Town Financial Discussion: Part 1

February 26, 2026

Agenda

- Hingham current financial position
  - Revenue and expense trends
  - Operating budget pressures
  - Property tax trends
  - Community comparisons
- Capital needs
- Status quo tax projection and override/debt exclusion rules of thumb

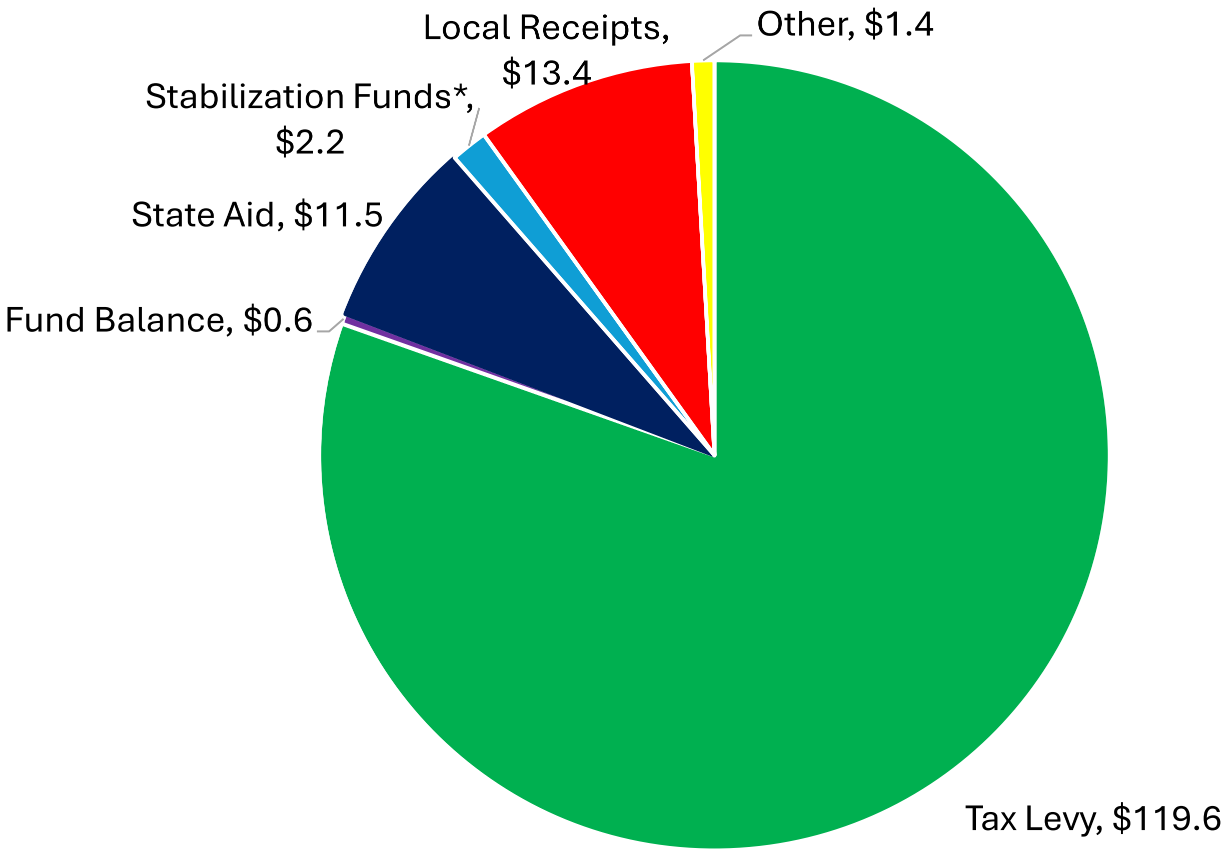
Current Financial Position

Current Financial Position – Rating Agency Perspective

- Aaa bond rating
- *“Large and exceptionally affluent tax base”*
- *“Strong financial position with heathy reserves and liquidity “*
- *Conservative fiscal management including formal fund balance and OPEB policies and multi-year financial planning*
- *Below average pension and OPEB liabilities*
- *Increasing debt burden that is expected to remain manageable*
- *We could lower the rating if operating performance were to weaken due to rising fixed costs or other budget pressures, leading to a material reduction in reserves*

