

M E M O R A N D U M

TOWN OF CUMBERLAND, MAINE
290 TUTTLE ROAD
CUMBERLAND, MAINE 04021
TEL: 207-829-2205 FAX: 829-2224

To: Mike Perfetti, Chairman Finance Committee
From: William R. Shane, Town Manager
Date: February 28, 2011
Re: Budget FY 2012

I submit the FY 2012 Budget to you this evening having cut expenses and with no impact to the future FY 12 mil rate from municipal operations.

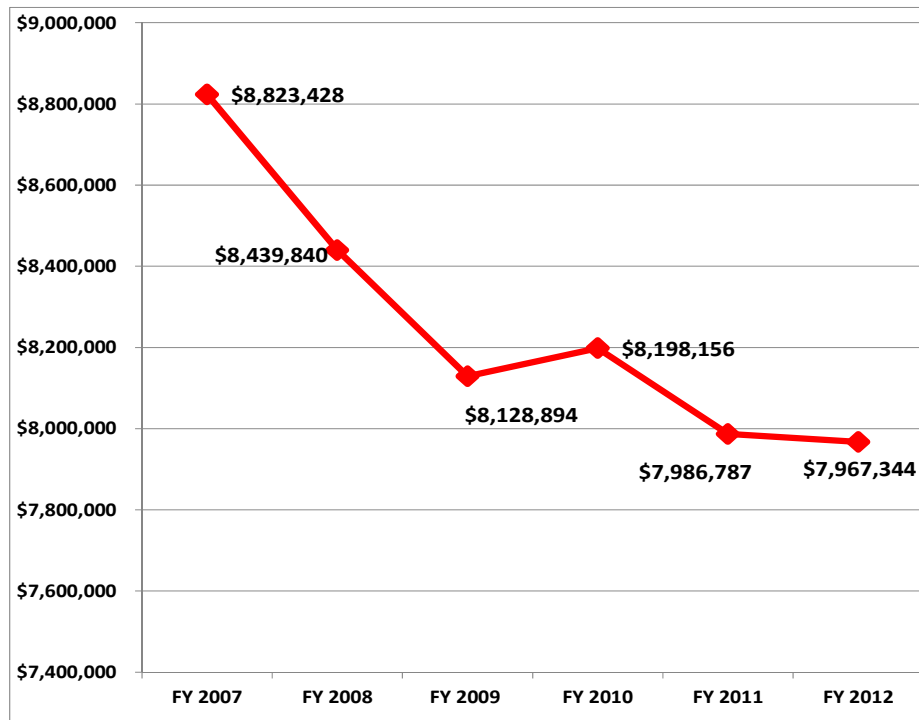
Executive Summary is as follows:

| | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | \$\$ | % |
|----------------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------|
| | ACTUALS | ACTUAL | ACTUAL | Budget | PROPOSED | Change | Change |
| Town Only | \$ 8,439,840 | \$ 8,128,894 | \$ 8,198,156 | \$ 7,986,787 | \$ 7,967,344 | \$ (19,443) | -0.24% |
| Reduced from Previous Year | (\$383,588) | (\$310,946) | \$69,262 | (\$211,369) | (\$19,443) | (\$856,084) | |

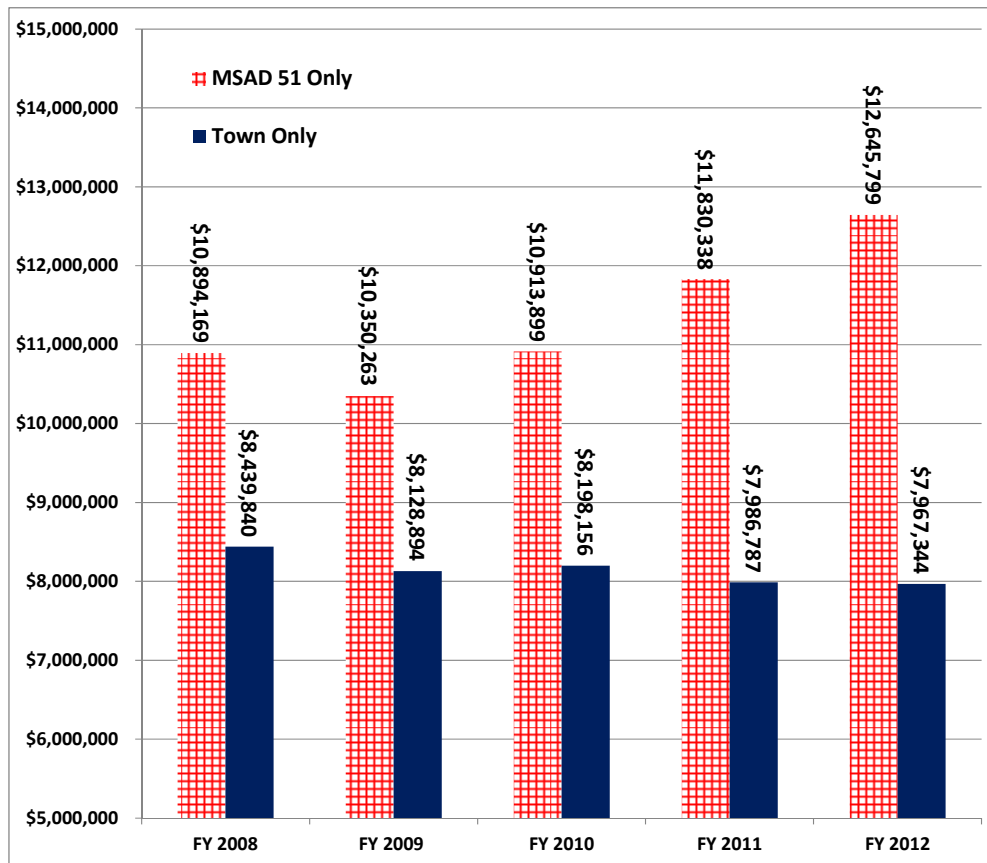
Municipal spending over the past 5 years has decreased by \$ 856,084

What has changed in FY 2012?

- Reduction in trash contracts and tonnages to Ecomaine
- Did not replace HR Director
- Did not replace Clerk at front counter
- Health insurance premiums contribution 20%
- Higher deductibles in health plans (\$7,000 and \$3,500)
- 5% Increase in insurance costs
- 10% increase in utility costs
- 2% wage adjustments
- New 3 year Public Works contract
- Pending new 3 year Police contract
- Loss of \$274,043 in projected State Revenue Sharing for FY 2012



Town Budget Last 6 years



Even with 4 years of no increase in Operation Expenses, the reduction of revenues from the State to MSAD 51 has caused a significant increase to the Town of Cumberland.

The FY 2012 presented to you has no increase in Operations. Should additional savings be found through the budget process or through the State's release of some of the Revenue Sharing projected monies, I would recommend consideration for putting the money into funding of road paving projects.

It is difficult to predict the outcome of the School Budget process and therefore estimating at tax rate at this time is a best guess. I anticipate even with our Zero budget increase, the School may see additional revenue reductions causing a mil rate increase of 2.5% to 4.5%. We will know more in the next few months.

I also have included North Yarmouth as part of our recreation and library services. I am confident that we will be able to come to a mutual agreement over the next few months that would receive a favorable vote at their annual Town meeting in June.

I look forward to working with Finance Committee and the full Council on Saturday March 5, 2011 at 8 AM, to begin work on the FY '12 budget. I believe we will be ready for a public hearing on March 14, 2012 at 7 PM.

Please let me know if you need any additional information not included in this year's budget book.