals tax	61,550	-	-	-	61,550
Tax Liens	213,379	-	-	-	213,379
Payments in Lieu of Taxes	73,906	-	-	-	73,906
Community Preservation Surcharges	-	528,321	-	-	528,321
Charges for Services	92,062	-	-	708,265	800,327
Intergovernmental	1,240,356	216,540	68,856	917,375	2,443,127
Penalties and Interest on Taxes	105,347	-	-	-	105,347
Licenses and Permits	425,823	-	-	-	425,823
Fines and Forfeitures	1,915	-	-	-	1,915
Departmental and Other	254,545	-	-	82,258	336,803
Contributions	-	-	-	92,937	92,937
Investment Income	3,770	3,305	-	11,461	18,536
Other	-	-	-	379	379
Total Revenues	<u>35,430,429</u>	<u>748,166</u>	<u>68,856</u>	<u>1,812,675</u>	<u>38,060,126</u>
<b>EXPENDITURES</b>					
Current:					
General Government	2,132,839	7,263	68,856	908,895	3,117,853
Public Safety	3,437,336	-	-	309,764	3,747,100
Education	21,787,353	-	-	-	21,787,353
Public Works	1,948,073	-	-	513,571	2,461,644
Health and Human Services	253,559	-	-	107,863	361,422
Culture and Recreation	1,123,911	28,000	-	522,803	1,674,714
Hamilton Development Corporation	66,051	-	-	-	66,051
Pension Benefits	1,163,009	-	-	-	1,163,009
Employee Benefits	936,439	-	-	-	936,439
Property and Liability Insurance	256,005	-	-	-	256,005
State and County Charges	246,830	-	-	-	246,830
Debt Service:					
Principal	643,503	85,000	-	-	728,503
Interest	118,364	23,900	-	-	142,264
Total Expenditures	<u>34,113,272</u>	<u>144,163</u>	<u>68,856</u>	<u>2,362,896</u>	<u>36,689,187</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	1,317,157	604,003	-	(550,221)	1,370,939
<b>OTHER FINANCING SOURCES (USES)</b>					
Premium from Issuance of Bonds and Notes	-	-	-	1,372	1,372
Lease Assets	240,000	-	-	-	240,000
Transfers In	444,854	-	-	-	444,854
Transfer Out	-	-	-	(41,021)	(41,021)
Total Other Financing Sources (Uses)	<u>684,854</u>	<u>-</u>	<u>-</u>	<u>(39,649)</u>	<u>645,205</u>
<b>NET CHANGE IN FUND BALANCE</b>	2,002,011	604,003	-	(589,870)	2,016,144
Fund Balance - Beginning of Year	<u>9,729,847</u>	<u>966,822</u>	<u>-</u>	<u>3,286,610</u>	<u>13,983,279</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 11,731,858</u>	<u>\$ 1,570,825</u>	<u>\$ -</u>	<u>\$ 2,696,740</u>	<u>\$ 15,999,423</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, 2022**

<b>Total Fund Balance - Governmental Funds</b>	<b>\$ 15,999,423</b>
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	21,339,594
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.	806,637
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.	(22,645)
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	(3,981,629)
Lease Liabilities	(522,473)
Compensated Absences	(399,980)
Net Pension Liability	(9,208,602)
Net OPEB Liability	(4,436,666)
In the statement of net position, deferred outflows of resources are reported for amounts related to pensions and OPEB.	2,654,737
In the statement of net position, deferred inflows of resources are reported for amounts related to pensions and OPEB.	<u>(5,380,890)</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 16,847,506</u></u></b>

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, 2022**

<b>Net Change in Fund Balance - Total Governmental Funds</b>	<b>\$ 2,016,144</b>
<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	868,342
Depreciation	(1,050,803)
<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>	
	(237,788)
<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>	
Debt and Lease Maturities	728,503
Net Amortization of Bond Premiums	35,164
Lease Asset Proceeds	(240,000)
<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>	
	5,302
<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	(55,771)
Net OPEB Liability	(798,018)
Net Pension Liability	965,132
<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>	
	1,392,668
<p>In the statement of activities, deferred inflows related to pensions and OPEB are amortized and recognized as pension and OPEB expense. This amount represents the net change in deferred inflows related to pensions and OPEB.</p>	
	(1,225,113)
<b>Changes in Net Position of Governmental Activities</b>	<b>\$ 2,403,762</b>

See accompanying Notes to Basic Financial Statements.

**TOWN OF HAMILTON, MASSACHUSETTS  
STATEMENT OF FUND NET POSITION — PROPRIETARY FUND  
JUNE 30, 2022**

		<u>Business-Type Activities - Enterprise Fund Water</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$	1,320,422
Restricted Cash and Cash Equivalents		737,035
Receivables, Net of Allowance for Uncollectible Amounts:		
Water Charges		462,042
Water Liens		6,161
Total Current Assets		<u>2,525,660</u>
<b>NONCURRENT ASSETS</b>		
Capital Assets Not Being Depreciated		395,233
Capital Assets, Net of Accumulated Depreciation		<u>13,268,564</u>
Total Noncurrent Assets		<u>13,663,797</u>
Total Assets		16,189,457
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Related to OPEB		72,347
Related to Pensions		<u>82,441</u>
Total Deferred Outflows of Resources		154,788

See accompanying Notes to Basic Financial Statements.

