

Inside Town Finances

Volume 13: Capital Improvements

The Town has a responsibility to current and future generations to maintain, replace, and – as needed – expand its property, plant, and equipment.

How much money has been spent on Town capital improvements?

From 2000 through 2025, just under \$400 million has been invested or authorized for investment in capital improvements throughout Hingham. This amounts to an average of nearly \$16 million per year.

Of this total investment, approximately 83% has been funded by taxpayers, while the remaining 17% has come from other sources such as state funds, grants, stabilization funds, and special purpose funds.

The chart to the right provides additional detail.

Category	Taxpayer-Funded (millions)	Other-Funded (millions)	Total (millions)	% of Total
School	\$165.2	\$58.2	\$223.4	56.2%
Municipal	\$98.9	\$1.7	\$100.6	25.3%
Capital Outlay (School and Municipal)	\$48.5	\$3.2	\$51.7	13.0%
Community Preservation	\$16.3	\$5.8	\$22.1	5.5%
Total Capital Improvements 2000-25	\$328.9	\$68.9	\$397.8	100%
Average Yearly Capital Improvements	\$13.2	\$2.8	\$15.9	

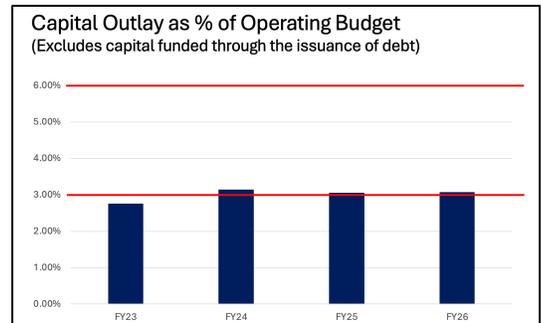
What are possible sources of funds for taxpayer-funded capital improvements?

Taxpayer-funded capital improvements are typically financed through two main methods: cash or debt issuance. Within the Article 6 operating budget—which is funded through the tax levy—funds are allocated annually for Capital Outlay. Larger projects that exceed the available Capital Outlay funds or would consume a significant portion of them are usually financed through the issuance of debt. This debt can be issued in one of two ways: either within the levy (non-excluded debt) or outside the levy (excluded debt). Excluded debt results in a temporary increase in taxes. Additionally, the Town may use excess unassigned fund balance to finance non-recurring capital improvements, as outlined in the Town Financial Policy.

How much should the Town be spending on Capital Outlay?

According to the Town Financial Policy, *“the Capital Outlay Plan for any fiscal year, excluding expenditures financed by debt, should budget an expenditure amount equal to between 3% and 6% of the Town’s Operating Budget for that fiscal year, except in extraordinary circumstances.”*

The chart to the right compares annual Capital Outlay to the operating budget. This excludes any capital funded through the issuance of debt. The red lines indicate the range of the Town Financial Policy range (3-6%). For the past three years, annual Capital Outlay spending has been within the recommended range.



Is Debt Service in conformance with the Town Financial Policy?

The Town Financial Policy recommends maintaining average annual debt service—the repayment of principal and interest on borrowings—between 5% and 10% of Total Annual Expenditures.

The graph to the right illustrates annual debt service for currently authorized debt from Fiscal Years 2024 through 2030. This excludes upcoming projects that will likely require additional debt financing, including the Center for Active Living, school roof replacement projects, the Harbor Wharf Walls, Harbor Dredging, and the South Fire Station project.

