



# Haverhill

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To The Honorable City Council

Attached are the revenue and expense reports through January 2026.

For the fifth consecutive month, the city has experienced a consistent decline in local revenue receipts, which are down 12.87% compared to the previous year. When investment earnings are excluded from this calculation, the decline increases to 14%, emphasizing a tightening local economic climate. Although local receipts account for only 8% of the city's total general fund revenue, they are important to highlight as an indicator of the health of our local economy.

Total operating revenue has increased by 4.68% year over year. This growth is primarily driven by property taxes, water charges, and additional Chapter 70 state aid.

As we look ahead to 2027, the Governor's proposed budget features a modest 2.34% increase in Chapter 70 aid. This falls well short of the 7.9% increase that the school department had expected. In monetary terms, this means approximately \$4.5 million less funding than anticipated for the 2027 budget.

The operating budgets are generally on target, except for the costs associated with snow and ice removal this year, which are significantly straining the budget. Currently, the city has a deficit of \$961,393 in the snow and ice account. Due to this deficit and other budget pressures, the Mayor has implemented a freeze on all discretionary spending through the end of the fiscal year.

Upon reviewing the expense report, you will notice that most salary budgets are currently exceeding their year-to-date projections. This overage is primarily due to cost-of-living adjustments (COLAs) and collective bargaining agreements, which have been set aside in a reserve account. These funds will be distributed to the respective departments closer to the end of the year, helping to align salary budgets with initial projections.

Sincerely,

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