



# FY 2027 Budget

Initial Budget Presentation

January 5, 2026



# Budget Approach & Process

## Budget Approach

The Town Manager's Office and Finance Director/Town Accountant have spent the last several weeks reviewing department requests, meeting with departments to better understand their needs, and scrutinizing our revenue projections to ensure we can justify every expense and that we're confident in our projections for revenue to fund those expenses. This has been a very iterative process that has involved every department at Town Hall. Our aim has been to conservatively estimate our revenue to avoid mid-year deficits while also accounting for new growth and new or expanded revenue sources to maximize our funding capacity. This approach has remained consistent in Town and resulted in the Town maintaining a healthy free-cash balance.

## Process/Timeline

Departments were asked to submit their requests one week early this year by December 4, 2025 and to craft a budget that maintained level-service and that sought creative approaches to delivering the services residents expect. We spent the weeks following December 4 in multiple meetings with departments refining requests, considering their new requests, and collaborating on a proposed budget that works for everyone.

# Landscape Surrounding the FY27 Budget Planning Process



# FY27 Budget Landscape

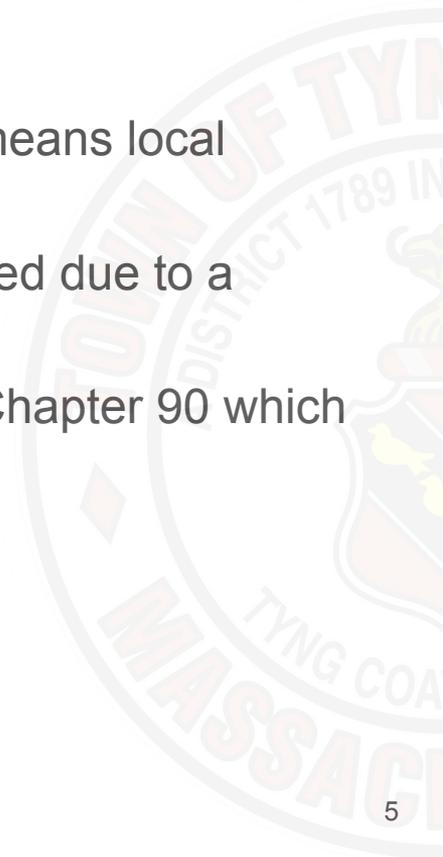
## Where are we going into the budget planning process? - Expenses

- Fiscal Year 2027 is the final year of most collective bargaining agreements with contracts expiring at the end of FY27.
- In early meeting with the School Department, the expectation of sticking to a 2.7% increase was agreed to. This five-year set increase expired in FY26.
- In an initial meeting with MIIA, we were warned to plan for a max increase of 25% based on higher than average loss-ratios.
- \$1M Contribution to the Middle School Debt (\$900k from GF and \$100k from Lakeview Lease Revenue)
- Utility expenses increasing across buildings.

# FY27 Budget Landscape

## Where are we going into the budget planning process? - Revenue

- Toll Brothers reached substantial completion in FY26 which means local receipts in the area of building permits will drop.
- New growth will be limited in FY27 as larger projects are stalled due to a variety of issues, mostly around utility access.
- State aid expected to remain stagnant with the exception of Chapter 90 which saw a big increase in FY26.
- Slower growth than desired in cannabis excise.



# Revenues



# Revenue Forecast

## How do we calculate the revenue forecast?

- Collaboration between the Assessors Office, Finance Department, Economic Development, Building Commissioner, and Town Manager's Office
- Look at 5 year trends
- Analyze the current FY trend to identify see how the numbers are currently tracking
- Incorporate anticipated new growth based off of input from the departments listed above
- Consider the factors that play into the various other revenue streams to identify anticipated changes in the coming fiscal year.

