

*Maine*  
Cumberland **County**  
POSITION PAPER FOR AGENDA ITEM

<b>TO:</b>	Board of County Commissioners
<b>FROM:</b>	James H. Gailey
<b>DATE:</b>	March 16, 2026
<b>SUBJECT:</b>	Transfer of Unassigned Fund Balance to Reserve Accounts

**Requested Action:**

Transfer \$1,500,000 from the County’s Unassigned Fund Balance to the Budget Stabilization and Uncompensated Absences reserve accounts.

**Background & Purpose of Request:**

As part of the FY27 budget process, upwards of \$500,000.00 has been used to off-set the FY27 tax rate. As in past years, the County has created a process to slowly reduce the reliance on fund balance within the budget. To do this, it requires the County Commissioners to capitalize the Tax Stabilization Reserve in order to have the appropriate amount of funding needed to fund each year of the fund balance reduction. The five-year step-down plan will gradually transition the use of fund balance to mitigate tax impacts on our municipalities.

To ensure funding for this plan and address current accrued liabilities, I request the Commissioners transfer \$1,500,000 from the unassigned fund balance to the following reserve accounts:

Tax Stabilization (\$1,000,000) - These funds will serve as the capital for the five-year step-down plan.

Uncompensated Absences (\$500,000) - This fund covers employee compensation for employee holiday, vacation, and sick accruals upon separation of service, as well as biannual cash-outs. Additional capital is needed due to long-term employees reaching retirement.

Following this \$1.5 million transfer, the Unassigned Fund Balance will stand at 19.7% for the FY26 budget, aligning with the County's current 20% maximum fund balance policy.