Hingham Advisory Committee Financial Discussion Part 3

March 12, 2026

Debt Limit: MGL and Town of Hingham Financial Policy

MGL

- By statute, the Town may not issue, or have outstanding at any one time, debt exceeding 5% of the value of taxable property in the Town.

Financial Policy

- Debt issued under M.G.L. Chapter 44, Section 8 (e.g., debt issued by the Light Plant, the Weir River Water System, or other non-tax supported unit but guaranteed by the Town) and M.G.L. Chapter 70B (e.g., debt issued for MSBA school construction) is not legally included within this limitation but should be included for purposes of this Financial Policy.
- The Town should maintain average annual debt service (repayment of principal and current interest) for borrowings at a level equal to approximately 5.0% of Total Annual Expenditures, or less, and annual debt service should not exceed 10% of Total Annual Expenditures for any extended period of time.
- Where practical, the term of the debt issued by the Town should be less than 20 years, ensuring that the ratio of 10 years of debt service to original borrowing is in excess of 75%, a metric favored by the rating agencies.
- The term of the debt should be informed by the anticipated life of the asset in compliance with applicable Massachusetts General Laws.

Debt Limit: MGL

		April 28, 2025	FY 2026
MGL 44, Section 10 (Equalization Valuation – EQV	A	10,581,543,600	11,414,065,650
Debt Limit 5%	B	529,077,180	570,703,283
Outstanding Debt (B)		249,412,656	
Debt Authorized but Not Yet Issued		107,181,288	
Gross Debt	C	356,593,944	
Outstanding Debt Outside the Debt Limit	D	191,099,841	
Debt Outside the Debt Limited Authorized but Not Yet Issued	E	52,035,219	
Total Outside Debt Limit	F	243,135,060	
Net Debt Subject to Debt Limit	C - F	113,458,884	TBD
Remaining Borrowing Capacity Under 5%	**B - G**	**415,618,296**	**TBD**

(B) Does not include enterprise debt, debt issued for MSBA construction, or short-term borrowings (BANS).

EQV is updated every two years. Over the past ten years, Hingham has seen biennial increases ranging from 5-10%.

Debt Limit Per Town of Hingham Financial Policy

	FY 2025	FY 2026
Equalization Valuation	10,581,543,600	11,414,065,650
Debt Limit 5%	529,077,180	570,703,283
Total Outstanding Debt - Including Enterprise	282,709,338	287,509,719
Remaining Borrowing Capacity Under 5%	246,367,842	283,193,564
Pro Forma		
HCAL		30,000,000
Schools - MSBA Accelerated Repair Projects (net of grants)		36,000,000
HMLP		70,000,000
Authorized but Unissued (see following page)		34,477,000
Total Pro-Forma Liabilities		170,477,000
Pro Forma Remaining Borrowing Capacity Under 5%		**112,716,564**

