



# M E M O R A N D U M

TOWN OF CUMBERLAND, MAINE  
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**To:** Shirley Storey-King, Chairperson - Town Council  
William Stiles, Chairman - Finance Committee  
**From:** William R. Shane, Town Manager  
**Date:** April 22, 2020  
**Re:** Revised FY 2022 Budget

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As requested by the Town Council, I have compiled an updated budget to my March 14, 2020 submission, which was being sent forward for a Public Hearing in April.

<b>FY 2020 Budget</b>	<b>FY 21- March 14<sup>th</sup></b>	<b>FY 21- April 22</b>	<b>Difference FY 21 March to April</b>	<b>Difference FY 22-FY 21</b>
<b>\$10, 815,763</b>	<b>\$11,523,028</b>	<b>\$10, 619,212</b>	<b>-\$912,816</b>	<b>-\$196,551</b>

**The notable adjustments to the Expense Budget are as follows:**

- Increase in Health Insurance of 17%
- Increase Contingency from \$10,000 to \$100,000
- Wage Adjustments – 0%
- Hiring – Frozen for FY 2021
- Decrease Debt Service by \$35,000
- Reduce Capital Reserves by \$729, 466
- Reduce Recreation Expenses \$188,430

### Notable Adjustments to Revenues:

- Reduce Excise Tax \$265,000
- Reduce Revenue Sharing \$200,000
- Reduced Recreation revenues by \$100,000 over original projection
- Reduced all revenues by \$617,000 over original projection

Mil Rate Today	March Mil Rate	April Mil Rate
\$19.85	\$20.70	\$20.35

An anticipated 3 year recovery will result in much more difficult decision to be made for the FY 2022 budget, but how bad and how deep cuts will need to be are unknown at this time. This budget will allow the Town Council some options in the spring of 2021. For example, the remaining money set aside for capital could be used to bond and leverage \$1M in paving and equipment funding.

### Capital Funding Restoration Plan

FY 21 - \$180,000 – used for environmental and potential \$1.2M Bond (10 -15 Year)

FY 22 - Add an additional \$200,000 for Capital and add another \$1.2M Bond (10 - 15 Year)

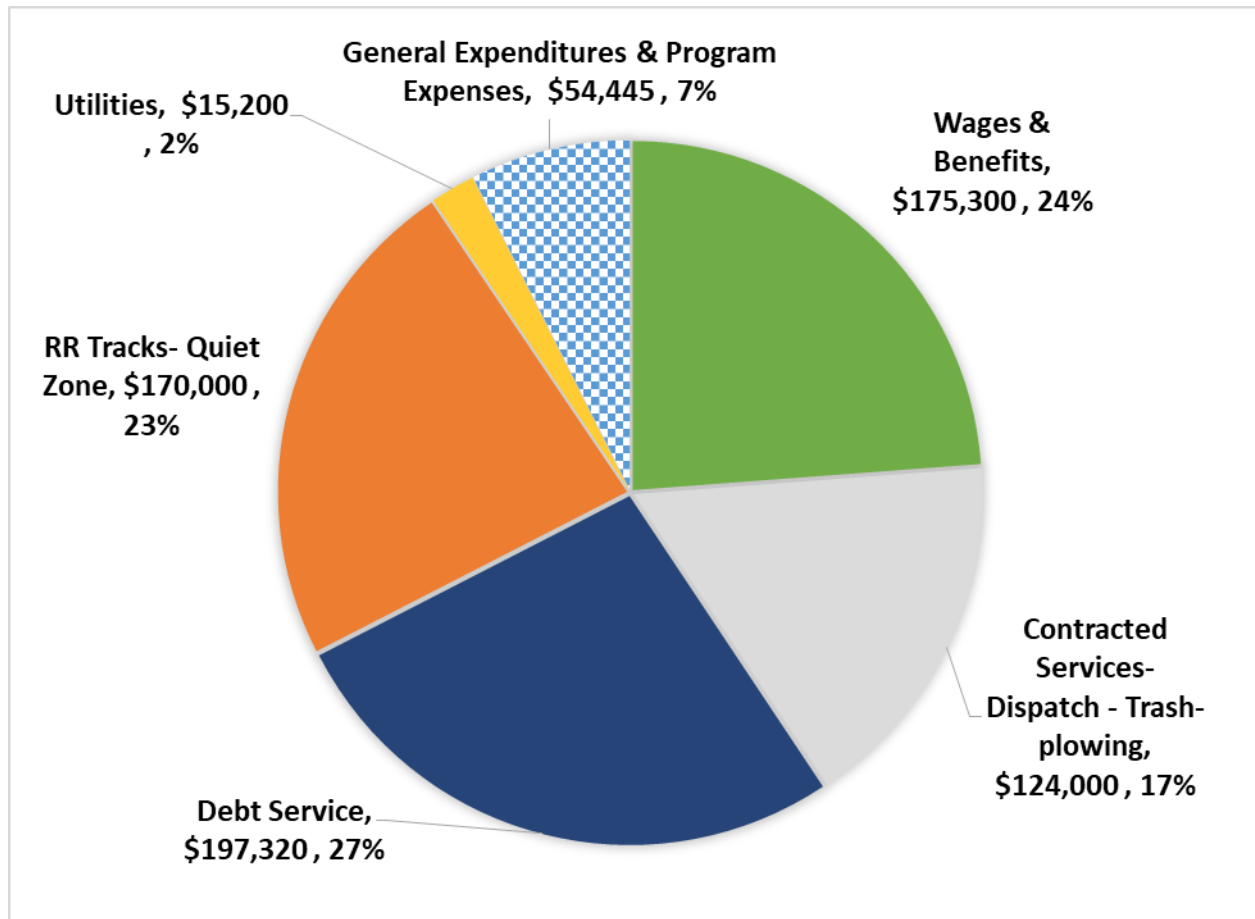
FY 23 - Add an Additional \$200,000 for Capital and add another \$1.2M Bond (10 - 15 Year)

