



TOWN OF EAST HADDAM AND EAST HADDAM BOARD OF EDUCATION 2014-2015 ANNUAL BUDGET BUDGET TERMS AND ACRONYMS GUIDE

Affordable Care Act (ACA): The Patient Protection and Affordable Care Act (PPACA), commonly called Obamacare or the Affordable Care Act, is a United States federal statute signed into law by President Barack Obama on March 23, 2010. Together with the Health Care and Education Reconciliation Act, it represents the most significant government expansion and regulatory overhaul of the U.S. healthcare system since the passage of Medicare and Medicaid in 1965. PPACA is aimed primarily at decreasing the number of uninsured Americans and reducing the overall costs of health care. It provides a number of mechanisms—including mandates, subsidies, and tax credits—to employers and individuals in order to increase the coverage rate. Additional reforms are aimed at improving healthcare outcomes and streamlining the delivery of health care. PPACA requires insurance companies to cover all applicants and offer the same rates regardless of pre-existing conditions or sex.

Appropriated Fund Balance: A portion of existing fund balance that is incorporated into the subsequent year's budget to "balance" expected expenditures in excess of expended revenues.

Appropriation: An authorization made by the legislative body of a government that permits officials to incur obligations against and to make expenditures of government resources. Appropriations are usually made for fixed amounts and are typically granted for a one-year period.

Assessed Valuation: A valuation of real estate and certain personal property by the Town's Assessor as a basis for levying property taxes. The assessed value of any property is set at 70% of its market value. The 70% assessment ration is the same through Connecticut and is required by State law.

Assessment: An instrument used to measure student growth and achievement over time.

Assigned Fund Balance: The portion of fund balance that represents resources set aside or encumbered by the government for a particular purpose.

Basis of Accounting: Timing of recognition for financial reporting purposes.

Basis of Budgeting: Method used to determine when revenues and expenditures are recognized for budgetary purposes.

Benefits: Medical and dental insurances that employees elect to receive. Employees pay a cost sharing percentage (as determined by the various collective bargaining agreements or by personnel policy). The Town pays the insurance company the difference between the employee cost and insurance plan cost.

Bloomboard: Data collection site for administrator and teacher evaluation and goal setting process as part of the System for Educator Evaluation and Development.

Bond: A written promise to pay a specified sum of money (called the face value or principal amount), at a specified date or dates in the future, i.e. maturity date(s), together with periodic interest at a specified rate.

Bond Anticipation Note (BAN): Short-term, interest bearing note issued by a government in anticipation of bond proceeds to be received at a later date. The note is retired from proceeds of the bonds to which it is related.

Capital Asset: Land, improvements to land, easements, buildings or building improvements, vehicles, machinery, equipment, infrastructure and all other tangible or intangible assets that are used in operations that have initial useful lives extending beyond a single reporting period.

Capital Budget: Financial plan for one year or multiple years that details funds to put towards the purchase of equipment or facilities or to purchase equipment or facilities in that budget year.

Capital Improvement: Equipment or facilities that have been designated for purchase or upgrade within a designated time frame, as part of the Capital Improvement Plan.

Capital Reserve: A segment of the capital budget that designates a particular amount of money per year that allows the Town to save for and to pay in part or whole for capital, such as equipment or facilities (new or upgrades).

Carry Forwards: Unspent budgeted amounts that are authorized by the Board of Finance to be carried into the next fiscal year. When budgeted amounts are carried into the next fiscal year, the budget is then amended to include those amounts.

Cash Basis of Accounting: Basis of accounting that recognizes transactions or events when related cash amounts are received or disbursed.

Collective Bargaining Agreement: An agreement between an unionized employee group and the Town (employer) that details various work-related functions, such as hours of work, paid time-off, disciplinary action procedures, benefits and more.

Committed Fund Balance: The portion or net position of a governmental fund that represents resources whose use is subject to a legally binding constraint that is imposed by the government itself at its highest level of decision-making authority and that remains legally binding unless removed in the same manner.

Compensation: Salaries for employees.

Connecticut Academic Performance Test (CAPT): Stated mandated annual test administered to all students in grade 10.

Connecticut Common Core Standards (CCCS): Stated education organizations, local educators, members of the business community, government officials and parents participated in the development of the CCCS which articulate what students need to know, understand and be able to do to be successful in college, careers and adult life. These standards concentrate on each individual student's understanding and learning processes, Pre K-12, and enables teachers to work together to personalize a program that maximizes every students' chance for success.

Connecticut Mastery Test (CMT): Stated mandated annual test administered to all students in grades 3 through 8.

Contingency: A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted for. When required, funding to departmental function areas are approved by the Board of Finance and, if required a Town Meeting.