# Revenue Forecast

## FY26 Trending

- Positive trending for revenues for fiscal year 2026
  - Earnings on Investments and Licenses and Permits have maintained their previous gains
  - Fees and Fines & Forfeitures have bounced back from a down FY25
- Revenue areas not trending favorably
  - Hotel and Meals tax are down, Q2 payment pending
  - Marijuana Excise included projected Yellow House revenue, hope for clarity in Q2 payment
- Overall, revenue isn't trending down as much as it's lacking growth compared to prior years. This meets expectations with permitting slowing down and interest plateauing

# Revenue Forecast

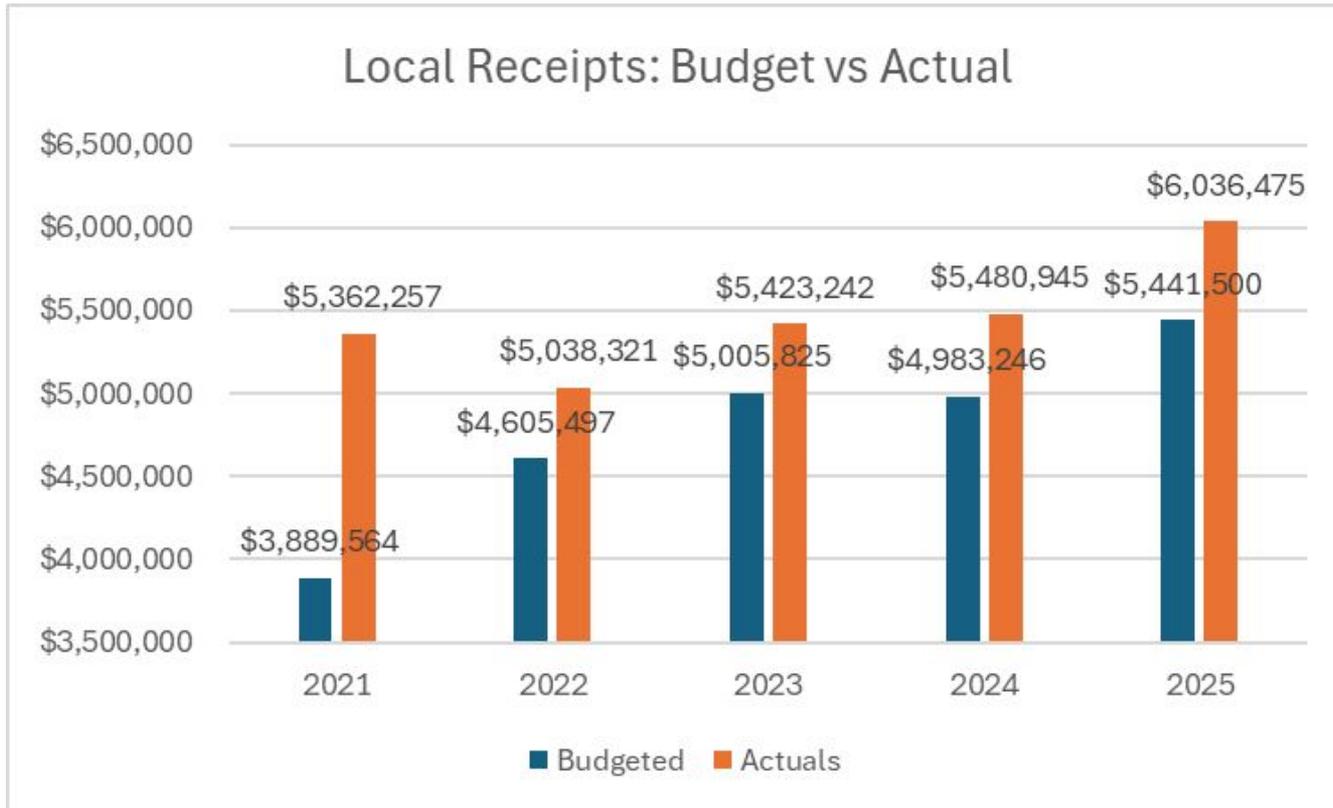
## Considerations for FY27

- As expected in FY26 planning, the revenue from building permits is expected to return to pre-Toll Brothers levels as that project wraps up.
  - Could change if some of the remaining larger projects get kick-started in FY27 but challenges around utilities persist.
- Cannabis excise underperforming in FY26 with no reason to believe that would change in FY27

