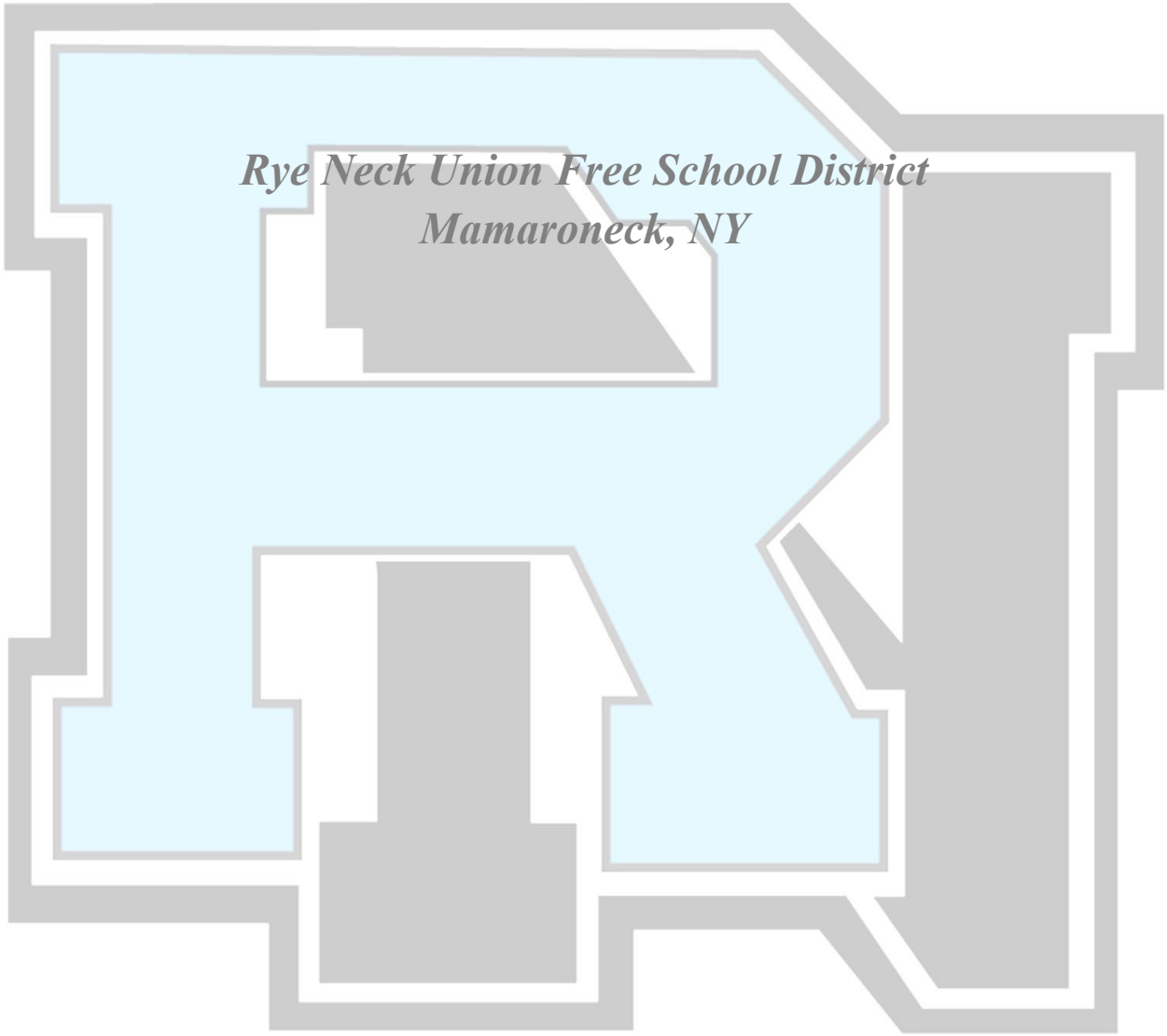
RyeNeckSchools



Fund Balance and Reserve Fund Report, Reserve Fund Plan
May 2025

New York State requires School Districts to adopt annually,
through Board of Education resolution, the District's Fund Balance & Reserve Plan

Introduction

Fund balance reserves allow districts to plan for expenses that are statutorily defined for specific intended purposes, to finance unexpected contingencies, and to maintain resources that are not available for general use or appropriation.

The Board of Education recognizes that the establishment and maintenance of a fund balance is essential to the preservation of the financial integrity of the school district. In addition, it is fiscally beneficial for both the District and community in that it helps mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and assists in ensuring stable tax rates which is vital to the District's long-term financial planning.

