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Blair Tinkham, County Administrator

Subject: FY2027 Budget Review Materials, Timeline, and Upcoming Budget Committee Sessions

Good afternoon, Budget Committee Members,

As we begin this year's budget review process, the Commission wanted to provide some background on the County's fiscal situation to ensure the Committee has the necessary context. Beginning in 2022, a miscalculation of the statutory jail tax cap caused Penobscot County to under-levy for jail operations for four consecutive years. To sustain operations during 2022–2025, the County drew an average of approximately $2.5 million per year from reserves, ultimately depleting about $11 million. Although the tax cap was corrected in 2026, this correction exposed the structural deficit that had developed over several years. At the same time, the County faces a multi-year backlog of deferred maintenance, believed to be in the several-million-dollar range, along with roughly $1.3 million in un-forecasted operational costs in 2026 and delays in finalizing union contracts. Rapid State valuation growth moderated tax rate impacts but masked underlying structural imbalances. **The timeline outlined below is essential to ensure we can proceed with securing a Tax Anticipation Note (TAN) in mid-November to be available in early January**, which is necessary to maintain cash flow during the early months of the fiscal year.

Attached to this email are the **Commission-approved budgets**, the highlighted yellow tabs are the approved departmental budgets: **Deeds, Unorganized Territory (UT), Probate, District Attorney, Information Technology, and Human Resources.** Please review these highlighted tabs and send your questions to **Brenda Palmer, Finance Director**, bpalmer@penobscot-county.net, no later than **12:00 PM on October 23**.

The Commission will vote on the remaining departmental budgets, the non-highlighted in the excel workbook, on **October 22**. **No later than October 23**, we will send those final budgets and the completed workbook to the Committee for review. Please submit your questions on the remaining departments by 12:00 pm, **October 30**.

After all your questions have been compiled and responses prepared, we will meet with the Budget Committee on **November 4 and November 5** from **5:00 PM to 8:00 PM**. These sessions will be located on the **third floor of 97 Hammond Street**, and a **Zoom link will also be provided** for remote participation. Sandwiches, snacks, and light refreshments will be available both evenings. **The**

expectation is that the Budget Committee will take a vote on the FY2027 budget on November 4, with November 5 reserved for any additional discussion or follow-up as needed.

For clarity, here is the complete schedule:

- **October 22** – Commission votes on remaining departmental budgets. Zoom Link: https://us06web.zoom.us/j/82301157064?pwd=6VDg8BFZSRJSKYD69fHk47EH3ycFdC.1
- **October 23, 12:00 PM** – Budget Committee questions due for Deeds, UT, Probate, DA, IT, and HR
- **October 23 (NLT)** – Remaining departmental budgets sent to the Committee
- **October 30, 12:00pm** – Budget Committee questions due for remaining departments
- **November 4, 5:00–8:00 PM** – Budget Committee work session and planned **FY2027 budget vote**
- Location: 97 Hammond Street, 3rd Floor• Zoom link provided https://us06web.zoom.us/j/83995991720?pwd=5E8CRY0dXvXiKWSxQ2rWkhpbC3vGgg.1
- **November 5, 5:00–8:00 PM** – Additional Budget Committee session as needed
- Same location; Zoom link provided https://us06web.zoom.us/j/88913634440?pwd=09JofSDETluDw0YSjdloXj6mTuCmho.1

- **Mid-November** – Target window for bank approval for the County's **Tax Anticipation Note (TAN)**, dependent on timely completion of the review and vote

Thank you for your time, your careful review, and your continued commitment to serving Penobscot County. Please let us know if additional information or materials are needed at any point in the process.

Best regards,
Blair Tinkham
County Administrator
Penobscot County