# Revenue Forecast

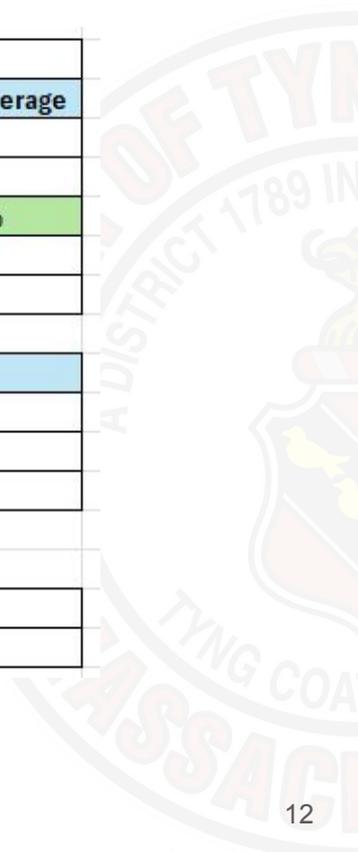
Category	2026 Trending				Notes
	Average %	Projected	Budgeted	Variance	
MV Excise	11%	\$ 2,562,192	\$ 2,600,000	\$ (37,808)	
Other Ex	42%	\$ 269,517	\$ 420,000	\$ (150,483)	Review after Q2 payment
Cannabis Excise	27%	\$ 220,474	\$ 400,000	\$ (179,526)	Review after Q2 payment (Yellow House)
Pen & Int	48%	\$ 128,054	\$ 200,000	\$ (71,946)	
Fees	22%	\$ 46,385	\$ 75,000	\$ (28,615)	
Licenses & Permits	55%	\$ 1,488,703	\$ 1,200,000	\$ 288,703	
Other Dept Rev	84%	\$ 349,549	\$ 300,000	\$ 49,549	
Earnings on Investments	13%	\$ 543,551	\$ 550,000	\$ (6,449)	
Fines & Fore	42%	\$ 19,514	\$ 40,000	\$ (20,486)	
Miscellaneous Revenue	4%	\$ 76,097	\$ 200,000	\$ (123,903)	Historically, IRS refund made up ~130k of misc
Cem Rev	31%	\$ 22,265	\$ 12,500	\$ 9,765	
Lib Rev	42%	\$ 2,928	\$ 2,000	\$ 928	
Medicaid Reimbursement	14%	\$ 260,337	\$ 200,000	\$ 60,337	
Rentals	30%	\$ 186,307	\$ 127,500	\$ 58,807	
PILOT	24%	\$ 38,351	\$ 20,000	\$ 18,351	
<b>TOTAL</b>		\$ 6,214,224	\$ 6,347,000	\$ (132,776)	