**TOWN OF HAMILTON, MASSACHUSETTS  
STATEMENT OF FUND NET POSITION — PROPRIETARY FUND (CONTINUED)  
JUNE 30, 2022**

	<u>Business-Type Activities - Enterprise Fund Water</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Warrants Payable	\$ 375,900
Accrued Payroll	14,095
Accrued Interest	47,225
Compensated Absences	1,746
Short-Term Notes Payable	1,200,000
Long-Term Bonds and Notes Payable	518,075
Total Current Liabilities	<u>2,157,041</u>
<b>NONCURRENT LIABILITIES</b>	
Compensated Absences	15,718
Net OPEB Liability	258,686
Net Pension Liability	536,921
Long-Term Bonds and Notes Payable	7,116,185
Total Noncurrent Liabilities	<u>7,927,510</u>
Total Liabilities	10,084,551
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to OPEB	174,436
Related to Pensions	139,304
Total Deferred Inflows of Resources	<u>313,740</u>
<b>FUND NET POSITION</b>	
Net Investment in Capital Assets	5,566,572
Unrestricted	379,382
Total Net Position	<u>\$ 5,945,954</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, 2022**

	<u>Business-Type Activities - Enterprise Fund Water</u>
<b>OPERATING REVENUES</b>	
Charges for Services	\$ 1,884,390
Other	7,406
Total Operating Revenues	<u>1,891,796</u>
<b>OPERATING EXPENSES</b>	
Cost of Service and Administration	555,080
Depreciation	472,912
Total Operating Expenses	<u>1,027,992</u>
<b>OPERATING INCOME</b>	863,804
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment Income	1,398
Interest Expense	(222,857)
Total Nonoperating Revenues (Expenses), Net	<u>(221,459)</u>
<b>INCOME BEFORE TRANSFERS</b>	642,345
Transfers Out	<u>(403,833)</u>
<b>CHANGE IN FUND NET POSITION</b>	238,512
Fund Net Position - Beginning of Year	<u>5,707,442</u>
<b>FUND NET POSITION - END OF YEAR</b>	<u><u>\$ 5,945,954</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF HAMILTON, MASSACHUSETTS  
STATEMENT OF CASH FLOWS — PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2022**

	<u>Business-Type Activities - Enterprise Fund Water</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers and Users	\$ 1,891,683
Payments to Vendors	(332,200)
Payments to Employees	(367,502)
Net Cash Provided by Operating Activities	<u>1,191,981</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers Out	<u>(403,833)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from the Issuance of Bonds and Notes	1,200,000
Acquisition and Construction of Capital Assets	(510,324)
Principal Payments on Bonds and Notes	(1,700,000)
Interest Expense	(246,540)
Net Cash Used by Capital and Related Financing Activities	<u>(1,256,864)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Income	<u>1,398</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	
	(467,318)
Cash and Cash Equivalents - Beginning of Year (Includes \$1,232,538 Reported as Restricted in the Water Enterprise Fund)	<u>2,524,775</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	
(Includes \$737,035 Reported as Restricted in the Water Enterprise Fund)	<u><u>\$ 2,057,457</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF HAMILTON, MASSACHUSETTS  
STATEMENT OF CASH FLOWS — PROPRIETARY FUND (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

	<u>Business-Type Activities - Enterprise Fund Water</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating Income	\$ 863,804
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities not Requiring Current Cash Flows:	
Depreciation	472,912
Net Pension Liability	(112,790)
Net OPEB Liability	26,316
Deferred Inflows of Resources Related to Pensions	75,597
Deferred Outflows of Resources Related to Pensions	(18,707)
Deferred Inflows of Resources Related to OPEB	(27,251)
Deferred Outflows of Resources Related to OPEB	(55,484)
Effect of Changes in Operating Assets and Liabilities:	
Water Charges	(5,820)
Water Liens	5,707
Accrued Payroll	2,612
Compensated Absences	(34,915)
Total Adjustments	<u>328,177</u>
Net Cash Provided by Operating Activities	<u>\$ 1,191,981</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF HAMILTON, MASSACHUSETTS  
STATEMENT OF FIDUCIARY NET POSITION — FIDUCIARY FUNDS  
JUNE 30, 2022**

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 3,224	\$ 61,245
Investments:		
Equities	721,925	10,974
Fixed Income Securities	259,667	32,067
Total Assets	984,816	104,286
<b>LIABILITIES</b>		
Warrants Payable	-	849
<b>FIDUCIARY NET POSITION</b>		
Restricted for:		
Other Postemployment Benefits	984,816	-
Private Purposes	-	103,437
Total Fiduciary Net Position	\$ 984,816	\$ 103,437

See accompanying Notes to Basic Financial Statements.

**TOWN OF HAMILTON, MASSACHUSETTS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION — FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2022**

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 341,637	\$ -
Private Donations	-	25,840
Total Contributions	341,637	25,840
Net Investment Income:		
Net (Depreciation) in Fair Value of Investments	(157,109)	-
Interest	-	896
Total Investment Income	(157,109)	896
Less: Investment Expense	(5,461)	-
Net Investment Income	(162,570)	896
 Total Additions	 179,067	 26,736
<b>DEDUCTIONS</b>		
Other Postemployment Benefits	216,637	-
Other	-	14,623
Total Deductions	216,637	14,623
 <b>CHANGE IN NET POSITION</b>	 (37,570)	 12,113
Net Position - Beginning of Year	1,022,386	91,324
 <b>NET POSITION - END OF YEAR</b>	 \$ 984,816	 \$ 103,437

See accompanying Notes to Basic Financial Statements.

**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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.

**Fiduciary Component Unit**

The Other Postemployment Benefits Trust Fund (OPEB Trust) was established to accumulate resources to provide post-retirement benefits other than pensions to retirees and their beneficiaries. Chapter 32B of Massachusetts General Law assigns authority to establish and amend benefit provisions of the OPEB Trust. The Fund is presented using the accrual basis of accounting and is reported in the other postemployment benefits trust fund in the fiduciary fund financial statements. The OPEB Trust does not issue a stand-alone financial report that includes financial statements and related notes.

**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Reporting Entity (Continued)**

**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.

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 2022, the Town paid approximately \$868,000 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 2022, the Department's operating and administrative expenditures totaled approximately \$196,000. The Town of Wenham paid the Town of Hamilton approximately \$70,000 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, 2022**

**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 is annually charged an administrative fee based upon a calculation of the Town of Hamilton's indirect costs of administration associated with the Pool. The Town of Wenham did not pay the Town of Hamilton an administrative fee in fiscal year 2022 due to the temporary closure of 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, 2022, the Town's assessment for operating and capital costs totaled approximately \$21,131,000 and \$130,000, 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, 2022, the Town's assessment for operating and capital costs totaled approximately \$260,000 and \$26,000, 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, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Implementation of New Accounting Principles**

In June 2017, the Governmental Accounting Standards Board, (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Town adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period.

**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.

**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

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.

**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Fund Financial Statements (Continued)**

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.

