

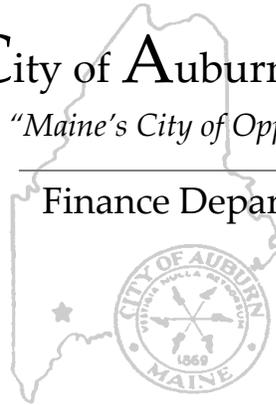
# City of Auburn, Maine

*"Maine's City of Opportunity"*

## Finance Department

August 4, 2014

Honorable Mayor Jonathan P. Labonte  
Auburn City Council Members



RE: Tax Commitment and Mil Rate Calculation

Dear Mayor and Councilors:

After reviewing the memo from Howard Kroll, Assistant City Manager, dated July 28, 2014, I would like to summarize what I think we have for options related to the tax commitment and mil rate.

1. Do nothing, leave the budget just as it was passed.
  - a. Pro: The revenue budget is an estimate and I think that by the end of the fiscal year our revenue will be in line with our projections overall.
  - b. Con: The mil rate will be slightly higher than anticipated due to the reduction in the City's overall valuation.
  
2. Use undesignated fund balance to make up the shortfall in State Revenue Sharing.
  - a. Pro: This would allow for a lower mil rate.
  - b. Con: Even though we have enough fund balance to do this, I think we are already using enough at \$1,350,000.
  
3. Increase the excise tax estimate and take the balance from emergency reserve.
  - a. Pro: This would allow for a lower mil rate.
  - b. Con: Emergency reserve is required by Charter and intended to be used for emergencies that occur during the fiscal year. If not used it would be there at the end of the year to cover any budget overage or revenue shortfall.