# Revenue Forecast - Local Receipts

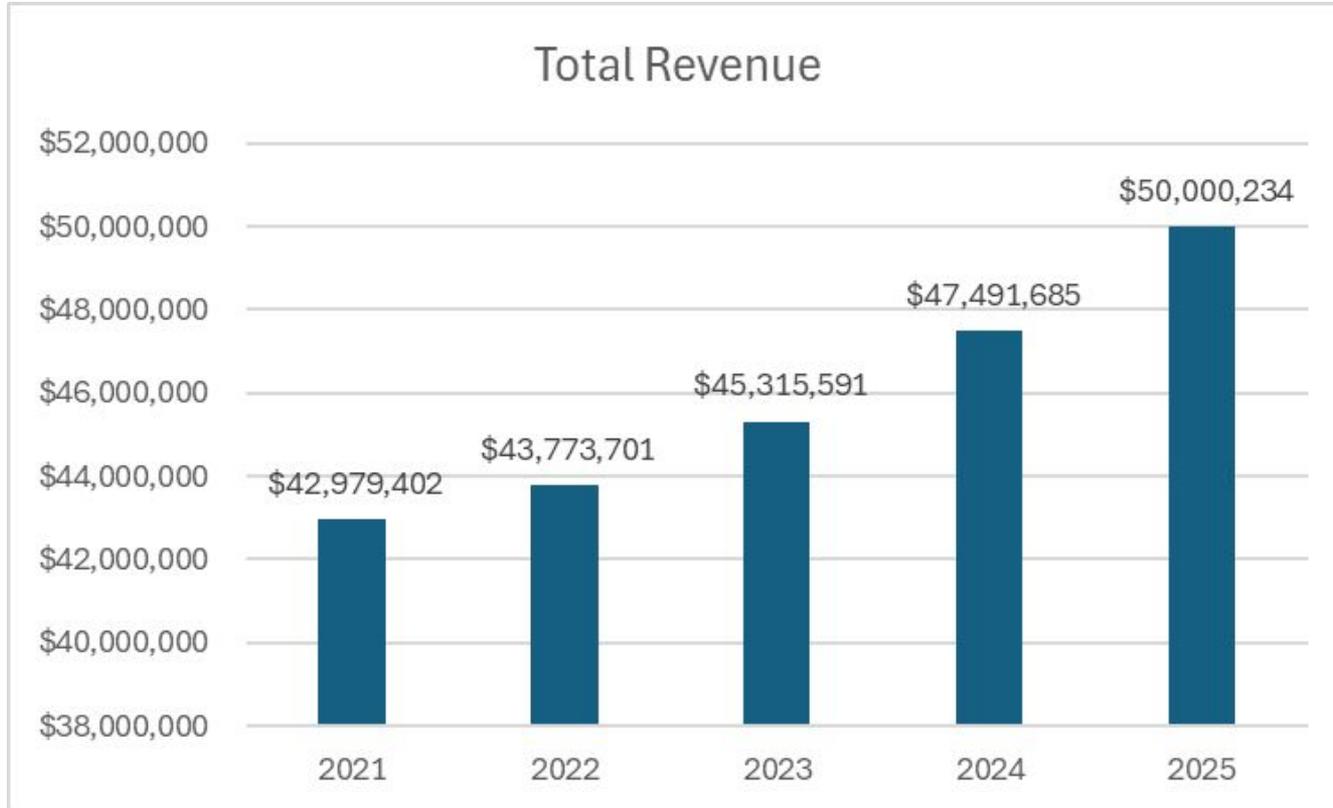


# Local Receipts Highlight - Building Permits

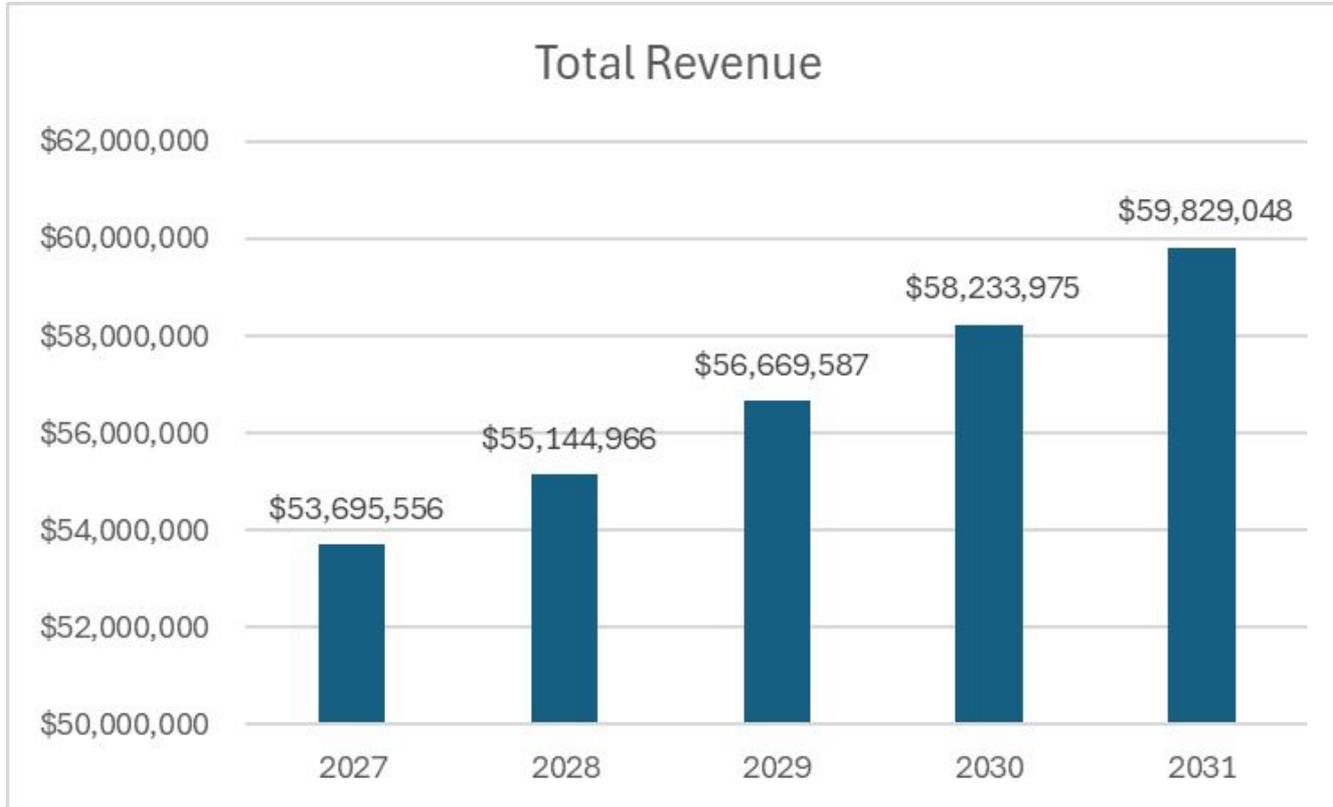
	2023	2024	2025	*Budgeted 2026	3-year average
Licenses & Permits	\$ 350,054	\$ 444,963	\$ 619,014	\$ 825,615	
Total Received in FY	\$ 809,392	\$ 1,023,183	\$ 1,106,522	\$ 1,200,000	
% Rec'd through November	43%	43%	56%	69%	48%
Building Permits Only	\$ 209,757	\$ 287,456	\$ 376,252	\$ 585,723	
	2023	2024	2025	2026	
Licenses & Permits Total	\$ 809,392	\$ 1,023,183	\$ 1,106,522	\$ 1,200,000	
Building Permits Only	\$ 574,458	\$ 749,444	\$ 765,396	\$ 1,735,950	
	71%	73%	69%	145%	
	Trend similar to:				
	2023	2024	2025	2-year average	
FY26 Projections	\$ 1,908,979	\$ 1,898,484	\$ 1,475,831	\$ 1,735,950	