Current Tax Levy: The total amount of revenues to be raised through property taxes at the current mill rate. The current tax levy is the central figures used to calculate the mill rate. It is distinct from non-current levy taxes which consist primarily of taxes and interest owed from prior years.

Curriculum: Instructional information and materials provided to students.

Debt Service: Payment of interest and repayment of principal on debt that the Town has issued, typically for large capital projects.

Defined Benefit Pension Plan: Pension plan having terms that specify the amount of pension benefits to be provided at a future date or after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of services and compensation.

Defined Contribution Pension: Pension plan having terms that provide an individual account for each plan member and that specify how contributions to an active plan member's account are to be determined, rather than the income or other benefits the member or his or her beneficiaries are to receive at or after separation from employment.

Education Cost Sharing Grant (ECS): Is the largest state funding program for K-12 education in Connecticut. The ECS payment is based upon a statutory formula that takes into consideration many factors including a town's wealth, a weighting of the equalized grand list and a town's per capita and median household income.

Excess Cost Sharing Grant: The special education excess cost grant reimburses school districts for (1) the reasonable costs of special education for a student who lives in the district that exceed 4.5 times the district's average per pupil expenditures for the preceding year and 100% of the cost of special education for any student placed in the district by a state agency and who has no identifiable home district in the state. Reimbursable costs include those for special education instructional personnel, equipment and materials, tuition, transportation, rent for space or equipment, and consultant services. The grant does not reimburse districts for regular education costs attributable to a special education student. This grant is funded directly to the Board of Education.

Employee Retirement Savings Plan: The Town of East Haddam has a retirement savings plan for employees that work more than 500 hours per year. The employee's contributions are post tax. The Town matches a percentage of that contribution based upon collective bargaining.

Employer Contribution: Term used in the context of pension and other postemployment benefits to describe contributions actually made by the employer in relation to the annual required contribution (ARC) of the employer.

Encumbrances: The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a specific future expense. For financial reporting purposes, encumbrance accounting is restricted to governmental funds.

Expenditure: Where accounts are kept on the accrual or modified accrual basis of accounting, the cost of goods received or services rendered whether cash payments have been made or not. Where accounts are kept on a cash basis, expenditures are recognized only when the cash payments for the above purposes are made.

Fiscal Year: Budget year that starts July 1 and ends the following June 30.

Full-Time: Employees who regularly work at least thirty (30) hours per week.

Fund: Fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Fund Balance: Difference between assets and liabilities reported in a governmental fund.

Generally Accepted Accounting Principles (GAAP): Accounting rules used to prepare, present, and report financial statements for a wide variety of entities, including publicly-traded and privately held companies, non-profit organizations and governments.

General Fund: The general fund typically serves as the chief operating fund of a government. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

General Obligation (GO) Bonds: When a government pledges its full faith and credit to the repayment of the bonds it issues, then those bonds are general obligation (GO) bonds. Sometimes the term is also used to refer to bonds that are to be repaid from taxes and other general revenues.

General Revenues: All revenues that are not required to be reported as program revenues in the government-wide statement of activities.

Governmental Accounting Standards Board (GASB): Ultimate authoritative accounting and financial reporting standard-setting body for state and local governments.

Governmental Funds: Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general funds, special revenue funds, debt service funds, capital projects funds and permanent funds.

Grand List: The basis upon which the property tax levy is allocated among the property owners in a jurisdiction with taxing power.

Individuals with Disabilities Act (IDEA): Federal law that dictates processes, procedures and funding requirements for all children requiring special education services.

Individualized Education Plans (IEP): Each public school child who receives special education and related services must have an Individualized Education Program. Each IEP must be designed for one student and must be a truly individualized document. The IEP creates an opportunity for teachers, parents, school administrators, related services personnel and students (when appropriate) to work together to improve educational results for children with disabilities. The IEP is the cornerstone of a quality education for each child with a disability. To create an effective IEP, parents, teachers, other school staff and often the student must come together to look closely at the student's unique needs. These individuals pool knowledge, experience and commitment to design an educational program that will help the student be involved in, and progress in, the general curriculum. The IEP guides the delivery of special education supports and services for the student with a disability.

Infrastructure: Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, drainage systems, water and sewer systems.

Intergovernmental: Transactions between governments, such as grants from the State to the Town of East Haddam.

Internal Service Fund: Proprietary fund type that may be used to report any activity that provides goods or services to other funds, departments or agencies of the government.

Legal Level of Budget Control: Level at which a government's management may not reallocate resources without approval from the legislative body.

