SCHOOL BOARD ACTION ITEMS FOR OCTOBER 2, 2025
Year-end Financials/Motions to Approve

1) Move approval to authorize budget transfers for accounts overspent by more than $10,000, as presented to the School Board by the Business Office.

2) Move approval to transfer year-end fund balance to the School Capital Reserve Fund. Funds allocated are $700,000 of General Fund surplus created in FY25, as recommended by the Business Office and the School Board Finance Committee.

3) Move approval to create a new Pre-K Program Reserve Fund, and to transfer year-end General Fund surplus in the amount of $156,526 to this fund.

Notes on Reserve Funds

Capital Reserve Fund

As we reached the end of our FY22 budget development process, we received word that the Governor's proposed budget planned to increase the level of General Purpose Aid to Maine schools. Scarborough's GPA increase was calculated at $977,025, however preliminary allocations announced by the Department of Education on May 17, 2021, were still awaiting approval by the State Legislature at the time of the School Board's and Town Council's votes later that month.

A state statute – Title 20-A M.R.S.A. §1485 (5) – exists to address the situation of subsidy increases received after a school district already has an approved budget. The statute permits a school district to include language in budget votes to signal their intent to use any additional subsidy for three allowable purposes, and advise the voters of that intent in the referendum materials. The three allowed uses are: increasing school expenditures; allocating funds to a reserve fund; and decreasing the cost to local taxpayers.

Because the Town's FY22 budget proposal had already met the goal of a less than 3% tax increase, school and town leaders developed a plan to allocate half of the additional subsidy to non-tax revenue for the FY2022 school budget, and the other half to establishing a School Capital Reserve Fund. The Reserve Fund would be used in later budgets to support capital project expenditures, particularly for the types of long-range planning and engineering costs that are not eligible for bonding under current guidelines.

In October of 2022, the Board used the extra GPA funds ($488,512) and added $111,488 in General Fund surplus to create the new Capital Reserve Fund with a balance of $600,000. In both FY23 and FY24, the Board voted to allocate $800,000 of year-end surplus to the fund, and we propose to transfer $700,000 in FY25.

School Capital Reserve Fund

Year	Funds reserved	Funds used in budget	For	Available funds
FY22	$600,000	0		$600,000
FY23	$800,000	$199,000	CIP equipment purchases	$1,201,000
FY24	$800,000	$405,783	School bus replacement	$1,595,217
FY25	Pending BOE action	$585,000	LRP - Building project	$1,010,217

Note: No reserve funds were allocated in the FY26 budget – strategic decision to preserve balance for building project.

Pre-K Program Reserve Fund

In March of 2025, just as school leaders were rolling out their budget proposal for FY26, we learned that the state grant supporting our Pre-K partnership with Shooting Stars was going to be cut short. The state DOE was relying on federal grant funds to create this pilot program, and had learned that the funds would no longer be available after December 30, 2025.

To ensure that this important program could continue through the full school year, the Business Office and the Finance Committee crafted a plan to preserve funding in the FY25 budget that had originally been intended for Pre-K, but had been unexpended due to our approval for the state grant after the budget was passed. The budget balance for Pre-K in FY25 is $156,526. Board action will enable this money to be set aside in a new Pre-K Reserve Fund, and $70,000 of the fund has already been approved as revenue to support the Shooting Stars partnership from January through June of 2026. The remaining balance will be available for non-tax operating revenue in the following fiscal year.