# Revenue Forecast - 5 Year Look-back



# Revenue Forecast



# General Fund Expenditures

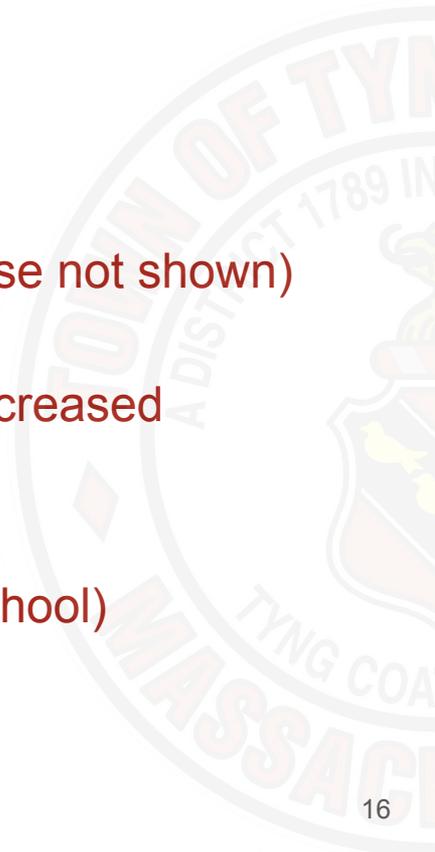


# Expenditures

Total Level-Service Department Requests: **\$55,692,412**

## Includes:

- \$900k GF contribution to MS Debt (\$100k from Lakeview Lease not shown)
- 25% increase in health insurance (\$1.3M)
- 20% increase assumption in GLTHS assessment based on increased enrollment & debt/transportation costs.
- 2.7% increase to TPS budget
- 26% increase property insurance (~98k due to new Middle School)



# Expenditures

- Projected Available Funds comes from our revenue projects for FY26
  - Assumes \$500k in new growth
- “Unappropriated Funds” is the difference between the revenue we expect to have and the budget.
  - Currently **projecting a \$1.99M deficit** for FY 2027 assuming no new positions.