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 *American Rescue Plan Act fund* is used to account for and report all revenue and expenses related to American Rescue Plan Act of 2021.

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, 2022**

**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, 2022**

**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, 2022**

**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.

**Lease**

The Town leases a cellular tower under a long-term, noncancellable lease agreement.

**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, 2022, 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, 2022**

**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, 2022**

**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 balances”.

**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, 2022**

**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.

Deferred inflows of resources related to leases are reported in the government-wide statement of net position and the governmental funds balance sheet.

**P. Advance Deposits**

**Government-Wide and Fund Financial Statements**

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

**Q. Unearned Revenue**

**Government-Wide and Fund Financial Statements**

Unearned revenue represents intergovernmental revenues received in advance of meeting eligibility requirements for revenue recognition.

**R. 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.

**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. Net Position and Fund Balance (Continued)**

“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.

**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.

**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**S. 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.

**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.

**T. 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.

**U. 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.

**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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. 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.

**X. 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.

**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, 2022**

**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 2022 approved budget for the general fund and community preservation fund authorized appropriations of \$36,152,501 and \$249,615, respectively. During the fiscal year, appropriations were reduced for the general fund and community preservation fund by \$875,686 and \$4,000, respectively.

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, 2022, the following fund deficits exist in the governmental funds:

Fund	Amount	Funding Source
Town Hall Remodeling Project	\$ 292,601	Long-Term Debt
Water Grant	107,615	State Grant
Police Detail	29,603	Available Funds
Firefighter Safety Grant	15,500	State Grant
META Grant	15,000	State Grant
Body Cameras Grant	10,997	State Grant
Bullet Proof Vest	7,071	State Grant
Total	<u>\$ 478,387</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, 2022**

**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, 2022, \$6,307,785 of the Town’s bank balance of \$15,018,080 was uninsured and uncollateralized. As of June 30, 2022, the Hamilton Development Corporation was not exposed to custodial credit risk.

**B. Investments Summary**

The Town’s investments at June 30, 2022 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	\$ 1,167,602	\$ 511,808	\$ 655,794
U.S. Agencies	319,410	45,164	274,246
Corporate Bonds	1,176,305	45,331	1,130,974
Mutual Bond Funds	550,845	550,845	-
Certificates of Deposit	383,183	285,961	97,222
External Investment Pool (MMDT)	1,059,951	1,059,951	-
Total Debt Securities	<u>4,657,296</u>	<u>\$ 2,499,060</u>	<u>\$ 2,158,236</u>
Other Investments:			
Equity Securities	1,316,197		
Equity Mutual Funds	619,747		
Total Other Investments	<u>1,935,944</u>		
 Total Investments	 <u>\$ 6,593,240</u>		
Investments per the Financial Statements:			
Governmental Activities	\$ 4,508,656		
OPEB Trust Fund	981,592		
Private Purpose Trust Fund	43,041		
Subtotal Investments	<u>5,533,289</u>		
Add: External Investment Pool (MMDT)	1,059,951		
Total Investments	<u>\$ 6,593,240</u>		

**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**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.

**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, 2022, 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, 2022, the credit ratings of the Town's investments in debt securities, exclusive of exempt U.S. Treasuries of \$1,167,602 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+	\$ 213,641	\$ -	\$ 213,641	\$ -	\$ -	\$ -
A-	72,469	-	72,469	-	-	-
BBB+	311,617	-	311,617	-	-	-
BBB	578,578	-	578,578	-	-	-
Unrated	2,313,389	319,410	-	383,183	550,845	1,059,951
Total	<u>\$ 3,489,694</u>	<u>\$ 319,410</u>	<u>\$ 1,176,305</u>	<u>\$ 383,183</u>	<u>\$ 550,845</u>	<u>\$ 1,059,951</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, 2022, 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, 2022**

**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, 2022:

<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	\$ 619,747	\$ -	\$ 619,747
Equity Securities	<u>1,316,197</u>	<u>1,316,197</u>	<u>-</u>
Total Equity Securities	<u>1,935,944</u>	<u>1,316,197</u>	<u>619,747</u>
Debt Securities:			
U.S. Agencies	319,410	-	319,410
U.S. Treasuries	1,167,602	-	1,167,602
Corporate Bonds	1,176,305	-	1,176,305
Certificates of Deposit	383,183	-	383,183
Mutual Bond Funds	<u>550,845</u>	<u>-</u>	<u>550,845</u>
Total Debt Securities	<u>3,597,345</u>	<u>-</u>	<u>3,597,345</u>
Total Investments by Fair Value Level	5,533,289	<u>\$ 1,316,197</u>	<u>\$ 4,217,092</u>
Investments Measured at Amortized Cost:			
External Investment Pool (MMDT)	<u>1,059,951</u>		
Total Investments - Town	<u>\$ 6,593,240</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, 2022**

**NOTE 4 ACCOUNTS RECEIVABLE**

At June 30, 2022, 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	\$ 332,475	\$ -	\$ 332,475
Tax Liens	38,034	-	38,034
Motor Vehicle and Other Excise Taxes	158,593	-	158,593
Community Preservation Surcharges	4,869	-	4,869
Departmental and Other	44,609	-	44,609
Intergovernmental	229,227	-	229,227
Lease	942,694	-	942,694
Total	<u>\$ 1,750,501</u>	<u>\$ -</u>	<u>\$ 1,750,501</u>

At June 30, 2022, 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	\$ 462,042	\$ -	\$ 462,042
Water Liens	6,161	-	6,161
Total	<u>\$ 468,203</u>	<u>\$ -</u>	<u>\$ 468,203</u>