Revenue and Expense Trends

Revenues: FY26 budget, ten-year actuals, forecast



	Average yearly growth rate	
Source	Actual 2015-2025	Forecast 2027-2031
Tax Levy	5.6%	3.2%
State Aid	1.1%	0.0%
Local Receipts	9.6%	2.6%
Fund Balance	-2.6%	0%
Stabilization	0%	-25%
Other	3.1%	-1.0%
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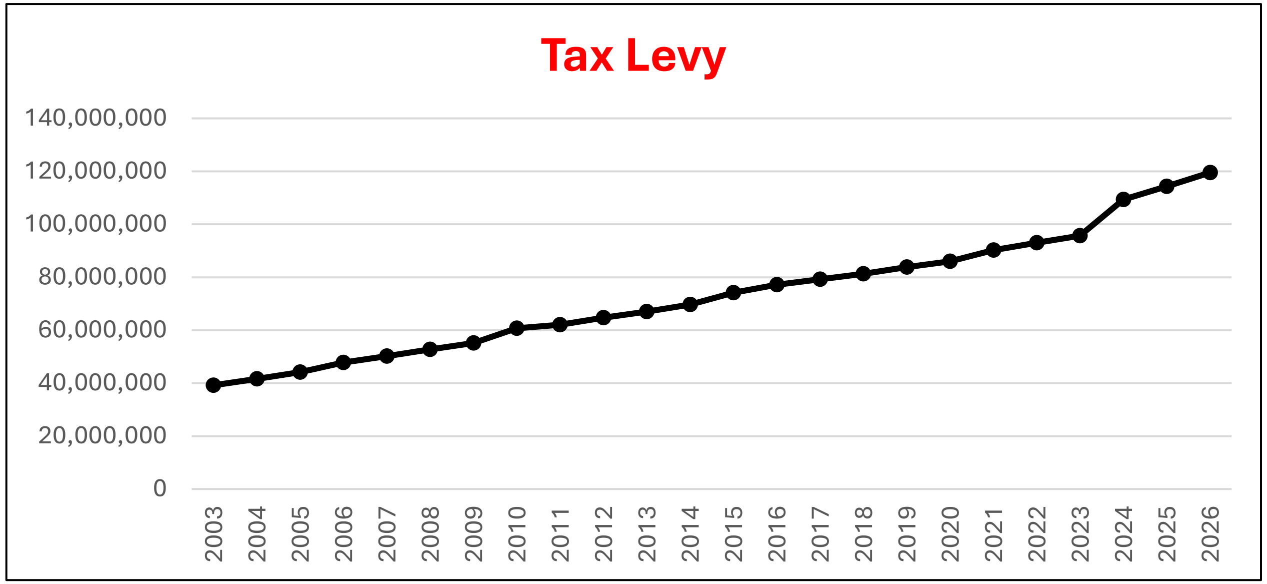
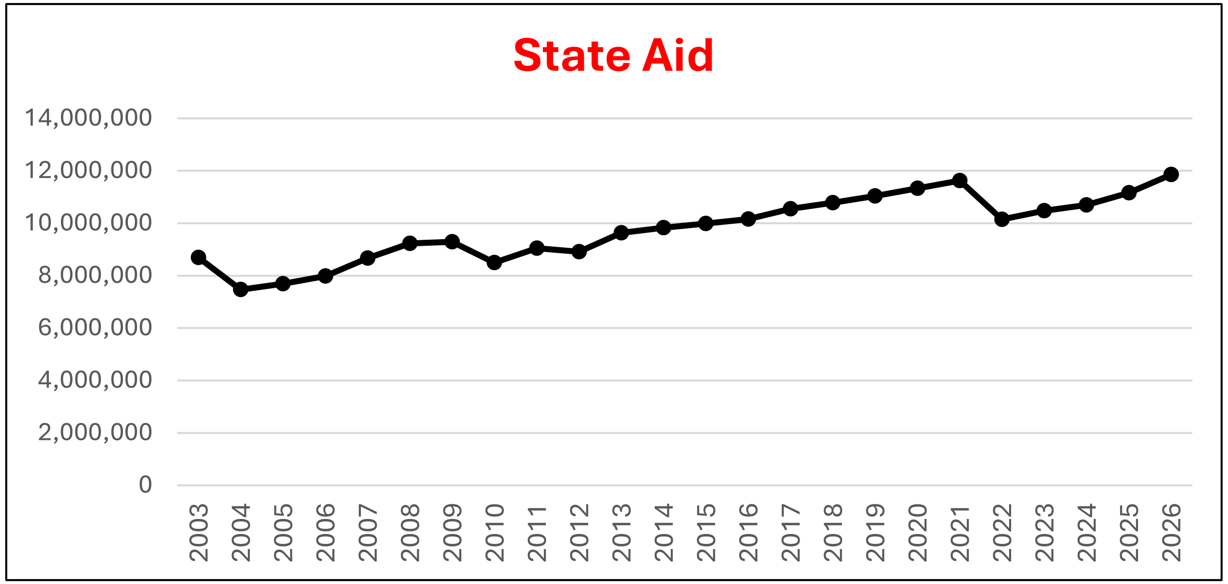
Total Sources	5.4%	2.4%

