

BOW SCHOOL DISTRICT BUDGET Q & A

1. How is the School District Budget developed?

A. School administrators work with their staffs to build a budget based on projected expenses for the next year. The Superintendent works with the administrators to review the requests, then this modified budget is presented to School Board, who continue to work with all administrators to modify the budget as desired, then vote on the final budget to be presented to the Budget Committee.

2. What is included in the School Board's budget?

A. The budget includes funding of all salaries and benefits for staff, including collective bargaining agreements, operating expenses including all supplies, equipment and purchased services, debt service and any warrant articles for capital expenses.

3. What is the Budget Committee's role?

A. The Budget Committee is responsible for reviewing the School Board's proposed budget and making its own recommendations, which may or may not be in accordance with the School Board's proposed budget. As a part of the process, the Budget Committee holds a public hearing in advance of the School District Meeting for the purpose of soliciting input from the community. This hearing is a legal requirement for Municipal Budget Act towns.

4. What if the Budget Committee does not agree with the budget proposed by the School Board?

A. If they do not agree, the budget as proposed by the budget committee will be presented for vote at the School District Meeting. The School Board's budget as proposed is also noted in the language of the budget warrant article. However, it is the Budget Committee's recommended total that is voted on.

5. Why are some expenses presented as separate warrant articles, instead of being included in the operating budget?

A. The budget is an operating budget for recurring expenses. Warrant articles typically fund one time expenses or capital expenses such as buildings, improvements, vehicles and equipment. Also, any newly negotiated collective bargaining agreements must be in a separate warrant article.

6. Why do warrant articles all start with the phrase "to raise and appropriate", and what does it mean.

A. This is required statutory wording for all warrant articles. The word "raise" refers to funding; the word "appropriation" refers to the authority to spend. In some warrant articles, the funding will be accomplished by raising taxes; in others the funding is

achieved by transferring funds from an existing "Capital Reserve Fund" or requesting the use of end of year surplus. The School District will sometimes request authorization to deposit budget surplus to Capital Reserve Funds. While it is not necessary to request authorization to use end of year surplus for purchases, as this authorization was given when the budget was originally approved in the prior year, deposits to Capital Reserve Funds must be approved by voters.

7. What kinds of revenues does the School District receive, how is it budgeted, and how does it impact the calculation of the tax rate?

A. Income to the School District includes state adequacy grant funds, employee insurance contributions, Driver's Education reimbursement, athletic fees, Medicaid reimbursement, bank interest income and other similar sources. Revenue is projected based on best estimates from all local, state and federal sources. Revenue can offset the collection of taxes because they are directly applied to the tax rate. Revenues are not available to be spent. While in concept they can offset expenses, taxes must be collected to cover all the expenses budgeted. Off setting revenues are then directly returned to the taxpayer by reducing the tax rate. The budget itself cannot be reduced by revenues.

8. What is an "unreserved fund balance" and how does it impact the calculation of the tax rate?

A. For towns, an unreserved fund balance, or general fund, is the accumulation of surplus funds which arises from revenue in excess of projections, and / or spending less than the amount budgeted. Unreserved fund balances are held until a vote is taken by either the Selectboard or the voters to authorize its use. For example, the Selectboard may vote to use a portion of the general fund to reduce the tax rate.

The School District does not have an "unreserved fund balance." It cannot, by law, retain funds from one year to the next. Any unused funds, together with any revenues, are returned each year to the taxpayers by reducing the tax rate unless otherwise voted on at School District Meeting as described in Question #6.

9. The budget published for the voters to look at is quite detailed. Do the voters have any say over individual line items?

A. The voters may make amendments to the function categories listed in the MS-27, the Dept. of Revenue Administration form used to report the budget to be voted on at the annual meeting. More detailed line items are provided to voters to show the thought process used in building the budget. The School Board has the authority to expend the approved budget. It sometimes happens that a particular line item is "overexpended," so long as there is a matching "underexpended" item to balance the overall expenditures. The approved total budget may NOT be overexpended.