**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 2,373,848	\$ -	\$ -	\$ 2,373,848
Intangible Assets	1,750,000	-	-	1,750,000
Construction in Progress	966,723	10,282	-	977,005
Total Capital Assets Not Being Depreciated	5,090,571	10,282	-	5,100,853
Capital Assets Being Depreciated:				
Improvements	3,874,154	201,233	-	4,075,387
Buildings	14,578,341	-	-	14,578,341
Machinery and Equipment	1,653,510	-	-	1,653,510
Vehicles	2,709,271	47,993	-	2,757,264
Library Books	265,666	-	-	265,666
Software	20,765	-	-	20,765
Intangible, Right to Use Lease Assets	549,917	255,215	-	805,132
Infrastructure	6,359,679	353,619	-	6,713,298
Total Capital Assets Being Depreciated	30,011,303	858,060	-	30,869,363
Less: Accumulated Depreciation for:				
Improvements	(1,106,291)	(186,167)	-	(1,292,458)
Buildings	(7,417,668)	(330,484)	-	(7,748,152)
Machinery and Equipment	(1,139,576)	(101,593)	-	(1,241,169)
Vehicles	(1,637,147)	(163,832)	-	(1,800,979)
Library Books	(265,666)	-	-	(265,666)
Software	(20,765)	-	-	(20,765)
Intangible, Right to Use Lease Assets	(137,479)	(84,309)	-	(221,788)
Infrastructure	(1,855,227)	(184,418)	-	(2,039,645)
Total Accumulated Depreciation	(13,579,819)	(1,050,803)	-	(14,630,622)
Total Capital Assets Being Depreciated, Net	16,431,484	(192,743)	-	16,238,741
Total Governmental Activities Capital Assets, Net	<u>\$ 21,522,055</u>	<u>\$ (182,461)</u>	<u>\$ -</u>	<u>\$ 21,339,594</u>

**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 283,912	\$ -	\$ -	\$ 283,912
Construction in Progress	100,225	11,096	-	111,321
Total Capital Assets Not Being Depreciated	384,137	11,096	-	395,233
Capital Assets Being Depreciated:				
Buildings	3,688,474	806,041	-	4,494,515
Machinery and Equipment	41,848	-	-	41,848
Vehicles	335,662	-	-	335,662
Infrastructure	14,221,477	20,387	-	14,241,864
Total Capital Assets Being Depreciated	18,287,461	826,428	-	19,113,889
Less: Accumulated Depreciation for:				
Buildings	(1,524,812)	(111,575)	-	(1,636,387)
Machinery and Equipment	(35,804)	(3,133)	-	(38,937)
Vehicles	(272,461)	(14,941)	-	(287,402)
Infrastructure	(3,539,336)	(343,263)	-	(3,882,599)
Total Accumulated Depreciation	(5,372,413)	(472,912)	-	(5,845,325)
Total Capital Assets Being Depreciated, Net	12,915,048	353,516	-	13,268,564
Total Business-Type Activities Capital Assets, Net	\$ 13,299,185	\$ 364,612	\$ -	\$ 13,663,797

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

<b>Governmental Activities:</b>	
General Government	\$ 46,391
Public Safety	376,558
Education	39,090
Public Works	285,909
Health and Human Services	6,068
Culture and Recreation	296,787
Total Depreciation Expense - Governmental Activities	<u>\$ 1,050,803</u>
<b>Business-Type Activities:</b>	
Water	<u>\$ 472,912</u>

**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund transfers for the fiscal year ended June 30, 2022 are summarized as follows:

Transfers Out	Transfers In General Fund
Nonmajor Governmental Funds	\$ 41,021 (1)
Water Enterprise Fund	403,833 (2)
Total	\$ 444,854

(1) Represents budgeted transfers from the sale of lots and graves (\$2,000) and Patton Homestead (\$39,021) special revenue funds for operating subsidies.

(2) Represents a budgeted transfer for indirect costs.

**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, 2022 is as follows:

**Notes Payable – Governmental Funds**

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2021	Increases	Decreases	Balance at June 30, 2022
BAN	Town Hall Improvements	8/28/20	8/27/21	1.00%	\$ 467,467	\$ -	\$ (467,467)	\$ -
BAN	Town Hall Improvements	8/27/21	8/25/22	1.00%	-	467,767	-	467,767
	Total Governmental Funds				\$ 467,467	\$ 467,767	\$ (467,467)	\$ 467,767

**Notes Payable – Water Enterprise Fund**

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2021	Increases	Decreases	Balance at June 30, 2022
BAN	Water Treatment Plant Improvements	8/28/20	8/27/21	1.00%	\$ 1,200,000	\$ -	\$ (1,200,000)	\$ -
BAN	Water Treatment Plant Improvements	8/27/21	8/25/22	1.00%	-	1,200,000	-	1,200,000
	Total Water Enterprise Fund				\$ 1,200,000	\$ 1,200,000	\$ (1,200,000)	\$ 1,200,000

**Subsequent Events**

On August 18, 2022, the Town renewed the BAN's totaling \$1,467,767 at an interest rate of 3.50% and a maturity date of August 17, 2023. Additionally, the Town issued a water BAN of \$1,000,000 at an interest rate of 3.50% and a maturity date of August 17, 2023.

**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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, 2022:

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion
<b>Governmental Activities:</b>					
Bonds and Notes Payable	\$ 4,375,000	\$ -	\$ (620,000)	\$ 3,755,000	\$ 585,000
Unamortized Bond Premium	261,793	-	(35,164)	226,629	35,165
Total Bonds and Notes Payable	<u>4,636,793</u>	<u>-</u>	<u>(655,164)</u>	<u>3,981,629</u>	<u>620,165</u>
Lease Liabilities	390,976	240,000	(108,503)	522,473	103,872
Compensated Absences	344,209	55,771	-	399,980	39,998
Total	<u>\$ 5,371,978</u>	<u>\$ 295,771</u>	<u>\$ (763,667)</u>	<u>\$ 4,904,082</u>	<u>\$ 764,035</u>
<b>Business-Type Activities:</b>					
Bonds and Notes Payable	\$ 7,860,000	\$ -	\$ (500,000)	\$ 7,360,000	\$ 500,000
Unamortized Bond Premium	292,335	-	(18,075)	274,260	18,075
Total Bonds and Notes Payable	<u>8,152,335</u>	<u>-</u>	<u>(518,075)</u>	<u>7,634,260</u>	<u>518,075</u>
Compensated Absences	52,379	-	(34,915)	17,464	1,746
Total	<u>\$ 8,204,714</u>	<u>\$ -</u>	<u>\$ (552,990)</u>	<u>\$ 7,651,724</u>	<u>\$ 519,821</u>

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

**NOTE 9 LEASES**

**Lessor**

The Town leases land to a personal communications services provider related to the operation of a telecommunications tower and supporting ground equipment. The lease expires in 2046.

