NOTES & COMMENTS
FY26 QUARTER 4 – YEAR-END FINANCIALS AS OF 6/30/2026
FOR SCHOOL BOARD 10/1/2026 – PENDING AUDIT

Overview

This year-end financial report is included as a supporting document for the Business Office presentation to the School Board at their meeting of October 1, 2026. This report describes the financial impacts of the work of the district to provide programs and services to our students in 2025-26 during a period of global economic challenges, and our resulting year end status. As usual, this report is marked "pending audit". Although we do not anticipate any significant changes, we are currently working with the Town auditors to develop the official financial report for FY26. This introduction highlights major points of interest; the detailed financial statement begins on page 5.

Expenditures

The 2025-26 fiscal year ended with a surplus in the General Fund similar to the results we have seen in recent years. Expenditures came in under budget by $2,332,744, which represents 3.28% of the FY26 operating budget, virtually identical to our year-end expenditure surplus in FY25.

Here are the areas of FY26 spending that created the most year-end impact:

Personnel costs

An unusual circumstance in FY26, and one that we hope not to repeat, was the need to tap current staff to cover unexpected personnel openings. The shifts of staff at the High School, Middle School and Blue Point at the start of the school year generated savings as budgeted positions were converted, moved, and left unfilled. The net impact of these shifts created an overall surplus of $362,000.

As we noted during budget discussions this year, we have relied on contracted service providers to ensure that critical work is completed, causing a shift in FY26 spending from wage and benefit accounts to contracted services accounts in Special Education and Transportation. The result of this shift is seen in the spending picture for each of these departments:

- Special Services surplus of $848,000 in wages and benefits, with $480,000 transferred to contracted services; remaining surplus of $368,000.
- Transportation surplus of $105,000 in wages and benefits; $145,000 spent on contracted services and $40,000 more than expected on substitute drivers; department overall shows a surplus of $137,000 due to savings in other areas.

In more positive news, both Facilities and School Nutrition were fully staffed by the end of the year for the first time in recent memory.

One other budget category showing significant surplus in wage and benefit lines is Improvement of Instruction. As you may recall from budget discussions, an unfilled coordinator position was repurposed to create the new Assistant Director of Curriculum & Assessment position; leaving the prior position open in FY26 created a savings of $156,000.

Other notable areas of savings were found in programs and operations, with a total surplus of $518,000:

Student programs & services

- $177,000 Special Services – lower than anticipated tuition costs; students returning to district
- $88,000 Athletics & Activities – unfilled coaching positions & officials fees; staff turnover

Operations

- $127,000 Transportation – vehicle maintenance costs lower than expected
- $126,000 Facilities – budgeted for higher contracted services costs due to tariffs

One other item of note on the expenditure side is in Debt Service. In FY24 and FY25 we reported substantial savings in this cost center due to the adjusted timing of the Town's schedule for issuing municipal bonds. This year that schedule pushed us in the opposite direction, with principal payments coming due and a net budget shortfall of $136,921.

These are the major factors affecting the year-end surplus generated, with the remainder coming from smaller incremental balances across all of the other expenditure accounts in the budget. As usual, there are some individual accounts which were overspent by more than $10,000 in FY26. Under newly revised School Board policy DB, the Board is asked to approve budget transfers to cover these deficits at the end of each fiscal year; this Board action item will take place at their meeting on October 1, 2026. This year every budget category apart from Debt Service ran at least a small surplus, and all of the overspent accounts except for Debt Service can be covered with transfers within the same category. A detailed list of budget transfers has been provided for the Board and posted with the financial statements.

Revenues

Because almost all of school revenues come from local tax dollars and state General Purpose Aid (GPA), variances are relatively small, and that is certainly the case with FY26, with an overall year-end surplus of $1,668. Some significant variances by revenue source did occur, with both surplus:

- $27,620 in targeted state subsidy for Multi-Lingual Learners, continued from FY24 and FY25
- $55,000 surplus in Other Miscellaneous revenues due to sale of 3 retired buses and unbudgeted tuition payments

and shortfall:

- $92,511 State Agency Client reimbursements due to the end of an out-of-state placement.

