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Town Administrator/
Keith R. Hickey

MEMO

DATE: September 28, 2026

TO: Select Board

FROM: Keith R. Hickey, Town Administrator
Anne Carreiro, Asst. Town Administrator/Finance Director

RE: Revised Four Year Financial Forecast for FY28-FY31

Attached to this cover memorandum are two long-range financial forecasts. The purpose of the attached forecasts is to illustrate the Town's long-term financial outlook under two potential tuition revenue scenarios involving the Town of Acushnet. The first forecast assumes the continued enrollment of Acushnet students at Fairhaven High School and the corresponding receipt of approximately \$2.0 million in annual tuition revenue. The second forecast assumes the current tuition agreement with the Town of Acushnet expires after Fiscal Year 2028. Under this scenario, no additional freshman students from Acushnet would enroll at Fairhaven High School beginning in FY29. As the remaining Acushnet students graduate, tuition revenue is projected to decline by approximately \$500,000 annually until it is fully eliminated.

Also attached to the memo are:

- A budget comparison for Fiscal Years 2024-2027 that reflects the School Town and Non-Departmental budgets. The Non-Departmental budget includes Contributory Retirement, the employer's share of the cost of Group Health Insurance, Unemployment, Property/Liability Insurance, Medicare Taxes, Salary Reserve and Wind Turbine Electric Expenses.
- A comparison of Cherry Sheet Revenues and Charges for Fiscal Years 2022-2027.

Both forecasts presented this evening include the following assumptions:

Revenues

- A conservative increase in new property growth from new construction and anticipated increases in overall property values in the amount of \$350,000.
- Ambulance billing revenues increase by 2.5% annually.
- Net State Cherry Sheet revenues is projected to increase 1.37% annually from FY25-FY27. The state revenue growth was averaging an annual increase from FY22-FY27 of

2.98%. An additional \$94,000 would have been received if FY26 Cherry Sheet revenues had increased by 2.98% in FY27.

- Included in Local Receipts is \$100,000 rental income from the wind turbines. The additional revenues received from energy generation have historically been estimated at \$250,000 annually.

Expenditures

- Annual expenditures for FY28-FY31 have been increased by 3.0% based on the annual budget increases from FY24-FY27. The annual percentage increase has been reduced from a 4.93% annual increase reflected in the past forecasts presented in early 2025 and 2026. This reduction is, in part, due to smaller cost of living increases given to staff and reductions in staff.
- An amount of \$200,000 has been included annually beginning in FY28 to fund future compensation adjustments related to collective bargaining agreements and nonunion wage adjustments. In prior years, a lump sum of \$500,000 was included in budgets every three years in anticipation of collective bargaining agreements expiring. Including one third of the anticipated cost annually eliminates significant budget increases every three years.
- The Non-Departmental Expenses have increased an average of 3.49% from Fiscal Year 2024 to 2027. The average increase appears artificially low. An additional \$500,000 has been added annually for Non-Departmental expenses in both of the scenarios.

We will continue to work with Department Heads to explore for opportunities to implement efficiencies and any other cost saving measures. In addition, publicizing the development opportunities to develop the properties located in the 40R District, and collecting Rooms Tax on short term rentals.