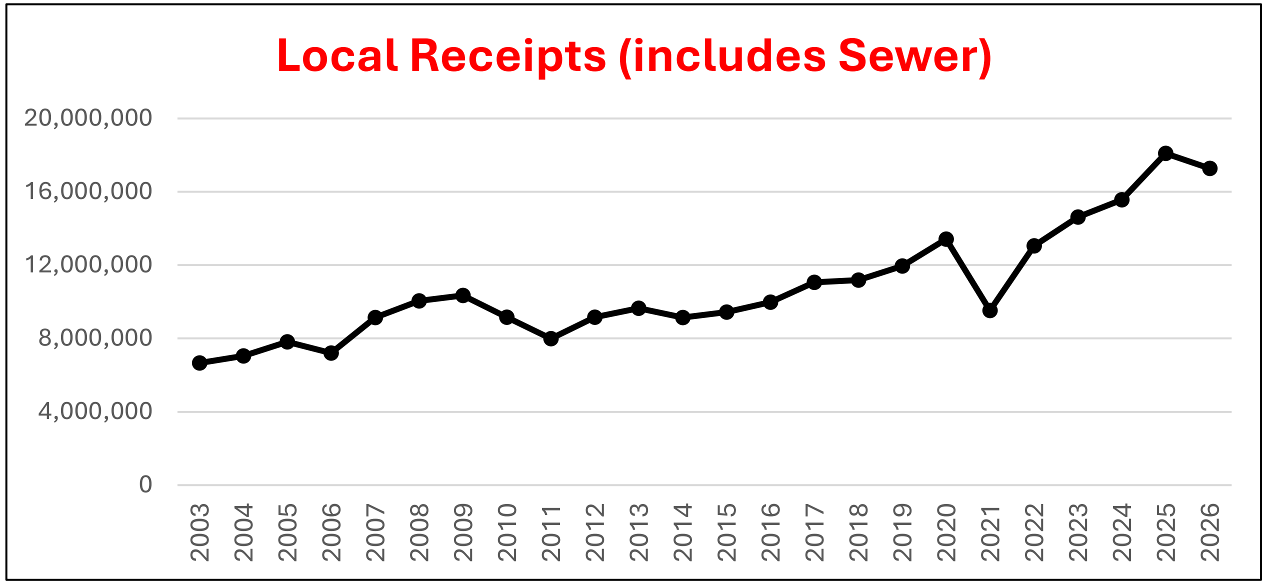
*** CPCDS, Capital, Tax Mitigation**

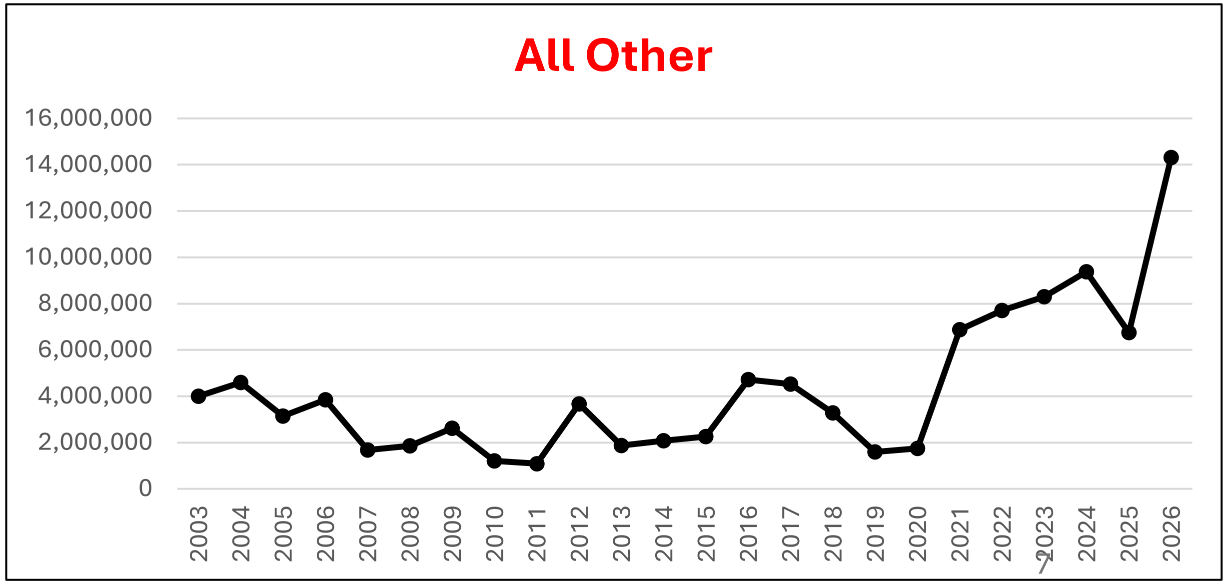
Source: Hingham Town Warrants, Town of Hingham Five Year Forecast 02/17/2026