Other small variances make up the difference in arriving very close to our overall budget estimate. Note that a small part of the calculated revenue surplus comes from the use of Pre-K reserve funds. This fund was created at the end of FY25, allocating money that had been budgeted but not used because we received a grant from the DOE after the budget was approved. The original fund balance was $156,316, and we proposed $70,000 of that to support Pre-K in the FY26 budget. At year end, we have transferred $68,875 in revenue from that fund, covering the amount of actual program expenditures during the fiscal year, and leaving a reserve fund balance of $87,651 for future budget allocations.

Other Funds

The **Adult Education** program offered a wide variety of enrichment courses, with 90 classes running in FY26 serving over 400 students. The program also maintained a robust schedule of programs supporting Multi-Lingual Learners, both to develop proficiency in English and to prepare for workforce opportunities. In order to better serve this community demographic, the program has developed "bridge" courses combining multiple proficiency tracks, and continues to leverage partnerships across Scarborough to offer classes in easily accessible locations.

The Adult Education budget is only a little over $200,000, yet they provide huge value in opportunities for our community. This year's positive ending fund balance of $7,915 shows their attention to careful spending, but diminishes the opportunity to use fund balance as revenue in future budget years. Cost increases affect this department like every other, so some additional support from tax dollars is likely in next year's budget request.

School Nutrition continues to benefit from the State's commitment to funding universal free meals for all K-12 students. Meal counts remained at a high level, with over 320,000 lunches and 140,000 breakfasts served in FY26. For the first time in a long while, we were fully staffed in School Nutrition by the end of the school year, as wage increases under the new collective bargaining agreement ratified in the fall of 2024 as well as shifts in the local labor market enabled us to be more successful in filling open positions. Another point of interest in expenditures is that food purchases came in under budget, due to strategic use of coop purchasing and government subsidized food programs – quite an accomplishment considering current economic trends.

In FY26 we see the continued pattern of School Nutrition program revenues coming in primarily from the state, followed by federal reimbursements and food sales. Food sales revenue was steady from a la carte offerings at the High School and Middle School, and we also are continuing to see revenues from catering sales where the department provides meals for school and town events.

A negative ending balance for the year (expenses higher than revenues) causes us to dip into the sizeable fund balance we've been carrying in School Nutrition since the end of FY24. Although expenditures came in under budget, our revenue estimates were too high compared to what we actually received. The fund balance is now at $348,000 which puts us below the USDA required threshold of no more than 3 months' estimated expenses without having to make additional purchases as we did in FY24 and FY25. In FY26 we used $50,000 of fund balance as program revenue, and in FY27 we have allocated $100,000.

The detailed financial statement closes with the year-end status of **federal grant** funds as well as local and state **grants, trusts and special revenues**.

Under Federal grants, we were pleased to receive funding from all the Title grants as well as Local Entitlement for Special Education, despite concerns about changes in Washington impacting the availability of these grants. We saw allocations for FY26 similar to prior years, maintaining an important resource for our district. The last of the directly distributed COVID funds ended in FY25, although the Maine Department of Education continued to deploy the balance of their funds in FY26 through targeted grants to local districts. Our federal grants were received and expended in a typical pattern, with the exception of Title IIA where we are still carrying a higher than usual balance, which will be allocated for FY27 expenses.

