

July 7, 2005

TO: Mayor Rines and City Councilors

FR: Jeff Kobrock

RE: First Reading of the FY 2006 Budget

The updated draft of the FY 06 budget results in a flat mil rate and significant investments in our community. As calculated under the LD 1 tax cap mandate our core commitment has risen 0.58%. We utilized a mere 6% or \$12,159 of our allowable \$183,378 core commitment cap. This is a very tight and responsible budget.

Over the past two months we have conducted detailed budget workshops on all municipal services. In the past week we have closed the fiscal year and have those year end numbers for comparison purposes. In that comparison process the budget has held up very well.

We received the results of our annual fuel bid in the past week, and the message was not positive. Therefore I felt compelled to adjust virtually every fuel line in the budget. Additionally, a property valuation dispute with a relatively large taxpayer has not been resolved, as we had anticipated it would be, and I felt this needed to be reflected in the amount budgeted in overlay. Another fairly significant adjustment is provide some additional funding in the road budget for the Rt. 201 sidewalk and Northwest Quadrant issues that had remained unresolved.

Even with these adjustments the mil rate is predicted to remain flat. A full listing of the adjustments is in the budget packet.