General Fund Revenue Sources: FY2003-26



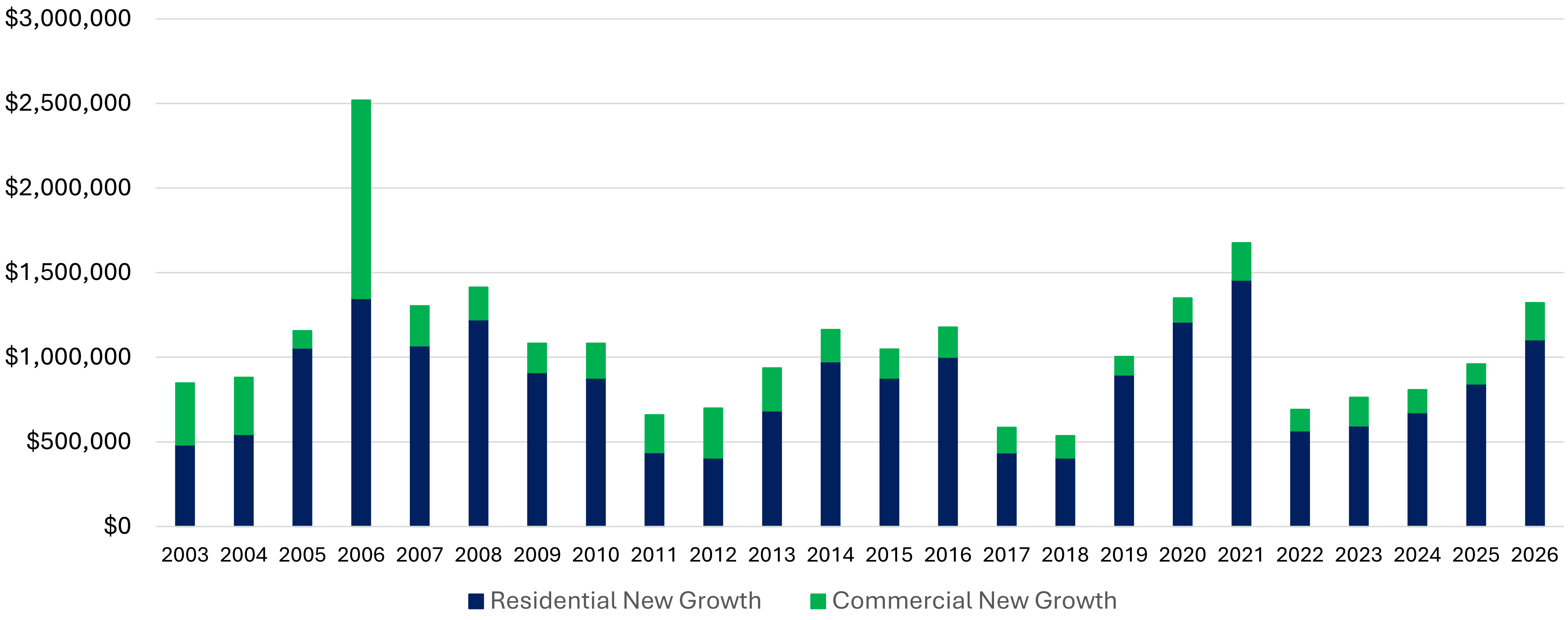






Source: MA Department of Revenue

New Growth Applied to Levy Limit



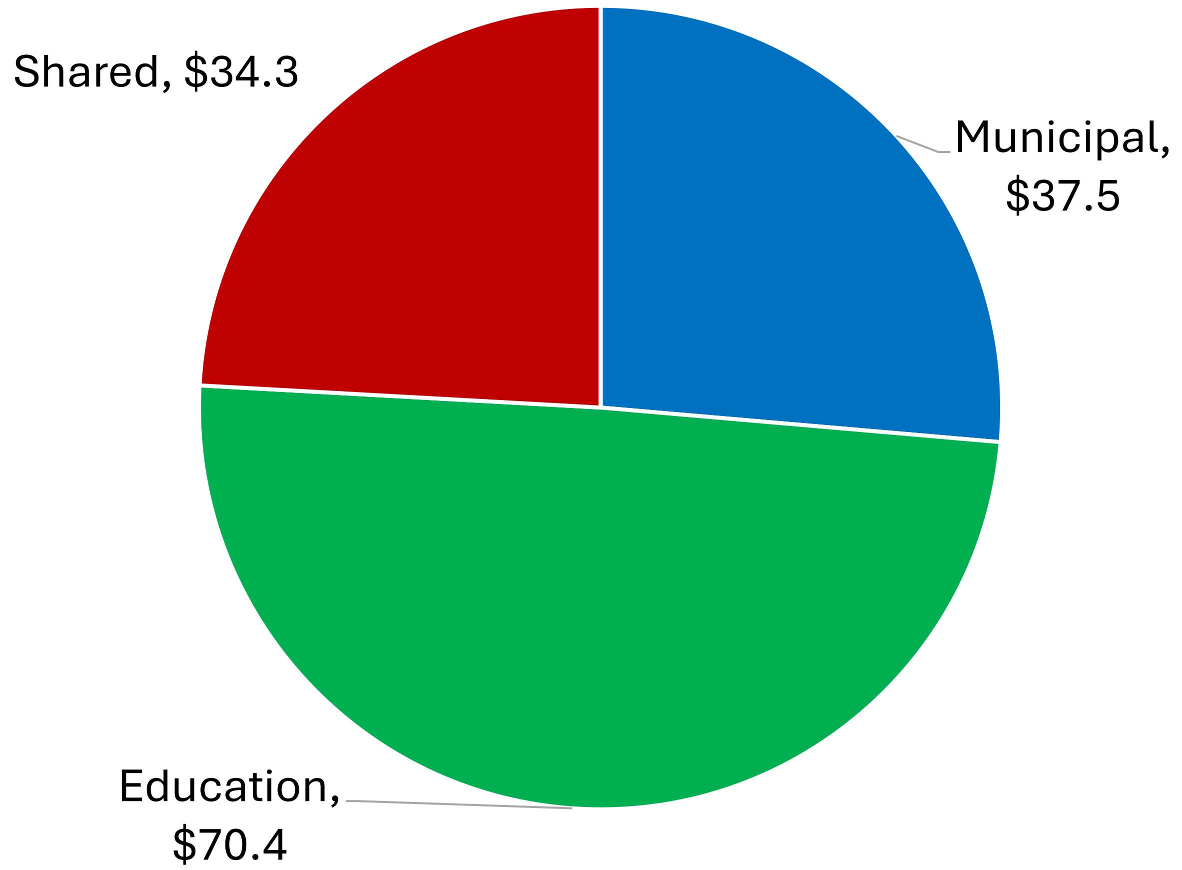
Source: MA Department of Revenue

Other Revenue Sources

Source	Balance
Excess Unassigned Fund Balance (as of 6/30/2025)	$11,306,118
CPCDS Stabilization fund (net of $2.3 million proposed for FY27 Article AA)	$2,492,466
Capital Stabilization fund	$45,000
Tax Mitigation Stabilization fund ($1.0 million in 2023; $2.5 million in 2024)	$3,500,000
Municipal Waterways fund	$1,205,155
Excess Overlay	???
Grants	???
Sale of Town Assets (subject to Town Meeting approval)	???
Real Estate Transfer tax (Subject to Town Meeting/Legislative approval)	???

Source: June 30,2025 Fund Balance Memo, Town Warrants

Expenses: FY26 budget, ten-year trend and forecast
(excluding Enterprise Funds)



	Average yearly growth rate	
Source	Actual 2015-2025	Forecast 2027-2031
General Government	5.6%	3.5%
Public Safety	4.7%	3.5%
Public Works	2.0%	3.5%
Human Services	1.2%	3.5%
Culture and Recreation	7.3%	3.5%
Article 4	0%	3.5%
Education	6.1%	3.5%
Debt Service	2.1%	-3.9%
Employee Benefits	4.3%	10%
Unclassified	19.6%	11.6%
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Total Operating Expenses	4.8%	3.9%

Source: Hingham Town Warrants, Town of Hingham Five Year Forecast 02/17/2026

Operating Budget Pressures

Internal Factors	External Factors

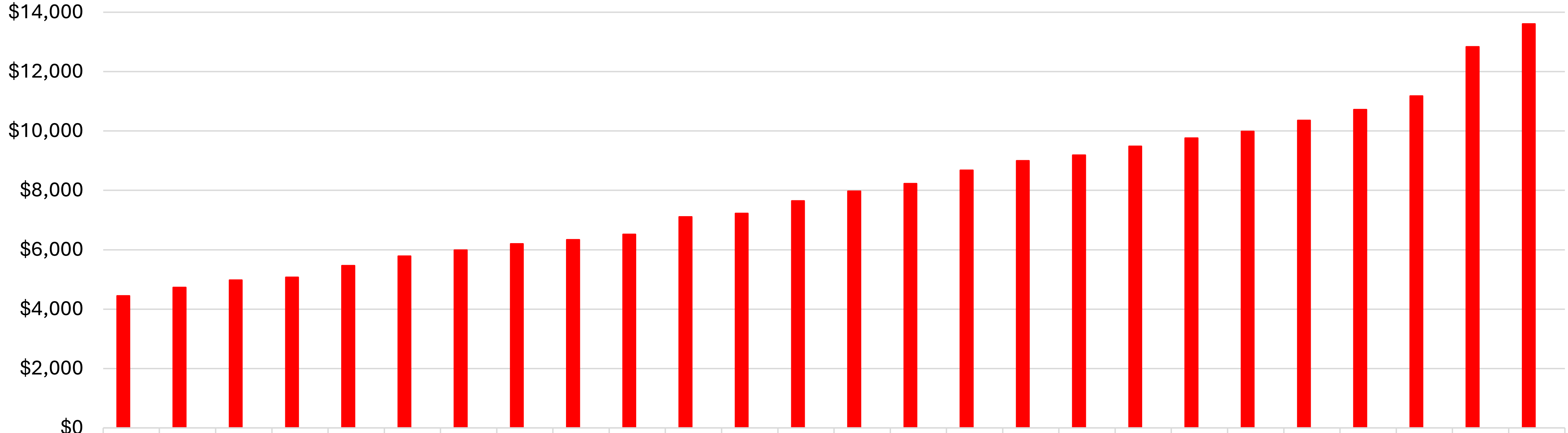
• **Structural deficits** in snow and ice, legal, public safety OT, workers' comp, and OOD >2%
• **Level services budget increase ~6% and rising**
    • Each +1% above 3.5% in municipal/education budgets ≈ **+$1.1M**
• **Lifecycle capital** investment requirements
• **New facilities add ongoing costs** (insurance, utilities, maintenance)
• **Rising service expectations** from citizens
• **Fund balance** – can we count on continued growth to fund warrant articles, structural deficits?
• **Revolving Funds** – receipts and usage
	• **Overall economic conditions**
	• **Ensuring wages and benefits are competitive**
	• **Uncertain federal/state funding**
	• **New mandates without matching revenue**
	• **Inflation pressures**, especially utilities
	• **Higher contracted service costs**
	    • Transportation
	    • Out-of-district education placements