Items of note in the State and Local grants section are:

- School Nutrition Backpack Program – a fundraising drive in the fall of 2025 generated an outpouring of donations from our community, and allowed us to build and expand access to resources for struggling families.
- MLTI Tech Hardware funds from Maine DOE – an annual program that allows districts to purchase their own tech devices and provides funds on a reimbursement basis for qualified purchases
- DOE mini grants – small amounts allocated to specific learning initiatives. Scarborough received two grants for Literacy instruction, one at Eight Corners and one at Wentworth, and one for developing curriculum around climate change and outdoor learning at the Middle School.
- Pre-K Program Development grant – a continuation of the grant we received in FY25 for Pre-K program development, which helped to subsidize our Pre-K partnership with Shooting Stars.

Capital Projects

This report includes a year-end summary of our capital improvement project (CIP) accounts. Most CIP accounts are multi-year, ongoing areas of investment, allowing for project scheduling to minimize disruption for staff and students.

Up until March of 2026, expenses for architecture and planning services supporting the K-8 Building Project were posted to the Long-Range Planning account, but since the referendum has passed (in November 2025) and the first bond offering has been issued, we will see those expenses in a new line on the financial statements specific to the project. We track expenses through multiple accounts now for each building site and type of service, so that we'll have detailed data to share publicly through the Finance Committee and the Building Steering Committee as we move forward. Extensive details on the project are available on our school department website.

Other expenditures in FY26 included the purchase of our usual three replacement buses for Transportation, and replacement of Technology equipment including student chromebooks for K-2 classrooms, staff laptops at the High School and Middle School, and network switches districtwide. We were delighted to see the High School Track and Turf renovation project finally completed in July of 2026, accomplishing a major goal set by Town and School officials 5 years ago.

Other Capital projects in Facilities included:

- Replacement of the failed generator at the Middle School with a modern, upgraded unit; the equipment purchase was made in FY25 and installation was completed in the summer of 2025;
- Installing two modern boilers at Pleasant Hill;
- Continued upgrades to lighting fixtures from old incandescent and fluorescent to modern, energy efficient LEDs;
- Purchase of two robotic floor scrubbers to expand efficiency in custodial services.

Other FY26 Capital expenses represent regular cyclical repair and renovation of all our buildings, with annual amounts allocated to areas such as roofing, HVAC, painting, flooring, and school furnishings.

In Summary

During the 2025-26 school year, district leaders focused on deploying our financial resources to best support our strategic goals as a school community in challenging economic times.

As of the end of FY26 we have preserved $2,970,923 in undesignated fund balance pending audit adjustments (see page 6), which is equivalent to 4.18% of the total General Fund operating budget. As usual, we have used prior year surplus to reduce the burden of increased costs on local taxpayers in FY27, and have turned our attention to building funds in anticipation of a reduction in state funding under the revised school funding formula implemented for next year.

We are pleased to present this financial report to our stakeholders, reflecting our commitment to provide the best possible programs and services for the children of our community with the resources entrusted to our care.

Scarborough Public Schools
Financial Statement
June 30, 2026

For School Board 10/1/2026
Pending final audit

General Fund Surplus as of 6/30/2025 (audited)		$ 3,636,511
Allocated to 2025-26 budget		$ (1,500,000)
Undesignated Surplus as of 7/1/2025	(audited balance)	**$ 2,136,511**