Mill Rate: The amount of tax paid for each \$1,000 of assessed value. A mill is one-tenth (1/10th) of a penny or \$1.00 of tax for each \$1,000 of assessed value.

Modified Accrual Basis of Accounting: Basis of accounting that modifies the accrual basis of accounting in two important ways (1) revenues are not recognized until they are measurable and available, and (2) expenditures are recognized in the period in which the governments in general normally liquidate the related liability rather than when the liability is first incurred (if earlier).

No Child Left Behind (NCLB): In February 2012, the Connecticut State Department of Education participated in a federal application process for flexibility from certain requirements of No Child Left Behind. In May, the U.S. Department of Education approved Connecticut's flexibility request (or waiver), allowing the State to establish

a new accountability system to assess school performance. The new performance measurement system improves the State's ability to provide more accurate and appropriate interventions, support and recognition to local schools.

Pension Plan: Arrangement for the provision of pension benefits in which all assets accumulated for the payment of benefits may legally be used to pay benefits to any of the plan members or beneficiaries, regardless of how they are provided.

Personnel: All employees, including full-time, part-time and elected officials, who work for the Town of East Haddam.

Postemployment: Period following the termination of employment, including the time between termination and retirement.

Principal: The amount borrowed, or the part of the amount borrowed that remains unpaid.

Property Tax: A locally levied tax based on the market value of property assessed at 70% during a given year by the local municipality. The revenues from property taxes represent the largest funding source for East Haddam municipal expenditures. By state law, all municipalities must revalue the market value of property every five years.

Proprietary Funds: Funds that focus on the determination of operating income, changes in net position (cost recovery), financial position and cash flows. There are two types of proprietary funds: enterprise funds and internal service funds.

Referendum: A question or proposal that is submitted to a vote of the electors or voters of a municipality that is either (1) a regular or special state or municipal election, or (2) is not an election and is not a Town Meeting.

Refunding: Issuance of new debt whose proceeds are used to repay previously issued debt. The proceeds may be used immediately for this purpose (a current refunding), or they may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time (an advance refunding).

Reserve: An account which records financial resources which are legally restricted, committed or assigned for capital outlay and therefore are not available for further appropriation of expenditure.

Restricted Fund Balance: The portion of the net position of a governmental fund that represents resources subject to externally enforceable constraints.

Revaluation: A periodic program undertaken in order to appraise all real property in terms of its full market value (bringing all properties to 100% of their true market value and by the same standard). By state law, all municipalities must revalue the market value of property every five years.

Revenue: Income to the Town of East Haddam that comes from various sources, including: property taxes (both current and delinquent with associated interest and lien fees), intergovernmental revenue (both Town and Education based), charges for services, investment interest earnings, license and permit fees, use of fund balance (which varies from year-to-year and may sometimes not be used), transfers between other funds into the operating budget and other miscellaneous revenue sources.

Scientific Research Based Interventions (SRBI): Mandated K-12 diagnostic approach designed to improve individual student achievement over time.

Smarter Balanced Assessment Consortium (SBAC): The Smarter Balanced Assessment Consortium is a state-led consortium working to develop next-generation assessments that accurately measure student progress toward college-and career-readiness. Smarter Balanced is one of two multistate consortia awarded funding from the U.S. Department of Education in 2010 to develop an assessment system aligned to the Common Core State Standards (CCSS) by the 2014-2015 school year. The work of SBAC is guided by the belief that a high-quality assessment system can provide information and tools for teachers and schools to improve instruction and help

students succeed – regardless of disability, language or subgroup. Smarter Balanced involves experienced educators, researchers, state and local policymakers and community groups working together in a transparent and consensus-driven process.

Student Learning Objectives (SLO): Student Learning Objectives are goals for student growth in a course over a given period of time that teachers set at the beginning of a course of study. Growth goals are set after a thorough review of students' baseline data, developed through consultation and collaboration with colleagues, and approved by administration and a site based SLO team.

Surplus: The amount by which revenues exceeded expenditures in a given year.

System for Educator Evaluation and Development (SEED): In 2012, the Connecticut State Department of Education rolled out the SEED pilot program to hold educators to a consistent and high standard ensuring each school district provides students with the best instructors and education possible.

Town Meeting: The Annual Budget Meeting is called to receive and consider a resolution for the adoption of the Annual Budget. The Annual Budget Meeting is adjourned to a referendum to be held within a specified amount of time as determined by the Board of Selectmen. Special Town Meetings may be held at any time, as provided for in State Statutes.

Unassigned Fund Balance: The difference between total fund balance and its non-spendable restricted, committed and assigned components.

Unrestricted Fund Balance: The difference between the total fund balance and its non-spendable and restricted components.