Property Taxes

Since 2000, Hingham's average single family tax bill has increased by 4.6% each year. Between 2015 and 2020, it increased by an average of 3%. Between 2020 and 2025 it increased by an average of 7.3%, driven by FY24 (+14.9%) and FY25 (+6%)

Hingham Average Single Family Tax Bill

Source: MA Department of Revenue

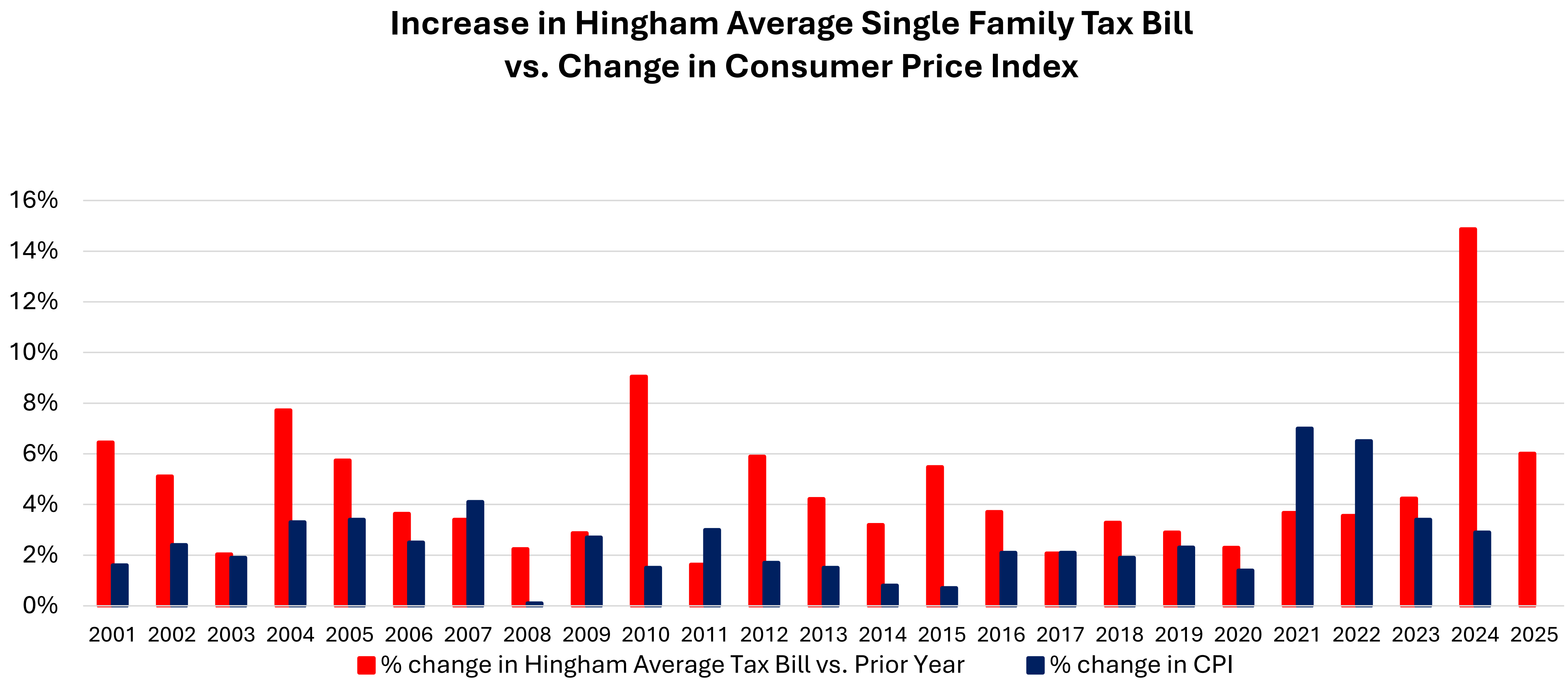


	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Average Single Family Tax Bill	$4,447	$4,734	$4,976	$5,077	$5,469	$5,783	$5,993	$6,197	$6,336	$6,518	$7,108	$7,224	$7,650	$7,973	$8,228	$8,679	$9,001	$9,187	$9,489	$9,764	$9,988	$10,355	$10,723	$11,177	$12,839	$13,610
% increase vs. prior year	0.0%	6.5%	5.1%	2.0%	7.7%	5.7%	3.6%	3.4%	2.2%	2.9%	9.1%	1.6%	5.9%	4.2%	3.2%	5.5%	3.7%	2.1%	3.3%	2.9%	2.3%	3.7%	3.6%	4.2%	14.9%	6.0%

Timeframe	Total % Increase in Tax Bill	Average Yearly Increase in Tax Bill
2000-2005	30.0%	6.0%
2005-2010	22.9%	4.6%
2010-2015	22.1%	4.4%
2015-2020	15.1%	3.0%
2020-2025	36.3%	7.3%