General Fund Expenditures: (including encumbrances)	Approved Budget	Revised Budget	Year-end Expended	Budget Balance	FY26 % Used	FY25 % Used	FY24 % Used
Regular Instruction:							
Regular Instruction Programs	28,340,927	28,340,927	27,275,491	1,065,436	96.2%	97.6%	98.8%
English as a Second Language (MLL)	697,708	697,708	628,147	69,561	90.0%	94.5%	92.1%
Gifted and Talented Programs	449,985	449,985	424,339	25,646	94.3%	98.3%	97.7%
Special Education Instruction	15,168,596	15,168,596	14,613,243	555,353	96.3%	95.6%	94.6%
CTE Instruction (Career & Technical Ed)	0	0	0	0	0.0%	0.0%	0.0%
Other Instruction:							
Co-Curricular	322,564	322,564	294,424	28,140	91.3%	97.4%	98.1%
Extra-Curricular	1,630,522	1,630,522	1,569,992	60,530	96.3%	99.8%	93.6%
Student & Staff Support:							
Guidance Services	2,173,873	2,173,873	2,071,969	101,904	95.3%	98.4%	99.6%
Health Services	992,171	992,171	987,669	4,502	99.5%	97.8%	94.8%
Improvement of Instruction	1,100,649	1,100,649	854,118	246,531	77.6%	87.2%	91.5%
Instructional Technology	1,883,782	1,883,782	1,873,302	10,480	99.4%	99.6%	99.0%
Library Services	1,050,723	1,050,723	982,549	68,174	93.5%	88.3%	93.7%
System Administration	1,569,369	1,569,369	1,533,354	36,015	97.7%	92.1%	96.8%
School Administration	2,200,279	2,200,279	2,193,606	6,673	99.7%	99.9%	96.7%
Transportation	2,309,149	2,309,149	2,171,153	137,996	94.0%	97.1%	91.6%
Facilities & Maintenance	5,645,300	5,645,300	5,592,574	52,726	99.1%	97.5%	90.5%
Debt Service	5,530,831	5,530,831	5,667,752	(136,921)	102.5%	94.3%	99.5%
All Other	0	0	0	0	0.0%	0.0%	0.0%
Total General Fund Appropriations	**71,066,428**	**71,066,428**	**68,733,684**	**2,332,744**	96.7%		
FY25 Year End	**65,828,078**	**65,828,078**	**63,615,041**	**2,213,037**		96.6%	
FY24 Year End	**62,052,141**	**62,052,141**	**59,965,801**	**2,086,340**			96.6%

General Fund Revenues:	Estimated Revenue	Revised Estimate	Year-end Received	Balance/ (Shortfall)	FY26 % Rec'd	FY25 % Rec'd	FY24 % Rec'd
Town Funding - Local Taxes	60,091,681	60,091,681	60,091,681	0	100.0%	100.0%	100.0%
Use of Fund Balance	1,500,000	1,500,000	1,500,000	0	100.0%	100.0%	100.0%
Pre-K Reserve Fund	70,000	70,000	68,875	(1,125)	98.4%	0.0%	0.0%
State Subsidy - GPA	8,903,247	8,903,247	8,930,867	27,620	100.3%	100.0%	100.3%
State Agency Client Funding	165,000	165,000	72,489	(92,511)	43.9%	194.9%	154.7%
Comm. Services Daycare (rent space)	38,500	38,500	33,577	(4,923)	87.2%	89.9%	94.5%
Community Services Transportation	20,000	20,000	31,476	11,476	157.4%	97.3%	97.4%
Winslow Homer/Facility Rental Fees	20,000	20,000	19,842	(158)	99.2%	41.2%	58.2%
Student Sports/Activity Fees	145,000	145,000	143,746	(1,254)	99.1%	103.3%	82.4%
Summer Academy Fees	5,000	5,000	5,700	700	114.0%	51.7%	100.0%
Renewable Energy Credits	45,000	45,000	51,512	6,512	114.5%	364.3%	0.0%
Other Miscellaneous Revenue	63,000	63,000	118,331	55,331	187.8%	120.9%	142.7%
Total Revenue	**71,066,428**	**71,066,428**	**71,068,096**	**1,668**	100.0%	100.3%	99.9%

Year-end Fund Transfers

Surplus to reserve funds - per SBFC recommendation	$	-
Audit adjustments	$	-
Total Transfers	**$**	**-**

Breakdown of General Fund Surplus Balances

As of 6/30/2025 fund balance was :	$ 3,636,511
Used For FY26 Budget	$ (1,500,000)
Undesignated Fund Balance 7/1/2025	$ 2,136,511
FY26 Appropriations Balance	$ 2,332,744
FY26 Revenue Balance	$ 1,668
FY26 Year-end Adjustments	$ -
FY26 Year-end Balance	$ 2,334,412
Total Available Fund Balance	$ 4,470,923
Used for FY27 Budget	$ (1,500,000)
Undesignated Fund Balance 6/30/2026	**$ 2,970,923**