FY 24 - Add an Additional \$200,000 to get Capital Budget to \$800,000 and pay for \$550,000 in Debt Service with TIF funds set aside for paving projects done the three previous years.

### Upcoming Expenses

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
<b>County</b>	<b>\$100,000 + % ↑</b>	<b>\$100,000 + % ↑</b>	<b>\$100,000 + % ↑</b>
<b>Capital</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>
<b>Other Municipal</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>
<b>Mil Impact</b>	<b>\$00.42 .36</b>	<b>\$00.42 .36</b>	<b>\$00.42 .36</b>
<b>\$0 Growth</b>	<b><del>\$42 /100k of Value</del></b>	<b><del>\$42 /100k of Value</del></b>	<b><del>\$42 /100k of Value</del></b>
	<b>\$36 / 100k of Value</b>	<b>\$36 / 100k of Value</b>	<b>\$36 / 100k of Value</b>

The Chart below represents this year's increases as submitted in the March budget proposal. There isn't much to be removed other than General Expenses and Wages (which means people).



While future conservative annual growth of \$20,000,000 per year will yeild \$400,000 in new revenues, and non property tax revenues may recover by 4% per year or \$200,000 per year, these will barely cover the increase in municipal and county increases. A school increase of 5% per year is nearly \$1,000,000 assessment increase or approximatley \$75 per / \$100,000 of value.

The above scenarios are not sustainable for any length of time. Difficult decisions will need to be made in order to provide levels of services that allow all residents to live and grow old in Cumberland. One day at a time for now. The FY 2022 budget will be much more difficult and there are truly no easy decisions left to make.

	2021 Mill Impact	2020 Mill Impact	Difference FY 21-20
School	\$14.27	\$13.46	\$0.81
County	\$0.67	\$0.65	\$0.02
Town	\$5.41	\$5.74	-\$0.33
Total	\$20.35	\$19.85	\$0.50

Current		\$19.85			
Projected		\$20.35			
				Mill Impact	
\$1,408,767,300	Value	\$20,104,804	Schools	\$14.27	70.13%
		\$938,569	County	\$0.67	3.27%
		\$7,625,042	Town	<u>\$5.41</u>	26.60%
		\$28,668,415		\$20.35	100.00%

## **\$400,000 Home Last Year**

$\$19.85 \times 400k = 7,940$

$20.35 \times 400k = \$8,140$

***\$200 Increase - \$101.75( Homestead) = 98.25  
or 1.2% increase in Tax Burden FY 2021***