

CODE: DIEA

FUND BALANCE

According to state law 20-A M.R.S. § 15004, the unexpended balance of all money raised by a school administrative unit, received from the State for general-purpose aid or for other educational programs; from the Federal Government directly or from the Federal Government through the State; from tuition payments made by other units, the State, or by individuals; and other receipts for school purposes shall be carried forward and credited to the unit for educational programs for the ensuing year.

Similarly, Section 15689-B(6) of Title 20-A provides that, notwithstanding any other law, money allocated for school purposes may be expended only for school purposes and general operating fund balances at the end of a school unit’s fiscal year “must be carried forward to meet the unit’s needs in the next year or over a period not to exceed 3 years.”

Accordingly, the School Committee has limited discretion with respect to what it may do with its unallocated balances. It must carry forward any unallocated balances and must expend those funds for educational programs in future years. The School Committee has the following options for addressing an unallocated fund balance:

1. Apply the funds to the next year’s school budget in order to reduce local property taxes;
2. Retain up to 3% as carry forward for education purposes;
3. With the Town Council’s approval, appropriate the funds to a reserve fund for education purposes;
4. Any combination of the above.

Legal References: 20-A M.R.S. § 15004
 20-A M.R.S. Section 15689-B(6)

Adopted: May 4, 2021