Source: MA Dept of Revenue

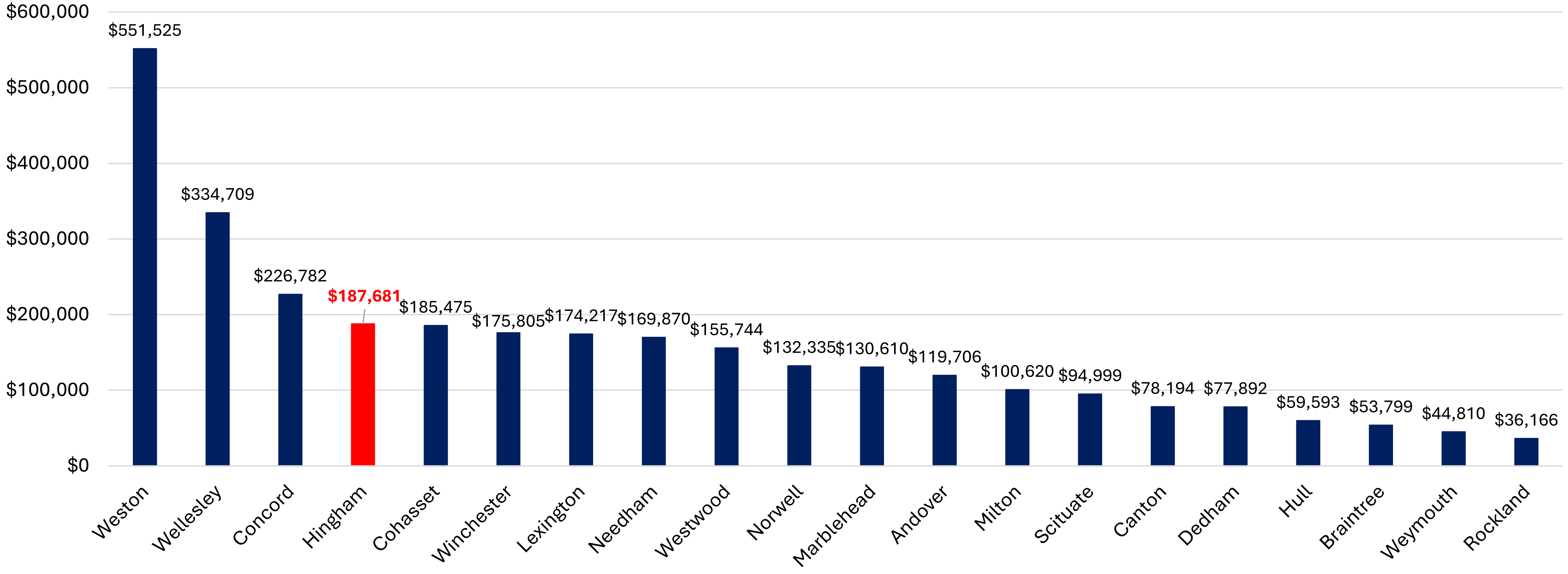
In 19 of the past 24 years, Hingham's average property tax bill has increased faster than the cost of living.



