

FUND BALANCES

Maine public schools overview

PRESENTATION TITLE



MARCH 25, 2026



FUND BALANCES IN MAINE

What fund balance is

A financial cushion that supports stable operations and sound budgeting.

Why it matters in Maine

It helps manage subsidy timing, enrollment shifts, and volatile special education and staffing costs, unexpected costs, and to try and help offset large peaks and valleys with regards to property tax impact.

Board role and oversight

Monitor trends and balance short-term pressures with long-term fiscal stability.

FUND BALANCE BASICS

Definition

Fund balance is the accumulated difference between revenues and expenditures at fiscal year-end—resources remaining after obligations are met.

Not the same as cash

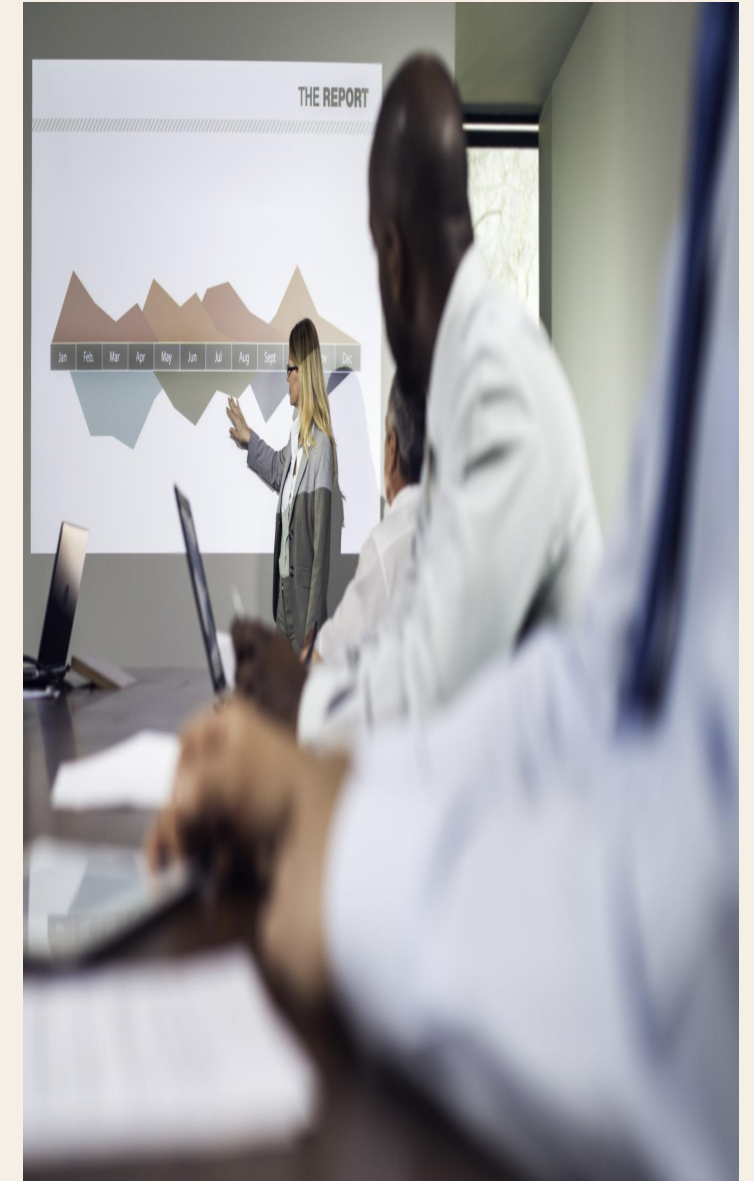
Cash reflects liquidity at a point in time. Fund balance is an accounting measure of overall financial position and capacity.

Why it changes

Timing differences are common—conservative budgeting, vacancies, delayed purchases, and unanticipated revenues can all increase or decrease fund balance.

Purpose and communication

A healthy fund balance supports stability, planning, and responsible stewardship—not casual spending. Clear explanations help maintain public trust.