OTHER FUNDS

Adult Education:

Expenditures	Approved Budget	Revised Budget	Year-end Expended	Budget Balance	FY26 % Used	FY25 % Used	FY24 % Used
Wages & benefits (instructors & program admin)	206,157	206,157	193,157	13,000	93.7%	96.2%	102.2%
General supplies & operations	16,300	16,300	11,494	4,806	70.5%	89.3%	90.1%
Instructional supplies, software & equipment	10,600	10,600	4,894	5,706	46.2%	50.5%	76.2%
Expenditure totals	**233,057**	**233,057**	**209,545**	**23,512**	89.9%	92.7%	98.9%

Revenues	Estimated Revenue	Revised Estimate	Year-end Received	Balance/ (Shortfall)	FY26 % Rec'd	FY25 % Rec'd	FY24 % Rec'd
Town Funding - Local Taxes	97,048	97,048	97,048	0	100.0%	100.0%	100.0%
Use of Fund Balance	31,000	31,000	31,000	0	100.0%	100.0%	100.0%
State Subsidy - Adult Ed	40,009	40,009	40,009	0	100.0%	100.0%	99.9%
Grant Funds	14,000	14,000	17,304	3,304	123.6%	92.8%	134.7%
Adult Ed Tuition	51,000	51,000	27,069	(23,931)	53.1%	98.6%	78.1%
Revenue totals	**233,057**	**233,057**	**212,430**	**(20,627)**	91.1%	99.2%	100.5%

Adult Education year end fund balance	**2,886**
Fund balance as of 6/30/25	36,029
Used for FY26 budget	(31,000)
Total undesignated fund balance	**7,915**

School Nutrition Program:

Expenditures	Approved Budget	Revised Budget	Year-end Expended	Budget Balance	FY26 % Used	FY25 % Used	FY24 % Used
Wages & Benefits	1,511,144	1,511,144	1,437,091	74,053	95.1%	93.6%	88.7%
Food & Beverages	877,000	877,000	788,529	88,471	89.9%	92.1%	88.2%
Contracted Services (software & repairs)	34,200	34,200	35,836	(1,636)	104.8%	85.9%	127.1%
Supplies & Equipment	103,000	103,000	73,534	29,466	71.4%	107.9%	163.5%
Operations	4,000	4,000	3,704	296	92.6%	98.1%	70.4%
Expenditure totals	**2,529,344**	**2,529,344**	**2,338,693**	**190,651**	92.5%	93.6%	91.9%

Revenues	Budgeted Revenue	Revised Estimate	Year-end Received	Balance/ (Shortfall)	FY26 % Rec'd	FY25 % Rec'd	FY24 % Rec'd
Food Sales	400,000	400,000	301,561	(98,439)	75.4%	91.3%	115.0%
Federal Funding (USDA)	475,000	475,000	374,519	(100,481)	78.8%	62.3%	65.3%
State Funding (DOE)	1,601,844	1,601,844	1,528,680	(73,164)	95.4%	106.9%	100.0%
Grants & Donations	2,500	2,500	254	(2,246)	10.2%	0.0%	3.4%
Use of Fund Balance	50,000	50,000	50,000	0	100.0%	0.0%	0.0%
Revenue totals	**2,529,344**	**2,529,344**	**2,255,014**	**(274,330)**	89.2%	92.9%	92.3%

School Nutrition year-end fund balance	**(83,680)**
Fund balance as of 6/30/25	482,513
Used for FY26 budget	(50,000)
Total undesignated fund balance	**348,833**

