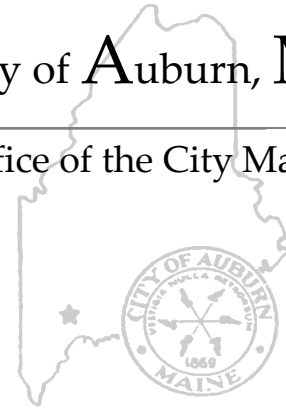


# City of Auburn, Maine

## Office of the City Manager



**TO:** Mayor and City Council  
**FROM:** Clinton Deschene, City Manager  
**RE:** Limited Spending and Hiring Freeze  
**DATE:** April 1, 2013

I recently made the decision to limit all spending for the remainder of the FY13 fiscal year as well as initiating a hiring-freeze unless absolutely necessary. This decision was a result of multiple issues, but primarily it relates to two:

1. Potential revenue loss due to the proposed FY14 State budget
2. Decreased revenues for the current fiscal year.

The State budget still remains undecided and no definitive projections will be available for a few months. Since there is so much unknown regarding the State budget, I felt it prudent to prepare the City financially to react.

The current fiscal year for the City also has revenue shortfalls to address. Contrary to some beliefs, there is no issue with the current expense budget nor were there errors that occurred during last year's budget process. Over the past three years the City has dealt with significant turnover: three different City Managers, a new Finance Director, an interim Finance Director, as well as a new Assessor. Without question, I have been cognizant that this level of transition perhaps presented challenges for the City. During the process of commitment last summer, the projected revenue for Auburn to Homestead Reimbursements and business equipment tax was accidentally reported in excess of the actual revenues on the City's commitment forms. The impact showed a savings in property taxes and therefore the City under-collected property taxes to meet the fiscal needs of the City for the FY13 fiscal year. We discovered this error on Thursday, March 28, 2013. Once the matter was clearly identified the Mayor and Council were immediately notified.

In order to address this shortfall, I have directed staff to make all possible reductions in expenses between now and the end of the fiscal year. Through concerted efforts by staff and use of undesignated balance and overlay, the City should be able to recover. To ensure a similar issue doesn't happen again, the City contacted the audit firm, Runyon Kersteen Ouellette to ensure all necessary processes are followed.

Although this was an unfortunate situation, this is often a part of operating an organization of our size. I appreciate your understanding and I am willing to answer any questions.