Haverhill

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June 11, 2026

To The Honorable City Council,

Please find attached the revenue and expense reports through May 2026.

As of the end of May, the city's local receipts are down 6.75%, or nearly $1.6 million, compared with the prior fiscal year. The largest decline is in license and permit fees, which were anticipated. More concerning are the decreases in motor vehicle excise, the city's largest local revenue source, and meals excise, both of which are indicators of the local economy's direction.

To meet the 2026 revenue estimate, the city must collect an additional $204,041 in local receipts by June 30th. I believe we will come very close to meeting that target. However, if we fall short, DOR will require the city to raise the deficit on the 2027 tax recap certification, and it will deduct the shortfall from the city's free cash, effectively imposing a double hit on the city. Because of the continued revenue decline throughout 2026, the Mayor reduced 2027 local revenue by 0.5%, or $108,473.

On the appropriation side, the city still has a snow removal deficit of just under $1 million. Last month, the City Council voted to use $2 million in free cash to cover a large portion of that deficit, leaving just $435,193 in free cash after the city uses $5,150,000 to fund the fiscal 2027 operating budget. The city plans to cover the remaining snow removal shortfall through surplus appropriations generated by the budget freeze instituted this past February.

Given the less-than-favorable economic climate, the Mayor has decided to continue the budget freeze indefinitely. In addition, all capital requests for 2027 have been placed on hold until later in the fiscal year, when the city's finances will be reevaluated.

Through tremendous effort and collaboration across all city departments, the 2027 Mayor's budget proposal maintains core services, avoids layoffs, and includes modest cost-of-living increases for city staff. It reflects a bottom-line increase of 2.9% over fiscal 2026, which is below the 12-month inflation rate for Massachusetts of 3.2%. Reducing the burden on taxpayers was paramount for the Mayor and the budget team going into the 2027 budget process. By comparison, the 2026 budget rose by 5.6%, with education, employee benefits, and Consentino's debt service serving as the primary drivers.

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