



Haverhill

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To The Honorable City Council

Attached are the revenue and expense reports for the fiscal year ending June 30, 2025, as well as the reports for the first reporting period of fiscal 2026.

The final general fund revenue report for fiscal 2025 shows a surplus in local receipt collections of \$5.4 million, compared to \$5 million in 2024. As you know, it is the city's policy—consistent with DOR best practices—to estimate revenue conservatively. This approach helps generate free cash, which partially contributes to the city's reserves and protects the operating budget against economic downturns. Overall, general fund revenue increased by 6.68% compared to the previous fiscal year, primarily driven by investment income.

The general fund operating budget has achieved a surplus of \$3.3 million, compared to just over \$2 million in 2024. The largest contributor to this surplus was the surplus in debt service, as most of the permanent borrowing for Consentino will begin in fiscal 2026 rather than in 2025. As you are aware, the Mayor initiated a spending freeze in the last quarter of 2025, and departments worked diligently to reduce discretionary spending and implement turnbacks across the board. The goal of this initiative was to generate additional free cash that could be used to fund capital projects in 2026, which otherwise lacked a funding stream. I anticipate that free cash will be certified in late September, allowing us to assess the city's needs along with the financial reserve policies at that time.

The first reporting period of fiscal 2026 is currently on track and proceeding as expected. You may notice that salaries and wages across all city departments are trending over budget; however, this is due to cost-of-living adjustments (COLAs) and collective bargaining agreements that were not finalized when the budget was prepared. These funds are set aside in the salary reserve account under Other City Expenses at the bottom of the report. Transfers will be made to cover these costs later in the fiscal year, as has been done in previous years.

Sincerely,

Angel A. Perkins, CGA, CFE
City Auditor & Chief Financial Officer