## Why?

In short, our revenue is expected to increase by just enough to cover **ONLY** the projected increase in health insurance.

Summary of Requests	
<b>Total Requests</b>	\$ 55,692,412.39
<b>Total Increase over Fy26</b>	\$ 3,368,445.24
<b>Projected Available Funds</b>	\$ 53,695,555.89
<b>Unappropriated Funds</b>	\$ (1,996,856.50)

# Expenditures

- **Requested Items NOT Included in the Budget**
  - Conversion of a PT Custodian to FT Custodian (DPW)
  - Seasonal Employees (DPW)
  - New Patrol Officer (PD)
  - Fire Inspector (Fire Department)



# Deficit Explained

## What does a projected deficit mean?

- Based on our revenue projections, the Town will not raise enough revenue to cover the anticipated expenses of a level-service budget.
  - Expenses > Revenue

To be clear, this is totally and completely unrelated to the underbilling issue we discussed at your last meeting.

## Do we have any cushion in the budget?

- No, last year we removed the \$300,000 that we had been contributing to road maintenance from the general fund which was our last large “cushion”.
  - “Cushion” refers to something in the budget that could be removed with little to no impact to delivery of basic Town services.
- Current budget assumes same staffing level (no new positions) and recurring expense lines (adjusted for inflation & other contractual increases).

# Deficit Explained

## Is this uncommon?

- In Tyngsborough, yes. Across the Commonwealth, no. Each one of our bordering communities, with the exception of the City of Lowell, has had a projected deficit in each of the last two fiscal years, some even longer. In some cases cuts were effective in reducing the projected deficit but many have *structural deficits* which are persistent imbalances between a government's expenditures and revenue.
- Tyngsborough is **not in a structural deficit, rather a unique combination of factors.**
  - \*\*\$900,000 GF Contribution to the Middle School (accounts for nearly ALL new growth over the last few years).
  - \*\*2.7% annual increase to the School Dept. Budget (above the 2.5% levy limit)

\*\*These were Select Board, Finance Committee, and School Committee commitments based on the information they had at the time.

# Deficit Analysis

## Has our budget planning led to this?

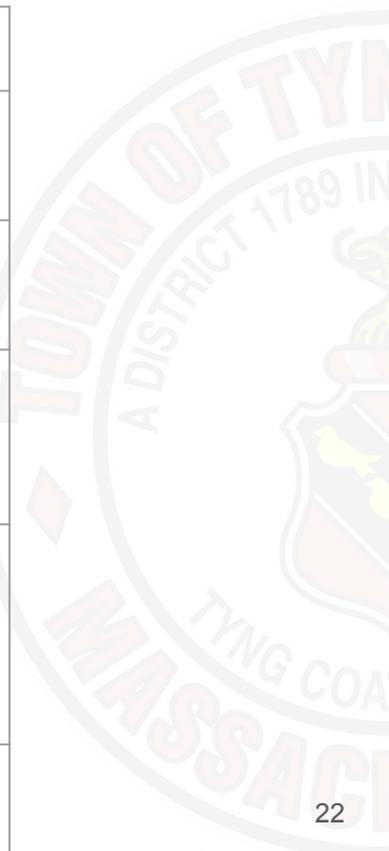
**Staffing:** We haven't added a new full-time position in the last three years. We have converted three (3) previously part-time positions to full-time positions. In the current fiscal year, we did away with part-time dispatchers in favor of an eighth full-time dispatcher which has helped mitigate prior year's challenges around overtime.

The last full-time position was adding a fifth firefighter to the FD staffing during the day. This took place in FY22.

Current plan to create a VSO cluster with Dracut will be largely budget neutral but may actually result in a savings to Tyngsborough depending on the hiring rate of a new full-time admin. This is because Dracut will now pay half our salary expenses whereas we were previously responsible for 100%. Their half includes all compensation, including cost of benefits.

