

CODE: DIF

DEDICATED RESERVE FUNDS

According to the Town Charter, Dedicated Reserve Funds must be established by the Town Council. The Kittery School Committee maintains five Dedicated Reserve Funds in the following categories:

- 1. Co/Extra-Curricular Success**
- 2. Unemployment**
- 3. Special Education**
- 4. Maintenance**
- 5. Unfunded Liability**

Each fund was established for a unique purpose:

- **Co/Extra-Curricular Student Success**

This fund is intended to help provide financial support to any school group or individual who excels to the point of competition/participation outside of the state. Typically, such post-season opportunities are not budgeted for in the annual District budget.

- **Unemployment**

The Kittery School District is self-insured for unemployment benefits. Any unemployment benefit paid to a former employee is directly billed from the State of Maine to the School District. The District must maintain this reserve fund in anticipation of an unemployment benefit.

- **Special Education**

The Special Education Reserve Fund is intended to support unexpected costs, especially those associated with out-of-District placement of students with unique educational needs, the costs for which are in excess of the annual special education budget.

- **Maintenance**

The Maintenance Reserve Fund covers major and unanticipated repairs of school facilities or replacement of equipment that are not budgeted for in the annual District maintenance budget.

- **Unfunded Liability**

Within the District's collective bargaining agreements and individual work agreements are provisions, typically related to retirement, that result in unbudgeted costs. Retirement incentives, retirement benefits, and accrued sick leave pay outs are examples of unfunded liabilities to the District that would be covered by the Unfunded Liability Reserve Fund.

- **Distribution of Funds**

The School Committee must approve expenditures from the dedicated reserve funds. Requests are made to the Facilities, Finance, & Safety Committee from the superintendent of schools. The Facilities, Finance, & Safety Committee considers the request and makes a recommendation to the School Committee. The Facilities, Finance, & Safety Committee will monitor the balances in the dedicated reserve funds and ensure that balances are adequately maintained.

According to state law, unassigned fund balances may be appropriated to the dedicated reserve funds with the Town Council's approval.

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

Cross Reference: DIEA – Fund Balance

Adopted: May 4, 2021