Federal Restricted Funds:	Beg. Balance	FY26 Grant Funds Available	Year-end Revenues	Year-end Expenses	Available Funds
Title IA	1,553	90,824	90,685	90,685	1,692
Title IIA	96,019	84,920	96,019	96,019	84,920
Title III	0	10,953	10,453	10,453	500
Pre-K Local Entitlement	0	20,971	20,971	20,971	0
Local Entitlement	59,146	794,539	697,977	697,977	155,708
Total Federal Restricted	**156,718**	**1,002,207**	**916,105**	**916,105**	**242,820**

Grants, Trusts & Special Revenues:	Beg. Balance	FY26 Grant Funds Available	Year-end Revenues	Year-end Expenses	End. Balance
Louis & Tina Fineberg Trust	136,743		0	0	136,743
Scarborough Education Foundation	26,119		38,137	31,952	32,304
Local grants & donations	39,430		17,873	3,554	53,749
CC Admin Recertification (fiscal agent)	4,199		9,925	8,518	5,606
Tech Maintenance Fees	99,242		40,700	0	139,942
School Nutrition Special Programs	(5,433)		36,944	29,661	1,850
MLTI Tech Hardware	0		227,046	227,046	0
Preventing Student Homelessness Grant	6,378		7,678	5,668	8,388
Maine DOE Mini Grants	0	16,496	16,496	15,818	678
Preschool Development Grant	15,708	76,707	92,415	92,415	(0)
Total Grants & Trusts	**322,386**	**93,203**	**487,214**	**414,632**	**379,260**

School CIP project account status

FY26 Year End Financials

FACILITIES	Budget Balance as of 6/30/2025	FY26 Budgeted	Referendum Approved	FY26 Expenses	Budget Balance as of 6/30/2026
Long-range Planning	303,132	0		212,608	90,524
District-wide Energy Improvements	62,011	168,000		164,630	65,381
Kitchen Equipment	6,911	0		1,424	5,487
District-wide Plumbing	16,276	0		5,883	10,394
District-wide Roofing	705,687	829,000		506,497	1,028,190
District-wide Exterior/Interior Finishes	675	280,000		264,757	15,918
District-wide Interior Construction	659.69	0		609	50
District-wide Security & Access Mgmt	158,470	607,000		351,109	414,361
District-wide Flooring	200,815	0		105,658	95,157
District-wide Movable Equipment	13,308	260,000		172,458	100,850
HS Auditorium Equipment	332,136	190,000		216,170	305,966
District-wide Building Envelope	86,421	220,000		172,700	133,721
District-wide Grounds & Site Mtce	441,153	230,000		512,818	158,335
Athletics Facilities/Equipment	180,992	67,000		234,591	13,402
District-wide HVAC/Mechanical	235,671	280,000		334,550	181,121
Facilities Support/Equipment	100,067	120,000		84,107	135,960
Facilities Support/Vehicles	5,105	65,000		46,697	23,408
TOTALS	**2,849,492**	**3,316,000**	**0**	**3,387,265**	**2,778,227**

TOWN/SCHOOL PROJECTS					
Turf field & track replacement	979,349	0		979,349	0
School Building Project	0	600,000		0	600,000
(multiple accounts)	0		139,850,000	1,410,024	138,439,976
TOTALS	**979,349**	**600,000**	**139,850,000**	**2,389,374**	**139,039,976**

TRANSPORTATION					
Bus purchase/replacement	44,000	423,000		458,608	8,392
Van purchase/replacement	0	30,000		0	30,000
Transportation software	68	0		0	68
TOTALS	**44,069**	**453,000**	**0**	**458,608**	**38,461**

TECHNOLOGY					
Equipment Replacement	67,439	955,000		816,353	206,086
New Equipment	(2,709)	0		0	(2,709)
TOTALS	**64,731**	**955,000**	**0**	**816,353**	**203,378**

GRAND TOTALS	**3,937,641**	**5,324,000**	**139,850,000**	**7,051,600**	**142,060,041**