Source: MA Dept of Revenue, US Inflation Calculator

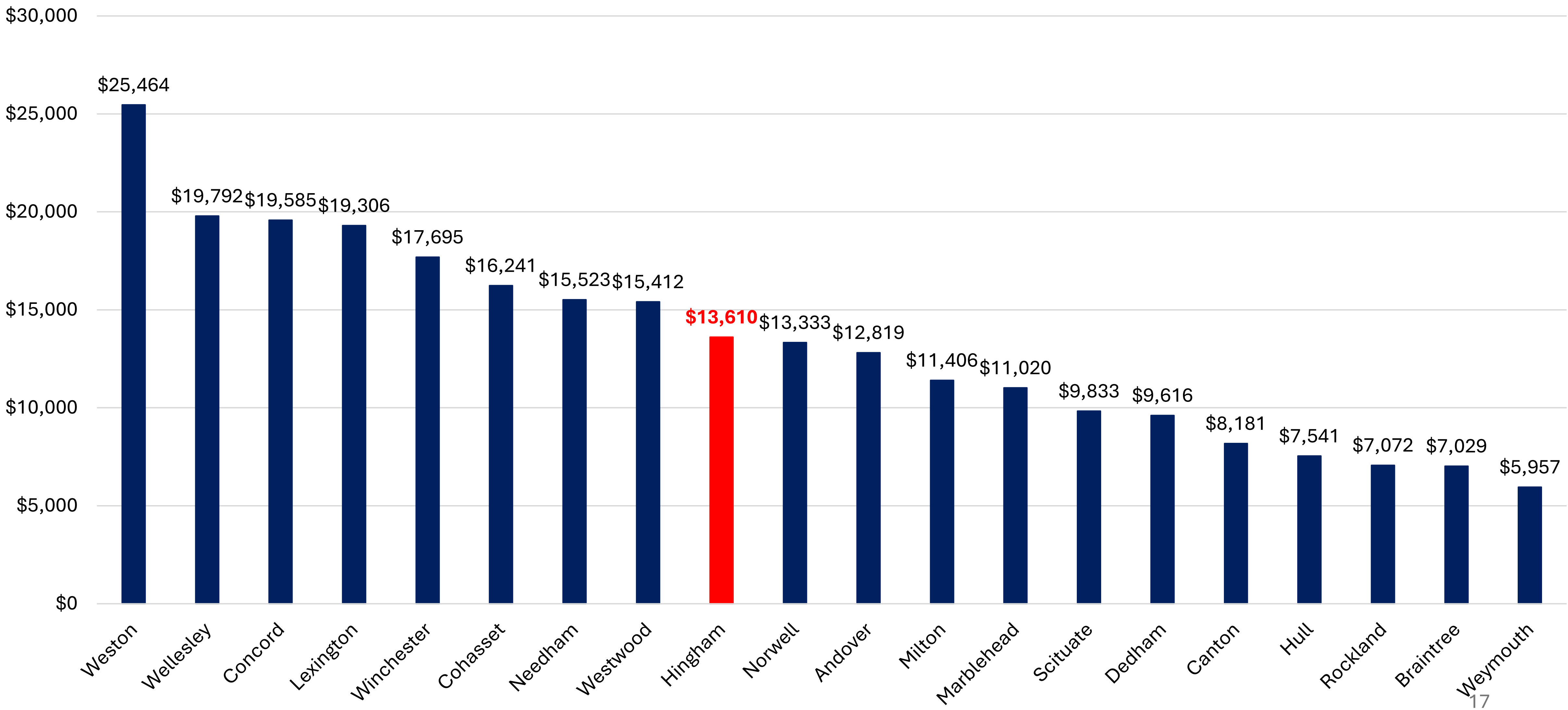
Community Comparisons

Hingham's FY25 Per Capita Income is the 4th highest of our benchmark communities



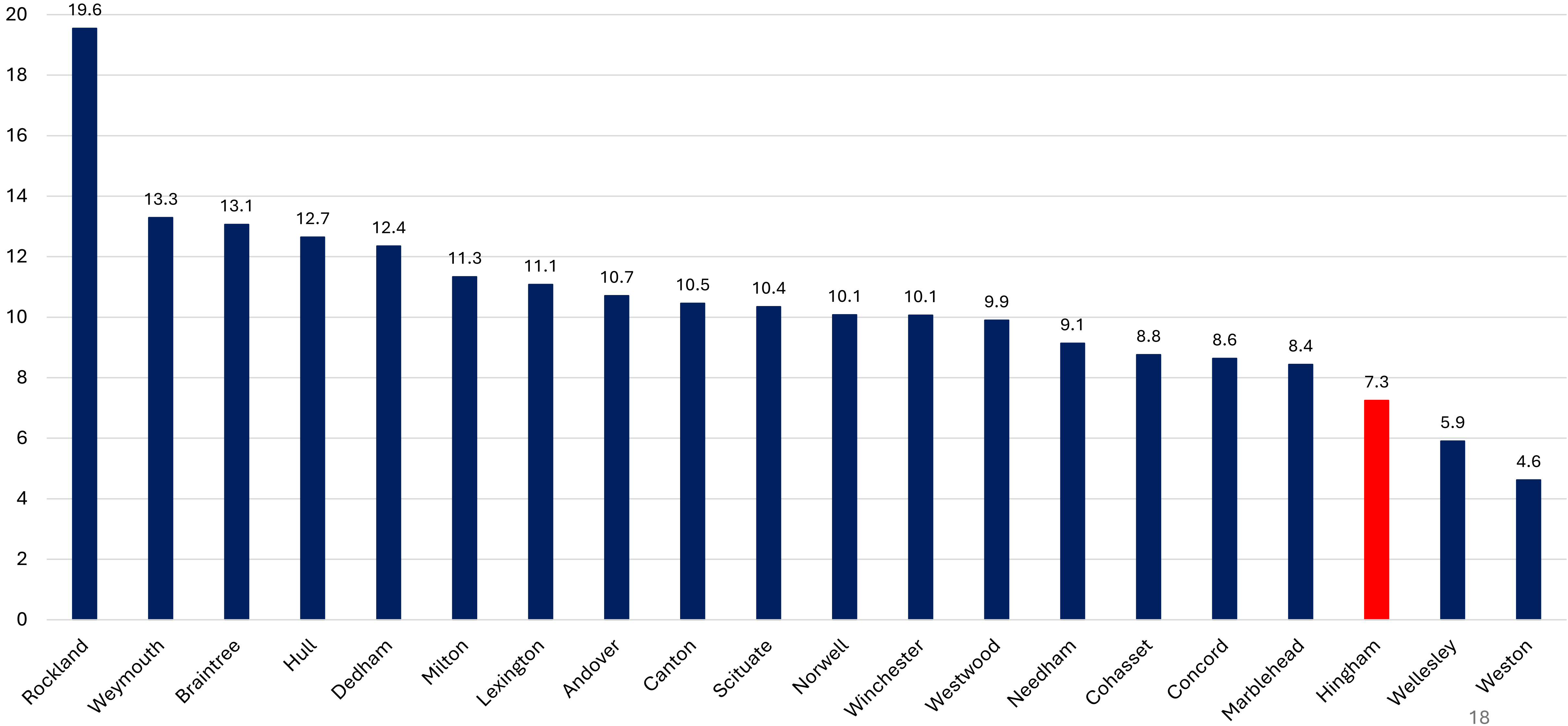
Source: MA Dept of Revenue

Hingham's FY25 Average Single Family Tax Bill is the 9th highest of our benchmark communities – this includes both voter authorized overrides and debt exclusions.



