

Expanded Authority of Reserve Funds

For Regional School Units, School Administrative Districts, Community School Districts, and Career & Technical Education Regions

Please reference [PL 2019 Chapter 588](#) for additional information

Original Allowable Purposes

Expanded Allowable Purposes

Establishment of a Reserve Fund

- Capital Projects
- Capital Equipment

- Any of the 11 budget cost centers
- Must include a description of the purpose

Allowable Reasons to Expend from a Reserve Fund

- Any allowable expenditure

- An emergency that requires the immediate expenditure of funds, and a vote of the district at a district meeting is cost prohibitive
- The expenditure is required by law

How to Expend from a Reserve Fund

- By vote of the voters at a district meeting or district budget meeting with an article

If either of the previous criteria is met, the following steps must be taken:

- Provide public notice of the regular or special meeting
- Hold a public hearing prior to the board vote to expend funds from the reserve
- The board vote to expend the funds from the reserve fund must be recorded in the meeting minutes

- Send the Department the meeting minutes with the recorded vote
- Upload the new budget revenue and expenditure files to MEFS

Funds in reserve accounts do not count towards 3% cap of unallocated fund balances