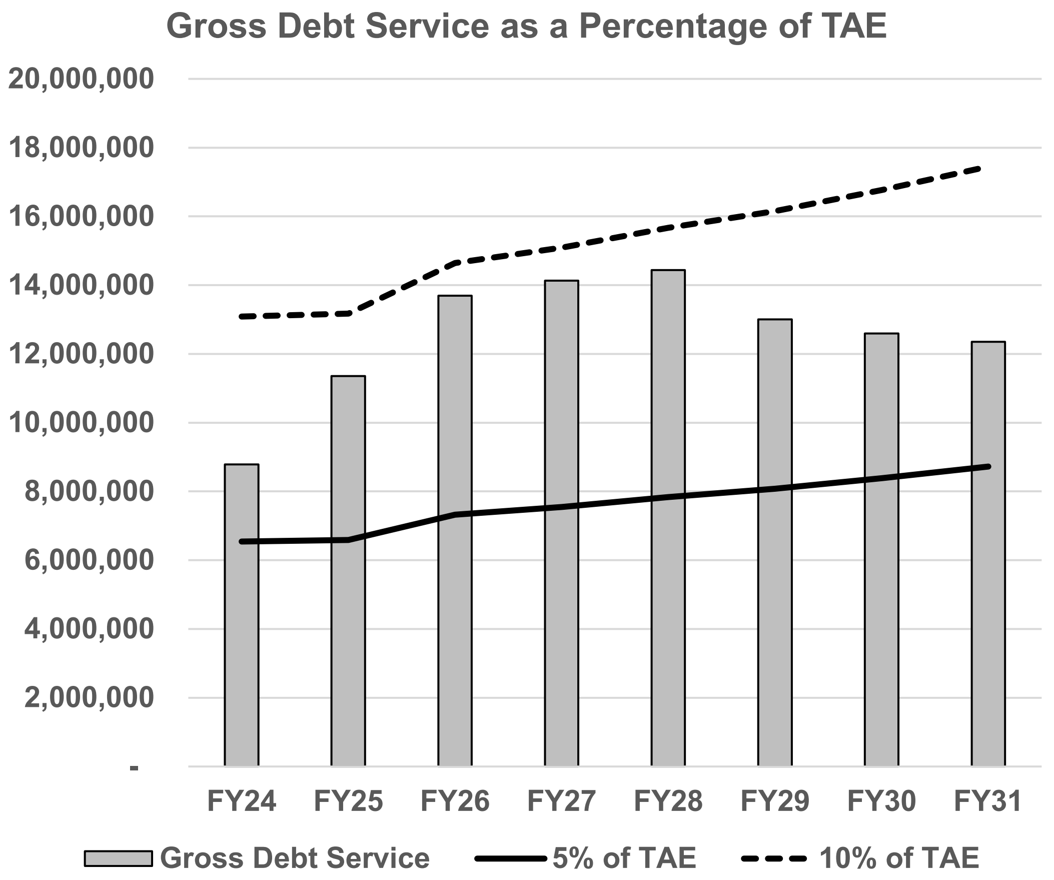
Authorized but Unissued Borrowing

Total: $37,477,000
$ 8,000,000 Excluded
$ 9,472,000 Non-Excluded
$20,005,000 Enterprise

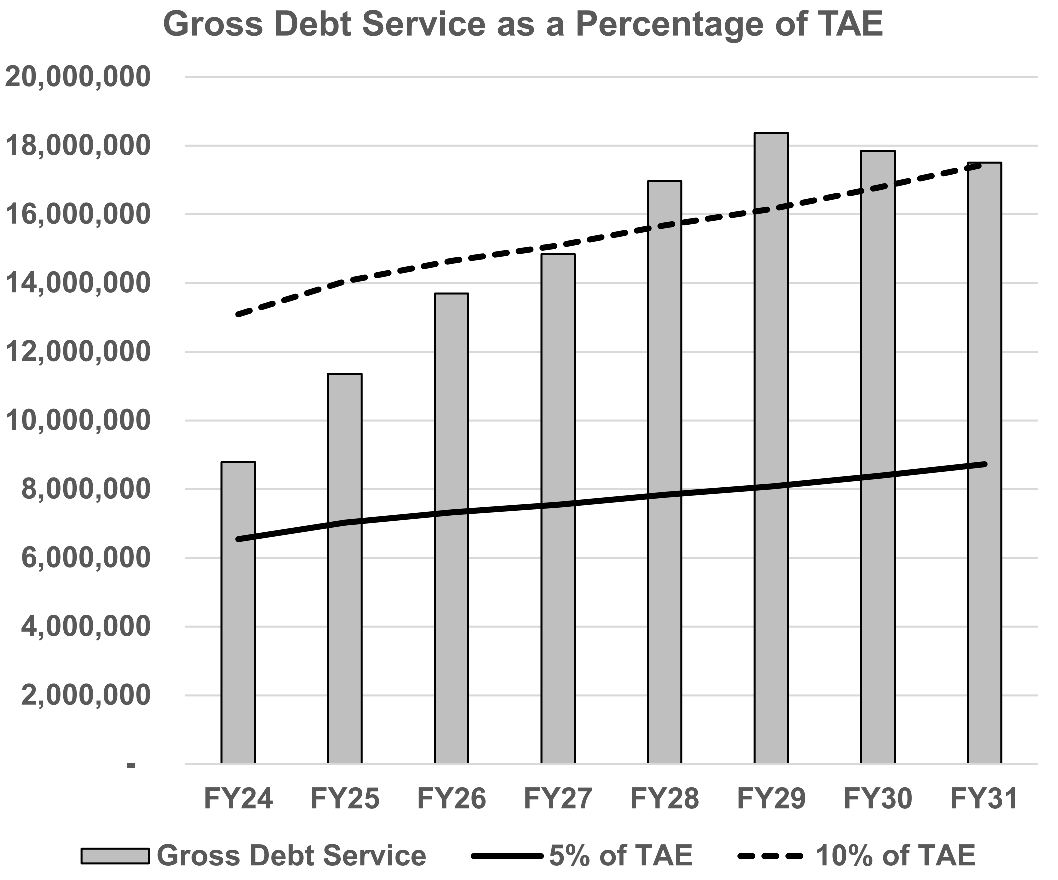
Amount	Excluded/Non-Excluded/Enterprise	Project(s)	Date Authorized
$8,000,000	Excluded Debt	Pool	4/30/22
$11,005,000	Enterprise Debt	Weir River Water System ongoing projects	4/25/24
$9,000,000	Enterprise Debt	Route 3A Sewer	4/24/24
$2,310,000	Non-Excluded Debt	HHS Roof Replacement Feasibility Study	4/28/25
$1,200,000	Non-Excluded Debt	Fire Truck purchase	4/24/24
$5,650,000	Non-Excluded Debt	Reconstruct Town Pier & Inner Harbor Structures	4/28/25
$312,000	Non-Excluded Debt	Road Construction/Seawalls	4/24/17

Gross Debt Service as a % TAE

FY27 Forecast V2 02.17.2026 with pool added



FY27 Forecast V2 02.17.2026 with pool, $30 million HCAL and $39.3 million school projects



Historical Context – Debt Service vs. Financial Policy (2008 Annual Town Meeting)

- **Financial Policy in place at time called for Debt Service not to exceed 5% of expenditures**
- **Town exceeded debt service policy with renovations to HHS/South School (2000) and the 2011 debt issuance to construct East**