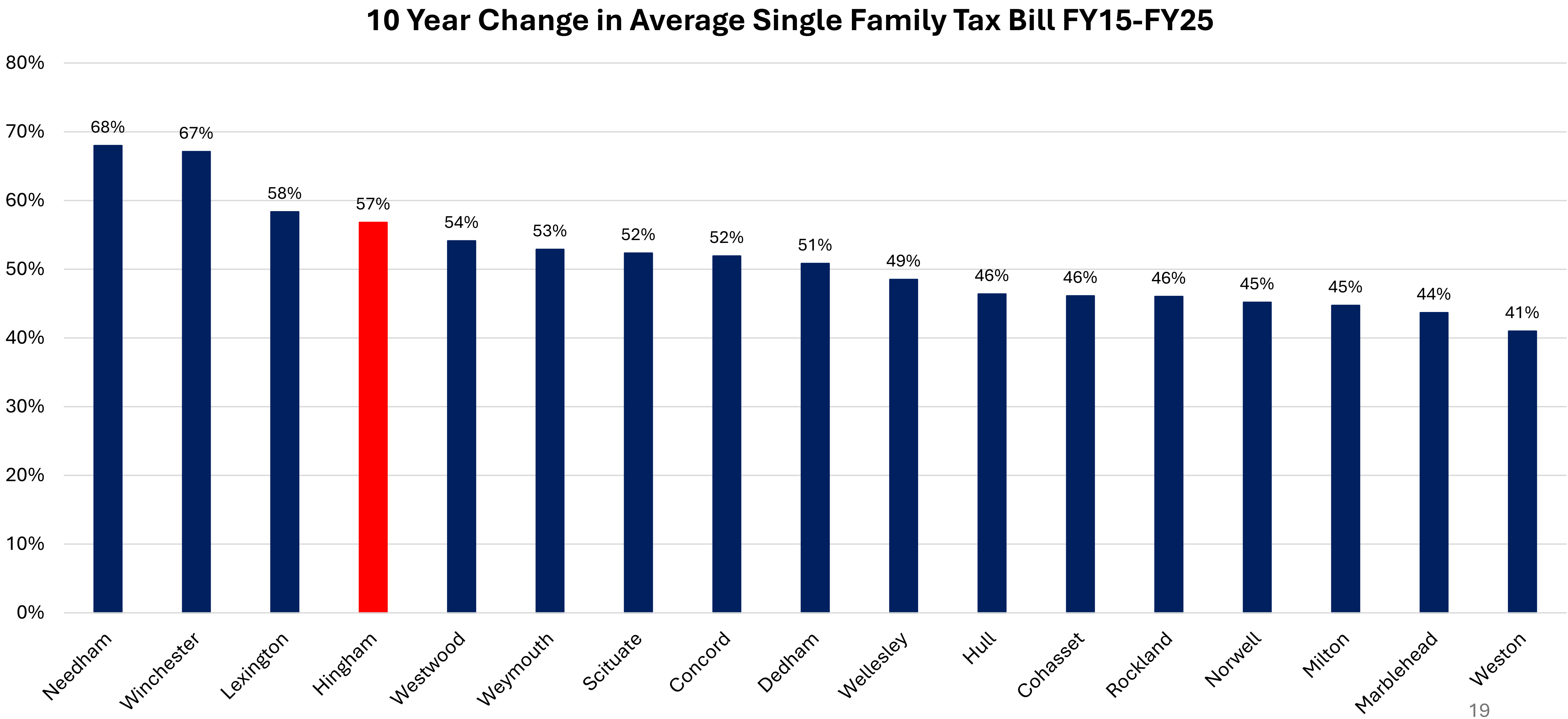
Source: MA Dept of Revenue

Hingham's FY25 Average Single Family Tax Bill as a % of Income ranks 18 of 20 communities



Source: MA Dept of Revenue

In the last 10 years, Hingham has seen the fourth-largest increase in the average single-family tax bill among our benchmark communities.



Source: MA Dept of Revenue

Capital Needs

Capital Needs: Sources of Funds

Cash

- Capital Outlay
- Excess Unassigned Fund Balance

Debt

- Non-Excluded Debt – within the tax levy
- Excluded Debt – outside the tax levy
  - Taxes increase upon issuance of debt

Typical Capital Borrowing Lifecycle

	Project authorization	→	Short-term financing (BAN)	→	Permanent financing (Bond)
Example: Public Safety Facility	11/1/2022		2/2024 2/2025		2/2024: $9.4 million 2/2025: $29.0 million 2/2026: $8.0 million

Source: Town of Hingham Debt Service Schedules (2025 and 2026)

Large Capital Projects

Excludes HMLP, Enterprise Funds, and Sewer

Proposed Source of Funds	FY27-FY29
Excess Unassigned Fund Balance	• Library Chiller • Additional School capital needs
Non-Excluded Debt	
Excluded Debt	• Pool (already authorized) • Center for Active Living • High School Roof and Mechanical • High School Solar • South School Roof • PRS Roof

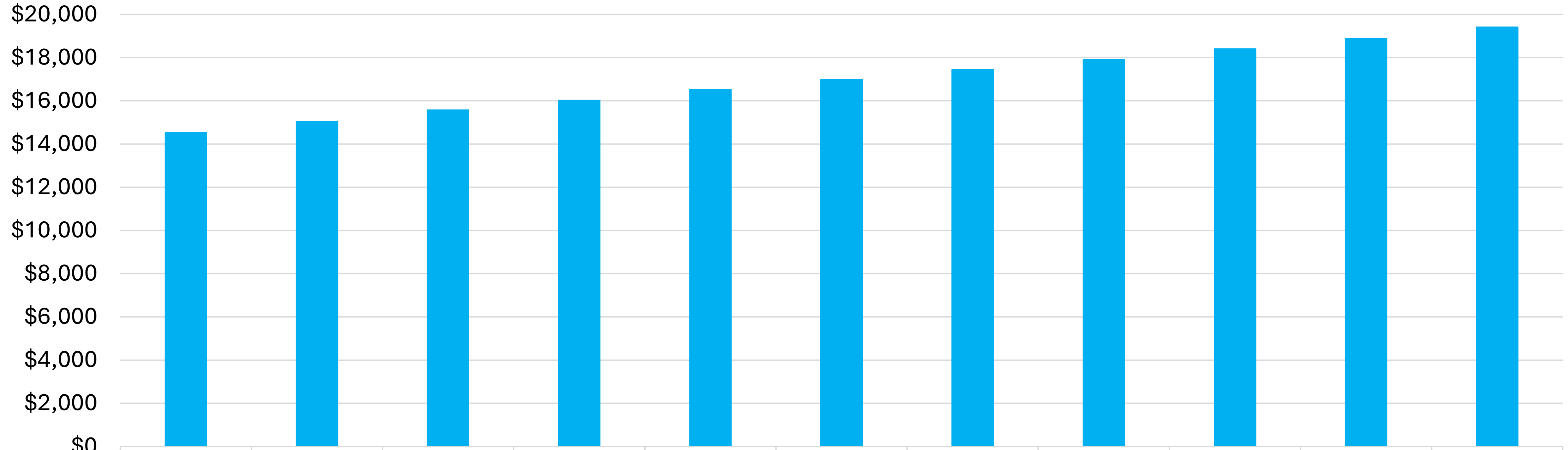
FY30 and Beyond (Funding source TBD)

- Harbor Dredging
- Library Parking Lot
- South Fire Station
- Hingham Middle School Solar
- Harbor Wharves

Base Projected Property Tax Bill: FY26-FY36

Includes all voter authorized debt exclusions (Foster, PS Facility, Pool) and FY24 override

Average Single Family Assessed Value Home ($1,367,055)



	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Base Tax Bill	**$14,524**	**$15,026**	**$15,566**	**$16,022**	**$16,526**	**$16,983**	**$17,441**	**$17,909**	**$18,392**	**$18,886**	**$19,409**
Increase vs. previous year		*$502 3.5%*	*$540 3.6%*	*$456 2.9%*	*$504 3.1%*	*$457 2.8%*	*$458 2.7%*	*$468 2.7%*	*$483 2.7%*	*$494 2.7%*	*$523 2.8%*

Source: Town of Hingham Financial Planning Model 02/26

Tax Impact: Rules of Thumb
Home assessed at $1,367,055

Override

Override Amount	Year 1 Tax Impact (grows annually by 2.5%)
$1 million	$121
$5 million	$607
$7.5 million	$911

Excluded Debt: 30-year Level Principal

Excluded Debt Amount	Year 1 Tax Impact	Year 10 Tax Impact
$10 million	$95	$78
$25 million	$236	$196
$50 million	$472	$392
$75 million	$708	$588

Source: Town of Hingham Financial Planning Model 02/26