# Staffing Analysis

Department	FTEs	Note
Administration	3	No increase in at least fifteen years.
Accounting	2	No increase in at least fifteen years.
Assessor	2	In 2017, a part-time position was converted to full time by adding 10 hours.
Building Dept.	3	In 2017, a part-time position was increased by 5 hours to make it full time. Includes 2 part-time inspectors.
Conservation	1	No increase in at least fifteen years.



# Staffing Analysis

Department	FTEs	Note
Council on Aging	2.25	No increase in at least ten years. Additional part-time positions funded through formula grant and LRTA grant.
DPW - Highway Division	9	No increase in twenty years. Down 1 FTE from 1999 levels.
DPW - Facilities	2.5	Aside from four hours added in 2022, no increase in over fifteen years.
DPW - Cemetery	<i>Part-time, per diem</i>	No increase in over fifteen years.



# Staffing Analysis

Department	FTEs	Note
DPW - Administration	2	No increases since Engineer hired in 2018. 1 FTE moved from Highway to this line item in FY25.
Emergency Management	0	Historically managed by the Fire Chief.
Fire Department	11	Combination department so FTE is slightly different here but last staffing increase was in 2022 to add a 5th FF during the day shift.
Health Department	2	2018 increase from PT - administrative assistant to FT by adding 10 hours.



# Staffing Analysis

Department	FTEs	Note
Human Resources	1	No increase since department formed in 2017.
Information Technology	2	Added a PT support specialist in 2022 and increased that to FT in FY25. Offset with PEG funding.
Library	7.29	Last new position was Assistant Director in FY23. Current staffing is minimum staffing for hours of operation.
Planning & Zoning	2	Planner FT in 2017. Second FTE supports ConCom, Planning, and Zoning.



# Staffing Analysis

Department	FTEs	Note
Police Department (includes Dispatch)	36	In FY26, the Town eliminated PT dispatchers and shifted that funding toward a new FT dispatcher to help alleviate over-time costs.
Recreation	1	Increased to full-time in 2019 to manage Old Town Hall & First Parish.
Treasurer/Collector	3	In FY25, eliminated a part-time clerk position. In last six years, went down 1 position by combining the Assistant Treasurer and Assistant Collector.



# Staffing Analysis

Department	FTEs	Note
Town Clerk	2	Was previously 1.75 and had been for more than 20 years. In FY27 it increases to 2 in a budget neutral manner due to Dracut VSO agreement.
Veterans Agent	2	Was previously 1.25. Will increase to two FTEs as a result of Dracut VSO agreement but Dracut will pay half the cost.

# Deficit Analysis

## Has our budget planning led to this?

**Expenses:** The largest drivers of non-personnel costs are health insurance, utilities, vehicle maintenance, and facilities upkeep.

- Health insurance increased 17% in FY26 and is projected to increase 25% in FY27. This is not unique to Tyngsborough.
- Utilities, especially electric and gas are increasing at unsustainable rates.
- The cost to maintain vehicles, especially from some of our older fleets is increasing annually. This has led to the investment decisions that CAMC has made.
- The cost to clean, maintain, and operate facilities is increasing. Many buildings are hitting the age where larger repairs are required but not large enough to be considered for capital. This type of issue has also driven investment decisions in capital planning.

# Paths to a Balanced Budget

## Immediate Steps

- 1) Met this morning with School Superintendent and Business Administrator who are going back to the drawing board to sharpen their pencils before presenting a first budget to the School Committee.
- 2) General government departments are going through an exercise where they zero out expense budget lines and only add in items that are *contractual*.
  - a) Once complete, we'll meet individually with departments to add in any expense **that is absolutely critical to delivery of service.**
- 3) Hired an independent health insurance contractor to review our plans, issue an RFP to solicit lower rates for fiscal year 2027, and work with the Town and our unions to identify long-term options like joining the Group Insurance Commission (GIC).
- 4) Increasing pressure on the legislature to help mitigate these challenges through increase in specific aid like UGGA and Chapter 70.

# Paths to a Balanced Budget

## Upcoming Steps

- 1) Once our zero expense exercise is completed, we'll present an updated number to the Select Board at its meeting on January 26th.
- 2) We'll layout options moving forward based on that current number.
- 3) We'll continue to review and analyze revenue trends for the current fiscal year and monitor the state budget in hopes of increases in state aid.