Total future minimum lease receipts to be received under the lease agreement are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 20,607	\$ 11,632
2024	21,840	11,367
2025	23,117	11,085
2026	24,441	10,788
2027	25,812	10,473
2028-2032	151,409	47,016
2033 and thereafter	675,468	64,834
Total minimum lease payments	<u>\$ 942,694</u>	<u>\$ 167,195</u>

**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 9 LEASES (CONTINUED)**

**Lessee**

The Town leases a fire pumper as well as two (2) vehicles for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through July 2027.

Total future minimum lease payments under lease agreements are as follows:

<u>Fiscal Years Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 103,872	\$ 19,319
2024	107,684	15,507
2025	92,656	11,555
2026	96,076	8,136
2027	59,966	4,590
2028	62,219	2,339
Total Minimum Lease Payments	<u>\$ 522,473</u>	<u>\$ 61,446</u>

Right-to-use assets acquired through outstanding leases as shown below:

	<u>Governmental Activities</u>
Machinery and Equipment	\$ 549,917
Vehicles	255,215
Less: accumulated amortization	(221,788)
Total	<u>\$ 583,344</u>

**NOTE 10 LONG-TERM DEBT**

Details related to the outstanding indebtedness at June 30, 2022, and the debt service requirements, are as follows:

**Bonds and Notes Payable - Governmental Funds**

<u>Project</u>	<u>Maturity Date</u>	<u>Interest Rate %</u>	<u>Outstanding</u>		<u>Outstanding</u>	
			<u>at June 30, 2021</u>	<u>Issued</u>	<u>Redeemed</u>	<u>at June 30, 2022</u>
Landfill Closure	3/15/2022	2.00	\$ 35,000	\$ -	\$ (35,000)	\$ -
Public Safety Building - Refunding	9/15/2025	2.00 - 4.00	1,370,000	-	(280,000)	1,090,000
Fire Truck	5/15/2027	2.00 - 4.00	420,000	-	(70,000)	350,000
Landfill Capping	5/15/2030	2.00 - 4.00	765,000	-	(85,000)	680,000
Sagamore Hill Land Acquisition	3/15/2032	2.00 - 3.00	910,000	-	(85,000)	825,000
Chebacco Road Paving	11/1/2034	2.00 - 5.00	875,000	-	(65,000)	810,000
Total Governmental Funds			<u>\$ 4,375,000</u>	<u>\$ -</u>	<u>\$ (620,000)</u>	<u>\$ 3,755,000</u>

**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10 LONG-TERM DEBT (CONTINUED)**

**Bonds and Notes Payable - Governmental Funds (Continued)**

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>\$ 3,755,000</u>	<u>\$ 420,925</u>	<u>\$ 4,175,925</u>

**Bonds and Notes Payable - Water Enterprise Fund**

<u>Project</u>	<u>Maturity Date</u>	<u>Interest Rate %</u>	<u>Outstanding at June 30, 2021</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2022</u>
Water System Reconstruction	05/15/35	2.00 - 4.00	\$ 3,465,000	\$ -	\$ (250,000)	\$ 3,215,000
Water System Reconstruction	03/15/37	2.00 - 3.00	1,520,000	-	(95,000)	1,425,000
Water Distribution System	11/1/39	2.00 - 5.00	1,190,000	-	(65,000)	1,125,000
Water Distribution System Phase IV	11/1/39	2.00 - 5.00	1,520,000	-	(80,000)	1,440,000
Water Treatment Plant	11/1/39	2.00 - 5.00	165,000	-	(10,000)	155,000
Total Enterprise Funds			<u>\$ 7,860,000</u>	<u>\$ -</u>	<u>\$ (500,000)</u>	<u>\$ 7,360,000</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>
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>\$ 7,360,000</u>	<u>\$ 1,605,776</u>	<u>\$ 8,965,776</u>

**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10 LONG-TERM DEBT (CONTINUED)**

**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, 2022, the Town had authorized and unissued debt of \$1,000,000 for water treatment plant improvements.

**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, 2022, employer contributions totaled \$341,637. 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, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -14.29%. The money-weighted rate of return expresses investment performance, net of investment expense.



**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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, 2022 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	23.75%	4.42%
Domestic Fixed Income	22.75%	1.00%
Domestic Equity - Small/Mid Cap	16.25%	4.81%
International Equity - Developed Market	12.00%	4.91%
Alternatives	9.75%	5.98%
International Equity - Emerging Market	6.50%	5.58%
International Fixed Income	4.75%	1.04%
Real Estate	4.00%	6.25%
Cash and Cash Equivalents	0.25%	0.00%
Total	<u>100.00%</u>	

**Participants Covered by Benefit Terms** – The number of participants as of July 1, 2021, the latest actuarial valuation, was as follows:

Active Employees	55
Retired Employees	42
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, 2021	\$ 4,893,404	\$ 1,022,386	\$ 3,871,018
Changes for the Year:			
Service Cost	108,782	-	108,782
Interest	327,027	-	327,027
Difference Between Expected and Actual Experience	(674,250)	-	(674,250)
Changes of Assumptions	1,241,842	-	1,241,842
Contributions - Employer	-	341,637	(341,637)
Investment Income	-	(162,570)	162,570
Benefits Payments	(216,637)	(216,637)	-
Net Changes	<u>786,764</u>	<u>(37,570)</u>	<u>824,334</u>
Balances at June 30, 2022	<u>\$ 5,680,168</u>	<u>\$ 984,816</u>	<u>\$ 4,695,352</u>

Fiduciary Net Position as a Percentage of the Total OPEB Liability 17.34%

**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to the measurement date of June 30, 2022.

**Actuarial Assumptions** - The total OPEB liability in the July 1, 2021 actuarial valuation and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Discount Rate	6.10% (previously 6.68%)
Inflation	2.50%
Healthcare Cost Trend Rates	9.00%
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 6.10%. 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 is projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments is applied to the projected benefits payments which the fiduciary net position is expected to be sufficient to cover until fiscal year 2087. The S&P Municipal Bond 20-Year High Grade Index ("SAPIHG"), which was 4.09% as of June 30, 2022, is applied thereafter.

