


 Cumberland **County**
 POSITION PAPER FOR AGENDA ITEM

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| TO: | Board of County Commissioners |
| FROM: | James H. Gailey |
| DATE: | March 16, 2026 |
| SUBJECT: | Approval of 2026/2027 General Fund, Jail & Cross Insurance Arena Budgets |

Requested Action:

Approve the 2026/2027 Final General Fund, Jail and Cross Insurance Arena budgets.

Background & Purpose of Request:

In November of 2025, the County Manager presented the County Commissioners the General Fund, Jail and Cross Insurance Arena budgets for their review and remanding to the Finance Committee.

As a result of uncertainty with federal revenues at the Jail, the County Manager presented two budgets showing the impacts of no jail federal revenues and how the difference reflects on the tax rate. At the time, the budget with federal revenues was presented at 5.37%, while the budget with no federal revenues was at 13.77%.

The County faced significant impacts to the FY27 budget through increase wages/benefits of recently encumbered union contracts (four of them), utilities, software subscriptions, jail medical and food. The budget includes six months of wages/benefits for a Sheriff’s Office training position originally funded in the FY26 budget for six months. No other new staff positions proposed. The budget does not include any new initiatives or bonding for capital.

The County Commissioners remanded the proposed budget to the appointed Finance Committee for further review and guidance. The Finance Committee is slated to meet on December 9, January 6, January 27, 2026 and February 10, 2026. The Finance Committee is made up of town/city elected officials. This year’s Finance Committee included:

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| Bob Vail, Chair | Town of Cumberland |
| Karin Orenstein, Vice Chair | Town of Yarmouth |
| Jon Anderson | Town of Scarborough |
| Ben Grant | City of Portland |
| Sarah Michniewicz | City of Portland |
| Tim Thompson | Town of Cape Elizabeth |
| Connie Justice | Town of New Gloucester |

The Finance Committee worked through a number of meetings, inviting in County staff for department presentations, providing a lot of questions and challenges along the way. The Finance Committee had much dialog around the understanding and financial impacts of the loss of jail federal revenue. Through

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the entire process, county staff continued to work on reducing expenditures and reviewing general fund revenues. The Committee ultimately sent forward a recommendation to accept the proposed budget with modifications and asked for the Commissioners to look at ways to reduce the financial tax burden.

The Commissioners workshopped the budget on February 17th, reviewing two different options staff presented on ways to reduce the budget's tax burden. The Commissioner instructed staff to move forward with Option 1, which presented a 13.53% tax rate. Option 1 included adding an additional 100K to the General Fund Tax Stabilization Reserve (making it 300K total), add 200K in Jail Fund Tax Stabilization Reserve and recognizing 50K in investment interest. Subsequently, staff provided additional analysis on investment income and feel as though this revenue could be increased an additional \$250,000, for a total of \$300,000. Though this change, the Tax Rate is now proposed at 12.93%. The use of the Tax Stabilization Reserve had an accompanying schedule outlining how to wane the County off from using unassigned fund balance over the next three years, as use of fund balance can create holes in upcoming budgets if no plan is in place.

The FY27 budget was in constant motion while trying to build this budget for Commissioner approval. I'd like to thank the Finance Committee for their effort in understanding and addressing the complexity of this budget and the County Commissioners for providing guidance to staff along the way. It was an extremely challenging budget throughout the entire six month process.

Funding Amount and Source: County Warrant, Contracts for Services and Revenues

Effective Date: July 1, 2026

Attachments: Final General Fund, Jail and Cross Insurance Arena budgets
Appropriation Resolve Motions