

## Common Budget Terminology A-Z

- **Administrative Budget Component:** One of three categories that must be reported by school districts. These expenditures include: office and administrative costs; salaries and benefits for certified school administrators who spend 50 percent or more of their time performing supervisory duties; data processing; supplies; legal fees; property insurance; and school board expenses.
- **Appropriated Fund Balance:** Any portion of a district's fund balance from the previous fiscal year that is applied as revenue to the district's following year's budget. This reduces the amount of money that must be generated by taxes.
- **Board Budget:** Spending plan adopted by the Board of Education.
- **Bond:** A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date in the future (the maturity date), together with periodic interest at a specified rate.
- **Budget:** A plan of financial operation outlining the estimates of proposed expenditures for a fiscal year and the proposed means of financing them.
- **Budget Calendar:** The schedule of key dates that the school district, Board of Education, and administrators follow in preparation, adoption, and administration of the budget.
- **Budget Cap:** State law prohibits school districts from increasing spending annually by more than four percent. Some areas, such as paying for debt, are excluded from that cap.
- **Budget Year:** The fiscal year immediately following the current year.
- **Capital Budget Component:** One of three categories that school districts must show in their proposed budgets, this covers: all transportation capital, debt service, and lease expenditures; legal judgments and settled claims; custodial costs and all facility costs, including service contracts, supplies, utilities, maintenance, repairs, construction, renovation, debt and leasing costs.
- **Capital Outlay:** An expenditure that is generally more than \$20,000 and results in the ownership, control or possession of assets intended for continued use over long periods of time. Examples: the construction or acquisition of buildings and equipment, initial equipment of buildings or additions or the initial acquisition of library books and research periodicals for a new school building.
- **Consumer Price Index (CPI):** An index of prices used to measure the change in the cost of basic goods and services in comparison with a fixed base period. Also called "cost-of-living" index.
- **Contingent Budget:** Under state law, school boards can submit a budget to voters a maximum of two times. If the proposed budget is defeated twice, the board must adopt a contingency budget, which would put a cap on new spending. Under a contingent budget, the district may not increase spending by more than 120 percent of the Consumer Price Index or four percent, whichever is lower. The items exempt from this cap are tax certiorari settlements, debt service (mortgage payments) and costs associated with enrollment growth.
- **Employee Benefits:** Amounts paid by the district on behalf of employees. These amounts are not included in the gross salary. They are fringe benefits, and while not paid directly to employees, are part of the cost of employees. Employee benefits include the district cost for health insurance premiums, dental insurance, life and disability insurance, Medicare, retirement, social security and tuition reimbursement.
- **Expenditure:** Payment of cash or transfer of property or services for the purpose of acquiring an asset or service.
- **Fiscal Year:** A fiscal year is the accounting period on which a budget is based. The New York State fiscal year runs from April 1 to March 31. The fiscal year for all New York counties and towns and for most cities is the calendar year. School districts in the State operate on July 1 through June 30 fiscal years.
- **Fund Balance:** A fund balance is created when the school district has money left over at the end of its fiscal year from either under spending the budget or taking in additional revenue. Part of the fund balance (appropriated fund balance) may be applied as revenues to the district's following year budget. A portion may also be set aside (unappropriated fund balance) to pay for emergencies or other unforeseen occurrences.
- **Program Budget Component:** One of the categories that must be presented in the district's proposed budget, this portion includes: salaries and benefits of teachers and

supervisors who spend the majority of their time teaching; instructional costs such as supplies, equipment, and textbooks; and transportation operating costs.

- **Proposed Budget:** Also called Administrative Proposal. Spending plan developed by school administrators prior to Board adoption. School districts are required by New York State to show their proposed budgets in three categories: administrative, program, and capital.
- **Reassessment:** A reassessment is a systematic analysis of all locally assessed properties (both commercial and residential) to achieve a stated uniform percentage of value. The goal of a reassessment is to assure that each assessment reflects current market prices and that each property owner pays only their fair share of the tax burden. With a reassessment comes a shift in the tax burden to those whose property values have risen faster than average. This process does not result in a windfall of new revenue for the town, county, or school district nor does the reassessment change the total amount of taxes that the school district must collect; it merely redistributes who pays them. In theory, rising assessments will result in a decrease in the tax rate (everything else being equal), as there is now a larger tax base from which the school may generate the same amount of tax dollars. If a property owner's assessment doubles, their tax bill will not double - in fact, it may remain about the same, increase slightly, or even decrease depending on the final tax rate.
- **Revenue:** Sources of income financing the operation of the school district.
- **Salaries:** The total amount paid to an individual, before deductions, for services rendered while on the payroll of the district.
- **STAR:** The New York State School Tax Relief (STAR) Program provides exemption for school taxes for all owner-occupied, primary residents, regardless of income. Senior citizens with combined 2005 incomes that do not exceed \$66,050 may qualify for an enhanced exemption.
- **State Department of Education:** The New York administration department that oversees public elementary and secondary education.
- **Supplies:** Consumable materials used in the operation of the school district including food, textbooks, paper, pencils, office supplies, custodial supplies, material used in maintenance activities and computer software.
- **Support Services:** The personnel, activities, and programs that enhance instruction and provide for the general operation of the school district. This includes attendance, guidance, and health programs; library personnel and services; special education services provided by speech and language pathologists, physical therapists and occupation therapists; professional development programs, transportation, administration, buildings and ground operations, and security.
- **Tax Base:** Assessed value of local real estate that a school district may tax for yearly operational monies.
- **Tax Certiorari:** The legal process by which a property owner can challenge the real estate tax assessment on a given property in attempt to reduce the property's assessment and real estate taxes.
- **Tax Levy:** The total sum to be raised by a tax, or the legislative measure by which an annual or general tax is imposed.
- **Tax Rate:** The amount of tax paid for each increment (usually \$1,000) of assessed value of property.
- **Unappropriated Fund Balance:** A school district is permitted to keep up to two percent of its fund balance in an unappropriated fund. This money may be used to pay for emergency repairs and other unforeseen occurrences.