**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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 6.10%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.10%) or one-percentage-point higher (7.10%) than the current rate:

	One Percent Decrease (5.10%)	Current Discount Rate (6.10%)	One Percent Increase (7.10%)
Total OPEB Liability	\$ 5,492,091	\$ 4,695,352	\$ 4,050,175

**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 are one-percentage-point lower or one-percentage-point higher than the current rate:

	One Percent Decrease	Healthcare Cost Trend Rates	One Percent Increase
Total OPEB Liability	\$ 3,987,580	\$ 4,695,352	\$ 5,567,949

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the year ended June 30, 2022, the Town recognized OPEB expense of (\$59,988). At June 30, 2022, 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	\$ 38,345	\$ (1,171,563)
Changes of Assumptions	1,098,406	(1,994,592)
Net Difference Between Projected and Actual Earnings on Plan Investments	176,400	-
Total	\$ 1,313,151	\$ (3,166,155)

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>
2023	\$ (488,700)
2024	(563,980)
2025	(569,653)
2026	(286,918)
2027	56,247
Total	\$ (1,853,004)

**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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>
<b>Nonspendable:</b>				
Permanent Fund Principal	\$ -	\$ -	\$ 304,649	\$ 304,649
<b>Restricted for:</b>				
Community Preservation	-	1,570,825	-	1,570,825
Affordable Housing	-	-	391,275	391,275
Capital	-	-	6,655	6,655
General Government	-	-	555,399	555,399
Public Safety	-	-	204,199	204,199
Public Works	-	-	1,190,747	1,190,747
Health and Human Services	-	-	329,772	329,772
Culture and Recreation	-	-	192,431	192,431
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal Restricted	-	1,570,825	2,870,478	4,441,303
<b>Committed to:</b>				
Subsequent Year's Expenditures	570,904	-	-	570,904
Capital Stabilization	1,465,840	-	-	1,465,840
Recreation Fields Stabilization	572,765	-	-	572,765
Continuing Appropriations	681,490	-	-	681,490
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal Committed	3,290,999	-	-	3,290,999
<b>Assigned to:</b>				
Encumbrances	91,176	-	-	91,176
<b>Unassigned</b>				
	<hr/>	<hr/>	<hr/>	<hr/>
	8,349,683	-	(478,387)	7,871,296
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 11,731,858</u>	<u>\$ 1,570,825</u>	<u>\$ 2,696,740</u>	<u>\$ 15,999,423</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, 2022 total \$1,967,032, \$572,765, and \$1,465,840, respectively, and are reported in the general fund as unassigned (\$1,967,032) and committed (\$572,765 and \$1,465,840) fund balance.

**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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, 2022**

**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 \$1,163,009 for the year ended June 30, 2022.

**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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, 2022, the Town reported a liability of \$9,745,523 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022; which was rolled back to the measurement date of December 31, 2021. 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, 2022, the Town's proportion was 2.807%, which compared to a proportion of 2.727% at June 30, 2021.

For the year ended June 30, 2022, the Town recognized pension expense of \$1,117,646. At June 30, 2022, the Town reported deferred inflows of resources and deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 811	\$ (298,200)
Differences Between Projected and Actual Earnings on Investments	-	(2,160,323)
Changes of Assumptions	1,079,525	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	416,038	(69,952)
Total	<u>\$ 1,496,374</u>	<u>\$ (2,528,475)</u>

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2023	\$ 9,284
2024	(408,332)
2025	(390,560)
2026	(242,493)
Total	<u>\$ (1,032,101)</u>

**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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-2021.
- Healthy Retiree - The RP-2014 Healthy Annuitant Mortality Table projected generationally with scale MP-2021.
- Disabled Retiree - The RP-2014 Healthy Annuitant Mortality Table, set forward two years, projected generationally with scale MP-2021.

Investment Rate of Return: 7.00%

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	22.00 %	6.11 %
Core Fixed Income	15.00	0.38
Private Equity	15.00	9.93
International Developed Markets Equity	11.50	6.49
Hedge Fund, PCS	10.00	2.63
Real Estate	10.00	3.72
High-yield fixed income	8.00	2.48
International Emerging Markets Equity	4.50	8.12
Timberland	4.00	3.44
Total	100.00 %	



**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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 7.00%. 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 7.00%, 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 (6.00%) or one-percentage-point higher (8.00%) than the current rate:

	One Percent Decrease (6.00%)	Current Discount Rate (7.00%)	One Percent Increase (8.00%)
Town’s Proportionate Share of the Net Pension Liability	\$ 13,179,546	\$ 9,745,523	\$ 6,861,748

*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, 2022**

**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, 2022, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2022.

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.

**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, 2022**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>REVENUES</b>				
Real Estate and Personal Property Taxes	\$ -	\$ 32,405,826	\$ (875,725)	\$ 31,530,101
Motor Vehicle and Other Excise Taxes	-	933,251	-	933,251
Meals Tax	-	55,000	-	55,000
Tax Liens	-	-	-	-
Payments in Lieu of Taxes	-	33,000	-	33,000
Charges for Services	-	-	-	-
Intergovernmental	-	1,330,210	-	1,330,210
Penalties and Interest on Taxes	-	61,500	-	61,500
Licenses and Permits	-	274,130	-	274,130
Fines and Forfeitures	-	4,300	-	4,300
Departmental and Other	-	176,850	-	176,850
Investment Income	-	10,000	-	10,000
Total Revenues	-	35,284,067	(875,725)	34,408,342
<b>EXPENDITURES</b>				
Current:				
General Government	215,623	2,368,787	39	2,584,449
Public Safety	7,034	3,427,299	-	3,427,299
Education	-	21,787,353	-	21,787,353
Public Works	389,388	2,358,423	(338,638)	2,409,173
Health and Human Services	-	326,633	-	326,633
Culture and Recreation	47,626	1,276,586	-	1,324,212
Hamilton Development Corporation	-	132,102	(66,051)	66,051
Pension Benefits	-	1,183,676	-	1,183,676
Employee Benefits	-	1,360,549	(125,000)	1,235,549
Property and Liability Insurance	-	272,216	-	272,216
State and County Charges	-	252,386	-	252,386
Debt Service:				
Principal	-	535,000	-	535,000
Interest	-	179,419	-	179,419
Total Expenditures	659,671	35,460,429	(529,650)	35,583,416
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	(659,671)	(176,362)	(346,075)	(1,175,074)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	444,854	-	444,854
Transfers Out	-	(692,072)	346,036	(346,036)
Total Other Financing Sources (Uses)	-	(247,218)	346,036	98,818
<b>NET CHANGE IN FUND BALANCE</b>				
	(659,671)	(423,580)	(39)	(1,076,256)
Fund Balance - Beginning of Year	6,252,627	6,252,627	6,252,627	6,252,627
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 5,592,956</u>	<u>\$ 5,829,047</u>	<u>\$ 6,252,588</u>	<u>\$ 5,176,371</u>

