



# Haverhill

Office of the City Auditor, Room 106  
Phone: 978-374-2306 Fax: 978-373-8476  
aperkins@cityofhaverhill.com

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To The Honorable City Council

Attached are the revenue and expense reports through February 2026.

We are observing a consistent decline in local receipts, which, if this trend persists, will increase dependence on state aid and property taxes to support the operating budget for the upcoming year. As of the end of February, motor vehicle excise taxes have decreased by 22% when compared to the previous year. However, I anticipate an upward trend by the end of March, attributed to the timing of the 2026 commitment, which occurred three weeks later than in 2025, thereby pushing out revenue collections. Nonetheless, I do not foresee a significant increase in overall revenue, indicating that the revenue projections for the 2027 budget season will remain unchanged for the time being.

A significant budget pressure currently facing the city is the snow and ice budget deficit, which stands at \$3.1 million. So far, total snow removal expenditures have reached \$4,064,942. When adjusted for inflation, this amount represents the highest snow removal spending in over 20 years. The closest we came to this figure was in 2015, when expenditures were 8% less after accounting for inflation. The Mayor, along with Chief Cesati and the Highway Department, is appealing to the state for funding to help alleviate some of these costs. The remaining deficit will need to be addressed through surplus appropriations, free cash, the tax levy, or a combination of these methods by next November. In response to this enormous deficit and significant 2027 budget pressures, the Mayor initiated a budget freeze in early February, restricting all discretionary spending.

The 2027 budget process is presenting significant challenges for both the city and the school department. The school department is facing a \$5.2 million budget shortfall, primarily due to a much smaller-than-anticipated increase in Chapter 70 funding from the state—nearly \$4.5 million below expectations. On the city side, we are experiencing level service budgets that are not keeping pace with revenue increases. Currently, the city's budget shortfall stands at \$4.4 million. In the coming weeks, we will work closely with the budget team and department heads to explore ways to present a balanced budget while minimizing operational impacts.

Sincerely,

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