



Haverhill

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To The Honorable City Council

Attached are the revenue and expense reports for the fiscal year ending June 30, 2026, as well as the reports for the first reporting period of fiscal year 2027.

The final general fund revenue report for fiscal year 2026 indicates a surplus in local receipt collections of \$3.5 million, down from \$5.4 million in 2025. Consistent with Department of Revenue best practices, the city follows a conservative approach to estimating revenue. This strategy helps generate free cash, contributing to the city's reserves and protecting the operating budget against minor economic fluctuations. Overall, local receipts, excluding investments, decreased by 1.7% in 2026 compared to a 4.4% increase in 2025.

The general fund operating budget achieved a surplus of \$2.2 million, compared to just over \$3.3 million in 2025. Significant appropriation turn backs were realized in general government, police, highway, human services, debt services, and employee benefits. This was largely due to the budget freeze initiated by the Mayor, aiming to create additional free cash for funding capital projects in 2027, which currently lack financial resources. I expect free cash will be certified in late October, enabling us to evaluate the city's needs in conjunction with the economic climate and fiscal outlook, and to make a capital funding recommendation at that time.

The first reporting period of fiscal year 2027 is on track and proceeding as expected. You may notice that salaries and wages for some city departments are exceeding the 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 allocated 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 the practice in previous years.

Sincerely,

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