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, 2022**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
<b>REVENUES</b>				
Real Estate and Personal Property Taxes	\$ 31,419,746	\$ -	\$ 31,419,746	\$ (110,355)
Motor Vehicle and Other Excise Taxes	1,190,185	-	1,190,185	256,934
Meals Tax	61,550	-	61,550	6,550
Tax Liens	213,379	-	213,379	213,379
Payments in Lieu of Taxes	73,906	-	73,906	40,906
Charges for Services	92,062	-	92,062	92,062
Intergovernmental	1,240,356	-	1,240,356	(89,854)
Penalties and Interest on Taxes	105,347	-	105,347	43,847
Licenses and Permits	425,823	-	425,823	151,693
Fines and Forfeitures	1,915	-	1,915	(2,385)
Departmental and Other	235,479	-	235,479	58,629
Investment Income	15,404	-	15,404	5,404
Total Revenues	<u>35,075,152</u>	<u>-</u>	<u>35,075,152</u>	<u>666,810</u>
<b>EXPENDITURES</b>				
Current:				
General Government	2,112,942	407,347	2,520,289	64,160
Public Safety	3,320,528	2,450	3,322,978	104,321
Education	21,787,353	-	21,787,353	-
Public Works	1,948,073	161,794	2,109,867	299,306
Health and Human Services	253,559	774	254,333	72,300
Culture and Recreation	1,123,911	200,301	1,324,212	-
Hamilton Development Corporation	66,051	-	66,051	-
Pension Benefits	1,163,009	-	1,163,009	20,667
Employee Benefits	936,439	-	936,439	299,110
Property and Liability Insurance	256,005	-	256,005	16,211
State and County Charges	246,830	-	246,830	5,556
Debt Service:				
Principal	535,000	-	535,000	-
Interest	103,675	-	103,675	75,744
Total Expenditures	<u>33,853,375</u>	<u>772,666</u>	<u>34,626,041</u>	<u>957,375</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	1,221,777	(772,666)	449,111	1,624,185
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	444,854	-	444,854	-
Transfers Out	(346,036)	-	(346,036)	-
Total Other Financing Sources (Uses)	<u>98,818</u>	<u>-</u>	<u>98,818</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	1,320,595	(772,666)	547,929	1,624,185
Fund Balance - Beginning of Year	<u>6,252,627</u>	<u>-</u>	<u>6,252,627</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 7,573,222</u>	<u>\$ (772,666)</u>	<u>\$ 6,800,556</u>	<u>\$ 1,624,185</u>

**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, 2022**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>REVENUES</b>				
Community Preservation Surcharges	\$ -	\$ 510,434	\$ -	\$ 510,434
Intergovernmental	-	63,857	-	63,857
Investment Income	-	-	-	-
Total Revenues	<u>-</u>	<u>574,291</u>	<u>-</u>	<u>574,291</u>
<b>EXPENDITURES</b>				
Current:				
Administrative	-	28,715	-	28,715
Projects, Acquisitions, and Other	75,000	112,000	(4,000)	183,000
Debt Service:				
Principal	-	85,000	-	85,000
Interest	-	23,900	-	23,900
Total Expenditures	<u>75,000</u>	<u>249,615</u>	<u>(4,000)</u>	<u>320,615</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(75,000)</u>	<u>324,676</u>	<u>4,000</u>	<u>253,676</u>
<b>NET CHANGE IN FUND BALANCE</b>	(75,000)	324,676	4,000	253,676
Fund Balance - Beginning of Year	<u>961,385</u>	<u>961,385</u>	<u>961,385</u>	<u>961,385</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 886,385</u></u>	<u><u>\$ 1,286,061</u></u>	<u><u>\$ 965,385</u></u>	<u><u>\$ 1,215,061</u></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, 2022  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
<b>REVENUES</b>				
Community Preservation Surcharges	\$ 523,757	\$ -	\$ 523,757	\$ 13,323
Intergovernmental	216,540	-	216,540	152,683
Investment Income	3,305	-	3,305	3,305
Total Revenues	<u>743,602</u>	<u>-</u>	<u>743,602</u>	<u>169,311</u>
<b>EXPENDITURES</b>				
Current:				
Administrative	7,623	-	7,623	21,092
Projects, Acquisitions, and Other	27,640	155,000	182,640	360
Debt Service:				
Principal	85,000	-	85,000	-
Interest	23,900	-	23,900	-
Total Expenditures	<u>144,163</u>	<u>155,000</u>	<u>299,163</u>	<u>21,452</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>599,439</u>	<u>(155,000)</u>	<u>444,439</u>	<u>190,763</u>
<b>NET CHANGE IN FUND BALANCE</b>	599,439	(155,000)	444,439	190,763
Fund Balance - Beginning of Year	<u>961,385</u>	<u>-</u>	<u>961,385</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 1,560,824</u></u>	<u><u>\$ (155,000)</u></u>	<u><u>\$ 1,405,824</u></u>	<u><u>\$ 190,763</u></u>

**TOWN OF HAMILTON, MASSACHUSETTS  
PENSION PLAN SCHEDULES  
JUNE 30, 2022  
(SEE INDEPENDENT AUDITORS' REPORT)**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Town's Proportion of the Net Pension Liability	2.807%	2.727%	2.749%	2.758%
Town's Proportionate Share of the Net Pension Liability	<u>\$ 9,745,523</u>	<u>\$ 10,823,445</u>	<u>\$ 11,582,591</u>	<u>\$ 11,651,319</u>
Town's Covered Payroll	<u>\$ 4,180,611</u>	<u>\$ 4,056,484</u>	<u>\$ 3,909,649</u>	<u>\$ 3,761,561</u>
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	233.11%	266.82%	296.26%	309.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.01 %	59.73 %	55.46 %	51.89 %
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's Proportion of the Net Pension Liability	2.535 %	2.741 %	2.628 %	2.746 %
Town's Proportionate Share of the Net Pension Liability	<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>\$ 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	263.98 %	299.43 %	275.07 %	279.46 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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.