IMPORTANCE OF FUND BALANCE

Financial stability & flexibility

Provides room to manage unpredictable revenues and cost swings without disrupting operations.

Cash flow for payroll and bills

Helps cover day-to-day obligations while awaiting state subsidies or local revenue collections.

Buffer for unexpected costs

Protects against events like special education placements, emergency repairs, or midyear enrollment shifts.

Stronger oversight and planning

Signals prudent management to auditors and credit agencies, reduces borrowing risk, and supports sustainable programming.



FUND BALANCE CATEGORIES

Committed

Formally set aside by board action for specific purposes; reversing requires the same level of action.

Assigned

Intended for a particular use but not formally committed, often designated by administration with board awareness.

Unassigned

Most flexible category for general purposes and typically the focus of board discussion; not all fund balance is discretionary.



FUND BALANCE BENCHMARKS

Typical range (guideline)

Many districts reference unassigned fund balance benchmarks of about 5–9% of annual operating expenditures. These are reference points, not mandates. State law says 9%.

What drives the “right” level

Appropriate reserves depend on local context: district size, enrollment trends, staffing stability, facility needs, and exposure to financial risk.





FINANCIAL REALITIES IN MAINE

Cash-flow timing

State subsidy arrives throughout the year, so districts must bridge timing gaps while keeping operations stable.

Enrollment volatility

Small or rural shifts can materially change revenue and staffing needs, increasing financial uncertainty.

Special education variability

Costs can change dramatically with little notice, creating midyear budget pressure.

Limited midyear flexibility

Staffing shortages and contractual obligations restrict quick reductions, reinforcing the need for adequate fund balance.

APPROPRIATE FUND BALANCE USES

Use for one-time needs

Best suited for non-recurring purposes that avoid creating ongoing obligations.

Invest in facilities and assets

Support capital improvements, equipment purchases, and deferred maintenance with a clear scope and timeline.

Stabilize short-term fluctuations

Smooth temporary volatility to stabilize assessments or tax rates without cutting educational programs.

Prepare for emergencies

Cover unanticipated costs quickly while preserving long-term stability through planning and transparency.





INAPPROPRIATE FUND BALANCE USE

Structural deficits

Using fund balance to support ongoing operating costs creates a recurring gap once one-time funds are gone.

Delayed decisions

Drawing down balance to reduce assessments or postpone budget actions can amplify future cuts or revenue needs.

Governance responsibility

Boards should ensure fund balance use does not mask underlying issues and supports clear trade-offs on revenues, spending, and priorities.



FUND BALANCE RISKS

Risks of low fund balance

May trigger cash-flow borrowing, reduce flexibility, and increase vulnerability to unexpected costs. It can also raise auditor and public concerns about financial stability.

Risks of excessive fund balance

Can create perception challenges, invite scrutiny, and signal missed opportunities to invest strategically in students, staff, or facilities.

Board responsibility

Strike a balance that reflects fiscal responsibility while staying responsive to district needs and community expectations.



BOARD OVERSIGHT ROLE

Monitor trends

Review fund balance levels during budget and audit cycles to spot changes early.

Use strategically

Ask about long-term impacts and ensure transparency so fund balance supports plans—not short-term fixes.

FY25 Audited Committed Fund Balances



Fuel Reserve: \$200,000.00. Can be used by approval of the board to offset unanticipated increases to fuel costs due to market volatility or other such emergencies..



Capital Reserve: \$1,000,000.00: Can be used to offset the cost of planned capital improvement projects to decrease volatility in budgeting.



Emergency Contingency: \$1,073,547.00. Can be used to pay for unbudgeted for emergency expenses that the board has declared an emergency. (This will be lower next year....Chiller at MMS).

FY25 Audited Assigned Fund Balances



Technology: \$273,621.00.



Carry Forward to FY26 Budget: \$800,000.00 used to offset tax increases.

