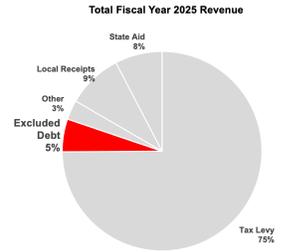


Inside Town Finances

Volume 3: Excluded Debt

Overview

5% of the Town’s revenue comes from excluded debt. Excluded debt is a **temporary tax increase** - ‘excluded’ from the limits of Proposition 2 ½ - that is used to pay debt service costs (principal plus interest) on money borrowed to finance a specific project. Debt exclusions require a 2/3 affirmative vote from Town Meeting and a subsequent majority ballot vote.



What is the composition of Hingham’s excluded debt?

The chart to the right summarizes authorized projects currently being financed with excluded debt. For each project, the chart shows amounts authorized and borrowed, Fiscal Year 2025 debt service, and the year in which outstanding debt will be retired. “Refunding” refers to debt that was refinanced. While authorized, the South Shore Country Club pool project is not listed because debt has not yet been issued.

Project	Authorization	Borrowed	Fiscal Year 2025	Debt Expires
			Debt Service	(Fiscal Year)
High School Field Improvement	\$935,000	\$812,307	\$75,815	2027
East Elementary (Refunding)	\$25,160,000	\$7,123,374	\$872,030	2028
PRS and Foster Improvements (Refunding)	\$7,000,000	\$3,254,957	\$378,283	2028
Middle School Feasibility (Refunding)	\$600,000	\$102,151	\$10,700	2028
Middle School	60,910,920	\$32,000,000	\$2,114,931	2037
New Foster School	113,335,749	\$28,476,850	\$1,691,602	2053
New Foster School short-term		\$51,460,463	\$1,616,426	
Public Safety Pre-Construction short-term	\$1,585,380	\$1,585,380	\$49,798	
Public Safety Facility	46,700,000	\$9,370,311	\$730,731	2053
Public Safety Facility short-term		\$36,700,000	\$1,152,785	
Total	\$256,227,049	\$170,885,793	\$8,693,101	
Less: Stabilization Funds			\$(1,178,836)	
Net Excluded Debt Service (Cost to Taxpayers)			\$7,514,265	

Since Foster School and the Public Safety are currently under construction, a combination of short-term and long-term debt has been issued. Municipalities are allowed to issue short-term debt (in the form of Bond Anticipation Notes) to cover project expenses until long-term debt can be issued.

For Fiscal Year 2025, excluded debt service is just under \$8.7 million; \$6.8 million for school projects and \$1.9 million for municipal projects. It should be noted that excluded debt service cost is not included in the calculation of per-pupil education expenses.

Stabilization funds, including \$1 million from the Capital Project Cost and Debt Service Stabilization Fund, reduce the Fiscal Year 2025 amount owed by Hingham taxpayers to just over \$7.5 million.

What do future excluded debt service payments look like?

The chart to the right shows net excluded debt service for current outstanding debt for fiscal years 2021 through 2035 (red bars). The red outlines illustrate the impact of the application of stabilization funds to reduce the amount of debt service paid by Hingham taxpayers. While Town Meeting must also authorize taking money out of a Stabilization Fund, the chart shows Town Administration’s current thinking for doing so.

In 2022, Hingham Special Town Meeting authorized the creation of a Capital Project Cost and Debt Service Stabilization Fund to mitigate the tax impact of the Public Safety Facility and new Foster School. Special Town Meeting also authorized funding this Stabilization Fund with \$7 million from Unassigned Fund Balance – an allowable use of Excess Unassigned Fund Balance per the Town Financial Policy.