**TOWN OF HAMILTON, MASSACHUSETTS  
PENSION PLAN SCHEDULES  
JUNE 30, 2022  
(SEE INDEPENDENT AUDITORS' REPORT)**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially Required Contribution	\$ 1,163,009	\$ 1,052,821	\$ 987,370	\$ 921,648
Contributions in Relation to the Actuarially Required Contribution	<u>(1,163,009)</u>	<u>(1,052,821)</u>	<u>(987,370)</u>	<u>(921,648)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Payroll	<u>\$ 4,180,611</u>	<u>\$ 4,056,484</u>	<u>\$ 3,909,649</u>	<u>\$ 3,761,561</u>
Contributions as a Percentage of Covered Payroll	27.82 %	25.95 %	25.25 %	24.50 %
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Required Contribution	\$ 789,304	\$ 794,132	\$ 721,863	\$ 704,356
Contributions in Relation to the Actuarially Required Contribution	<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>
Town's Covered Payroll	<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	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, 2022  
(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)**

	2022	2021	2020	2019	2018	2017
<u>Total OPEB Liability</u>						
Service Cost	\$ 108,782	\$ 232,207	\$ 232,207	\$ 224,658	\$ 284,193	\$ 232,636
Interest on Unfunded Liability	327,027	252,085	243,109	256,109	238,471	232,202
Change in Assumptions	1,241,842	(2,756,271)	-	(336,109)	314,827	-
Differences Between Actual and Expected Experience	(674,250)	-	-	(1,250,224)	-	556,505
Benefits Payments	(216,637)	(208,167)	(208,167)	(199,203)	(180,976)	(354,621)
Net Change in Total OPEB Liability	786,764	(2,480,146)	267,149	(1,304,769)	656,515	666,722
Total OPEB Liability - Beginning	4,893,404	7,373,550	7,106,401	8,411,170	7,754,655	7,087,933
Total OPEB Liability - Ending (a)	<u>\$ 5,680,168</u>	<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>
<u>Fiduciary Net Position</u>						
Contributions - Employer	\$ 341,637	\$ 1,179,367	\$ 208,167	\$ 199,203	\$ 180,976	\$ 354,621
Net Investment Income	(162,570)	51,186	-	-	-	-
Benefits Payments	(216,637)	(208,167)	(208,167)	(199,203)	(180,976)	(354,621)
Net Change in Fiduciary Net Position	(37,570)	1,022,386	-	-	-	-
Fiduciary Net Position - Beginning	1,022,386	-	-	-	-	-
Fiduciary Net Position - Ending (b)	<u>\$ 984,816</u>	<u>\$ 1,022,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 4,695,352</u>	<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	5,138,330	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	91.38%	69.77%	140.98%	135.87%	170.31%	161.73%

See accompanying Notes to Required Supplementary Information.

**TOWN OF HAMILTON, MASSACHUSETTS  
OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULES  
JUNE 30, 2022  
(SEE INDEPENDENT AUDITORS' REPORT)**

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

**SCHEDULE OF TOWN CONTRIBUTIONS – OPEB PLAN (2)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Required Contribution	\$ 341,628	\$ 437,277	\$ 613,310	\$ 659,391	\$ 668,306	\$ 628,305
Contributions in Relation to the Actuarially Required Contribution	<u>(341,637)</u>	<u>(1,179,367)</u>	<u>(208,167)</u>	<u>(199,203)</u>	<u>(180,976)</u>	<u>(354,621)</u>
Contribution Deficiency (Excess)	<u>\$ (9)</u>	<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)**

	<u>2022</u>	<u>2021</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	-14.29%	36.09%

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

**TOWN OF HAMILTON, MASSACHUSETTS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2022**  
(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, 2022, 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	\$ 35,075,152	\$ 34,626,041	\$ 98,818	\$ 6,800,556
<u>Adjustments and Reclassifications</u>				
Activity of Stabilization Fund Recorded in the General Fund for GAAP Purposes	(53,824)	9,152	346,036	1,967,032
Activity of Recreation Stabilization Fund Recorded in the General Fund for GAAP Purposes	11,853	3,019	-	572,765
Activity of Capital Stabilization Fund Recorded in the General Fund for GAAP Purposes	30,336	7,726	-	1,465,840
Net Change in Recording 60-Day Receipts	119,585	-	-	133,933
Net Change in Recording Leases	19,066	240,000	240,000	19,066
To Record Encumbrances and Continuing Appropriations	-	(772,666)	-	772,666
Net Change in Recording Tax Refunds Payable	228,261	-	-	-
GAAP Basis as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance	<u>\$ 35,430,429</u>	<u>\$ 34,113,272</u>	<u>\$ 684,854</u>	<u>\$ 11,731,858</u>

**TOWN OF HAMILTON, MASSACHUSETTS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2022  
(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	\$ 743,602	\$ 299,163	\$ -	\$ 1,405,824
<u>Adjustments</u>				
Net Change in Recording Tax Refunds Payable	4,564	-	-	-
Net Change in Recording Investment Income	-	-	-	10,001
To Record Encumbrances and Continuing Appropriations	-	(155,000)	-	155,000
GAAP Basis as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance	<u>\$ 748,166</u>	<u>\$ 144,163</u>	<u>\$ -</u>	<u>\$ 1,570,825</u>

**NOTE 2 METHODS AND ASSUMPTIONS – ACTUARIALLY DETERMINED CONTRIBUTIONS – OPEB**

The following methods and assumptions from the July 1, 2021 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, 2021
Asset valuation method:	Market Value
Inflation rate:	2.50%
Healthcare/Medical Cost Trend Rate:	9.00%