



Haverhill

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To The Honorable City Council

Attached are the revenue and expense reports through March 2026.

As anticipated in last month's city council report, motor vehicle excise tax revenue has rebounded. However, we are still facing a decline in revenue from license and permit fees, departmental revenue, and investments, leading to a 3.13% decrease in the city's local receipts compared to the previous year.

The city is currently facing significant budget pressures due to a \$3.1 million deficit in the snow and ice removal budget. To date, total expenditures for snow removal have reached \$4,085,912. When adjusted for inflation, this amount represents the highest spending on snow removal in over 20 years. The closest figure was in 2015, when expenditures were 8% less, adjusted for inflation.

To help alleviate these costs, the Mayor has appealed to the state for funding. If funding is not received from the state, the deficit will need to be addressed using 2026 surplus appropriations, free cash, the 2027 tax levy, or a combination of these methods.

In response to this significant deficit and pressures expected for the 2027 budget, the Mayor initiated a budget freeze in early February, which restricts all discretionary spending.

I have prepared appropriation transfer requests to cover some of the overages listed in the expense report. The salary overages are related to non-union step increases and cost-of-living adjustments (COLA) that were budgeted in the salary reserve account. Additionally, I have allocated a small portion of the budget reserve to address the snow and ice deficit. As we approach the end of the fiscal year and gain a clearer understanding of potential reallocations of surplus appropriations, I will submit another council order to fund as much of the remaining snow removal deficit as possible.

Sincerely,

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