

The Truro Financial Breaking Point: Unsustainable Spending vs. Collapsing Revenue

My last article, “The Prop 2 1/2,” explained how Truro’s need for frequent tax overrides reveals the severe strain caused by the state’s strict property tax limits. Today, we’ll look at the Revenue Side—where the money comes from—to understand why our costs are outrunning our income.

The Town of Truro faces a critical choice: our spending on municipal services is **unsustainable**, and the revenue required to fund it is **collapsing**. Our reliance on a capped property tax to cover the difference is failing, forcing us to immediately address the expense side of the budget.

The Core Problem: A Failed Revenue Model

Our current financial structure has two fatal flaws: the primary funding source is capped, while the supporting revenue is volatile and shrinking.

Revenue Source	Status	The Impact
Tax Levy (Property Tax)	Capped Growth	Legally limited to 2.5% annual growth. In keeping with the long-term increasing cost of services and inflation.
Local Receipts (Fees, Interest)	Collapsing	Projected to drop by over \$1 million from FY25. This massive loss is mainly due to the collapse of Investment Income (interest rate drops of over \$311,000).
Cherry Sheet (State Aid)	Unstable/ Volatile	We cannot rely on the State to consistently fund our core services. State support often drops sharply, as projected from FY26 to FY27.

The result is clear: **Excluding property taxes, our budget has negative revenue growth for FY27.** Truro’s non-tax money is now insufficient to cover the non-tax portion of the budget.

The Inevitable Solution: Address the Expense Side

For too long, we have relied almost entirely on the **Tax Levy**, meaning the cost of every municipal service is borne primarily by **property owners** already strained by overrides and debt exclusions.

The strategy of relying only on the capped Real Estate Tax and unpredictable fees has failed to keep pace with our service costs. The fundamental budget problem isn't going away.

While growing revenue through commercial activity is a long-term goal, it takes time and is not assured in a seasonal economy. **In the interim, the Town must address the Expense Side. The only remaining solution is to reduce the scale and cost of municipal services and spending.**

The Immediate Threat: The DPW Facility Debt

This unsustainable spending crisis is being amplified by the proposal for a new DPW facility. This single capital project represents a massive, long-term commitment that we simply cannot afford under our current financial constraints.

- **Debt Service Ratio Spike:** The DPW facility will raise our **Debt Service Ratio close to or over 10%**.
- **Long-Term Project Stop:** Can we afford this debt commitment for the next 20 years? If we proceed, it is highly likely we must **stop all other future Capital Projects requests** to manage the debt burden.
- **Lack of Plan:** We are moving forward with major debt without a clear, sustainable **Long-term Financial Plan** that accounts for our collapsing revenue base. The Voters deserve a 10-year Financial Plan before making any commitments.

A Call for Change: The Voters' Choice

The question for every voter is: Is this the expense budget we want, given the constrained and collapsing revenue base? I think it is time to change our plan and scrutinize every cost.

We must be prepared to examine all our "Sacred Cows": Staff Growth, School Regionalization, DPW Facility Costs, Safety, Healthcare, and Affordable Housing.

Small Towns can no longer afford to build Town-only solutions. **Regionalization is no longer a nice-to-have; it deserves serious consideration.**

Another option that can be employed is to look for **productivity increases**. This can take the form of improving the delivery of services at a lower cost, using technology, or can take the form of outsourcing capital-intensive functions. For example, do we really need to spend \$1.5M for a new Sign Shop when we can purchase signs via email order from Hyannis and get them the same week? **Should we outsource** more, for example, our street plowing to local contractors who don't need a million-dollar capital investment for a new building to store snowplows in?

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