

## Glossary of Terms

**Assessed Value** - The value of your property as determined by your local property assessor. This value can change based on your municipality's equalization rate, the market, or in the event your municipality undergoes a reassessment. It is used to determine the amount of taxes you pay and the amount of STAR exemption you receive.

**BOCES** - Board of Cooperative Educational Services

**Budget** - A plan of financial operation outlining the estimates of proposed expenditures for a fiscal year and the proposed means of financing them.

**Budget Timeline** - The schedule of key dates that the school district, Board of Education and administrators follow in preparation, adoption and administration of the budget.

**Combined Wealth Ratio** - referred to as the **CWR**; this is a key number used in calculating NY State aid allocations to schools. This number is a decimal fraction which represents the composite of a district's income wealth and property wealth that is determined by New York State. A CWR of 1.0 is considered "average wealth."

**Contingency Budget** - levies a tax no greater than that of the prior year, resulting in a 0 percent increase in the tax levy and does not include capital, court order/ judgments or pension exemptions.

**Consumer Price Index** - referred to as the **CPI**; this is an index of prices used to measure the change in the cost of basic goods & services in comparison with a fixed-base period. Also called the "cost-of-living index," the CPI does not take into account many of the items that cause school district budgets to rise, such as the increasing cost of health insurance, liability insurance and mandated retirement contributions.

**Equalization Rate** - represents New York State's judgment of how closely assessed values in your town match the "true market value" of the properties. It is a ratio of a municipality's total assessed value to its market value.

In the case of school taxes, the equalization rate helps determine how the school tax levy is shared among a district's municipalities. A municipality that has an equalization rate of 100 percent means that it is assessing property at full market value.

**Equalization rates for the district's towns are sent to the school district by late August.**

**ERS** - Employees' Retirement System

**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's budget. A portion may also be set aside (unappropriated fund balance) to pay for emergencies or other unforeseen occurrences.

- **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.
- **Unappropriated Fund Balance** - A school district is permitted by the state to keep up to 4 percent of its fund balance in an appropriated fund. This money may be used to pay for emergency repairs and other unforeseen occurrences.

**Gap Elimination Adjustment** - referred to as the GEA; this is a formula-based portion of NY State education aid which is withheld from a district's annual allocation of state aid in order for New York to balance its state budget.

**TRS** - Teachers' Retirement System

**PILOT** - Payment in lieu of taxes.

**Restricted Reserves** - Tax certiorari, retirement, repairs, insurance and unemployment.

**Simple Majority** - Over 50 percent voter approval.

**STAR** - The New York State Tax Relief (STAR) Program provides exemption from school taxes for all owner-occupied primary residents, regardless of income.

- **Basic STAR** is available to all homeowners, regardless of age or income.
- **Enhanced STAR** is available to senior residents ages 65 or older who meet a certain income requirement.

**State Aid** - this is the operational aid received from New York State used to provide education to a school district's students. Until New York State passes its budget, the district does not know exactly how much to expect in State Aid, but a school district is required to present its budget to voters on the third Tuesday in May. To meet that NYS mandate, the district usually must estimate its State Aid revenues.

**Super Majority** - Over 60 percent voter approval.

**Tax Levy:** The total amount of property taxes a school district must collect to balance its budget, after accounting for all other revenue sources including state aid. The tax levy is the basis for determining the tax rate for each of the cities, towns or villages that make up a school district. This is only one component of the calculation of an individual's property tax bill. On School Budget Vote Day, May 21, residents will vote on the adoption of a budget with an estimated tax levy.

**Allowable Tax Levy Limit:** Or “**Maximum Allowable Levy Limit.**” This number is arrived at by using an eight-step formula prescribed by New York State. The levy limit dictates the maximum percentage by which a district may propose to increase the tax levy year-to-year for which a 51-percent or greater margin of voter approval is required. (See “**simple majority**” definition, above.)

If a school district proposes to exceed their allowable tax levy limit, they must secure a 60-percent or greater margin of voter approval or a “**super majority.**”

**Despite its name, it does not set a limit on the tax levy that a school district can propose; just a threshold for what level of voter support is needed.**

**Tax Rate** - The amount of tax paid for each \$1,000 of assessed value of property.

The Tax Rate (by Town or Taxing Authority) is comprised of:

- a) the tax levy set by the District;
- b) the assessed value of the individual property, set by the Town or Village assessor (not the school district);
- c) and the equalization rate for the Town, which is set by NYS Office of Real Property Services (ORPS).

**Tax Base Growth Factor:** The year-to-year increase in the full value of taxable real property in a school district due to physical or quantity change (e.g., new construction, additions and improvements). Value changes due to market fluctuations are not included. This figure is part of the eight-step “tax levy limit” calculation, and will be provided to each district by the state's Department of Taxation and Finance.

**Allowable Levy Growth Factor:** One factor in the eight-step tax levy limit calculation, this figure accounts for inflationary change. It is limited to the lesser of 2 percent or the change in the consumer price index.