What I see for trends moving forward:

-Currently we are using \$800,000.00 of the \$3.5 Million in the FY26 Budget—we did the same in FY25 and put most of it back due to underspending the budget by .26% and due to increase in revenues.

- Looking at projections for revenue and expenditures it looks like we will put some of the \$800,000.00 back the same this year specifically due to the increase in revenues (Earned Interest, Superintendent Transfer Agreements-2years) and a projection to underspend the budget by .23%

-FY 27 and beyond does not look as kind with regards to revenue or spending.: If we assume that we are going to put back \$800,000.00 at the end of this year that will keep our Unassigned Fund Balance at roughly \$3.5 million. We are proposing to use \$800,000.00 again in FY27 and the way things look we will need every penny then that will leave us in a place where in 4 short years the Unassigned Fund balance could be fully depleted.

**FY 25 Audited
Unassigned Fund
Balance:**

**GENERAL FUND:
\$3,508,336.00**

**Represents 7.7% of
the FY26 Budget**

A deeper dive into this proposed budget and the use of fund balance....

	\$800k Use of Fund Balance	FY 26 Adopted Local Revenue	\$ Change	% Change	3yr Aver. State Valuation (23-25)	Estimated Impact per \$100,000 home	Estimated Impact per Median Home Kennebec County*	Estimated Monthly Household Impact
Belgrade	\$ 7,756,365.93	\$ 7,533,545.49	\$ 222,820.44	2.96%	\$ 1,044,000,000	\$ 21.34	\$ 69.36	\$ 5.78
China	\$ 6,282,150.39	\$ 5,989,312.74	\$ 292,837.65	4.89%	\$ 699,600,000	\$ 41.86	\$ 136.04	\$ 11.34
Oakland	\$ 7,555,486.37	\$ 7,041,639.47	\$ 513,846.90	7.30%	\$ 907,933,000	\$ 56.60	\$ 183.93	\$ 15.33
Rome	\$ 2,846,896.73	\$ 2,715,772.91	\$ 131,123.82	4.83%	\$ 542,150,000	\$ 24.19	\$ 78.60	\$ 6.55
Sidney	\$ 5,864,140.61	\$ 5,400,209.56	\$ 463,931.05	8.59%	\$ 714,317,000	\$ 64.95	\$ 211.08	\$ 17.59
	\$ 30,305,040.03	\$ 28,680,480.17	\$ 1,624,559.86	5.66%	\$ 3,908,000,000.00	\$ 208.93	\$ 679.02	\$ 56.59

	ZERO Fund Balance	FY 26 Adopted Local Revenue	\$ Change	% Change	3yr Aver. State Valuation (23-25)	Estimated Impact per \$100,000 home	Estimated Impact per Median Home Kennebec County*	Estimated Monthly Household Impact
Belgrade	\$ 7,948,154.86	\$ 7,533,545.49	\$ 414,609.37	5.50%	\$ 1,044,000,000	\$ 39.71	\$ 129.07	\$ 10.76
China	\$ 6,437,023.18	\$ 5,989,312.74	\$ 447,710.44	7.48%	\$ 699,600,000	\$ 64.00	\$ 207.98	\$ 17.33
Oakland	\$ 7,760,924.75	\$ 7,041,639.47	\$ 719,285.28	10.21%	\$ 907,933,000	\$ 79.22	\$ 257.47	\$ 21.46
Rome	\$ 2,939,942.56	\$ 2,715,772.91	\$ 224,169.65	8.25%	\$ 542,150,000	\$ 41.35	\$ 134.38	\$ 11.20
Sidney	\$ 6,018,994.67	\$ 5,400,209.56	\$ 618,785.11	11.46%	\$ 714,317,000	\$ 86.63	\$ 281.53	\$ 23.46
	\$ 31,105,040.03	\$ 28,680,480.17	\$ 2,424,559.86	8.45%	\$ 3,908,000,000.00	\$ 310.91	\$ 1,010.44	\$ 84.20