New York State Comptroller (Local Management Guide - Reserve Funds, February 2022):

Source: https://osc.state.ny.us/localgov/pubs/lgmg/reservefunds.pdf

Saving for future projects, acquisitions and other allowable purposes is an important planning consideration for local governments and school districts. Reserve funds provide a mechanism for legally saving money to finance all or part of future infrastructure, equipment and other requirements. Reserve funds can also provide a degree of financial stability by reducing reliance on indebtedness to finance capital projects and acquisitions. In uncertain economic times, reserve funds can also provide officials with a welcomed budgetary option that can help mitigate the need to cut services or to raise taxes. In good times, money not needed for current purposes can often be set aside in reserves for future use (Pg.1).

Planning today and saving incrementally for expected future events can help mitigate the financial impact of major, nonrecurring or unforeseen expenditures on your annual operating budget. Establishing and funding allowable reserve funds for a clear purpose can help smooth out spikes in the annual budget and in the real property tax levy (Pg.2).

Government Finance Officers Association (GFOA)

Source: *https://www.gfoa.org/materials/fund-balance-guidelines-for-the-general-fund*

GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. The choice of revenues or expenditures as a basis of comparison may be dictated by what is more predictable in a government's particular circumstances. Furthermore, a government's particular situation often may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level. In any case, such measures should be applied within the context of long-term forecasting, thereby avoiding the risk of placing too much emphasis upon the level of unrestricted fund balance in the general fund at any one time.

Rye Neck Union Free School District
Reserve Plan
Updated – May 2025

Reserve for Retirement Contributions, Employees' Retirement System (ERS)

Creation Date – May 17, 2006

Purpose – This reserve is used to pay for district expenses (pension contributions) to the NYS Employees' Retirement System (ERS).

Funding Methods – Funds are placed in this reserve from excess fund balance.

Use of Reserve – A plan for use of this reserve has been developed (see Reserve Fund Disposition Schedule – Attachment #1). The plan calls for annual use of this fund, and the District projected use of $470,000 in the 2024-25 budget (actual ERS expense was slightly higher at $511,644). Planned usage of the fund for the 2025-26 school year is $580,000. Annual usage is estimated utilizing an ERS liability of $580,000 per year through school year 2030-31. At this time, the plan calls for the use of all but $121,057 in the fund. However, as funds allow, the amounts used may be replaced. Therefore, although the plan shows a drawdown of this reserve, it is recommended that the funds used from this reserve during the school years be replaced, if available, in order to mitigate current and future ERS liabilities.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Business and reports are provided to the Board of Education. The Reserve Fund Balance and Proposed Disposition Schedule is included in the district's annual budget document and reserve fund information forms part of budget materials and discussions at the budget hearings.

Funding Level – Although a plan is in place to drawn down on the funds in this reserve, a funding level equal to approximately eight years of retirement system billings is desired for future stability. At current rates (about $600,000 of liability per year), that level is approximately $4,800,000.

6/30/2025 Projected Balance (with interest): $3,601,057

6/30/2025 Recommended Balance: Up to $4,800,000

Reserve for Retirement Contributions Sub-Fund, Teachers' Retirement System (TRS)

Creation Date – May 29, 2019

Purpose – This reserve is used to pay for district expenses (pension contributions) to the NYS Teachers' Retirement System (TRS).

Funding method - Funds are placed in this reserve from excess fund balance. As per General Municipal Law, the funds contributed annually to the TRS Reserve shall not exceed 2% of the total compensation of salaries of all employees who are members of TRS paid during the immediately preceding fiscal year. In addition, the balance of the Reserve Sub-Fund shall not exceed 10% of the total compensation or salaries of all TRS employees paid during the immediately preceding fiscal year.

Use of Reserve – To fund the District's TRS liabilities. The plan calls for annual use of this fund, and the District projected use of $100,000 in the 2024-25 budget. Planned usage of the fund for the 2025-26 school year is also $100,000. Annual usage is estimated to increase starting in the 2026-27 school year to $250,000 and increasing up to $350,000 per year in school year 2031-32. At this time, the plan calls for the use of all but $107,196 in the fund. However, as funds allow, the amounts used may be replaced. Therefore, although the plan shows a drawdown of this reserve, it is recommended that the funds used from this reserve during the school years be replaced, if available, in order to mitigate current and future TRS liabilities.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Business and reports are provided to the Board of Education. The Reserve Fund Balance and Proposed Disposition Schedule is included in the district's annual budget document and reserve fund information forms part of budget materials and discussions at the budget hearings.

Funding Level – As per the guidance above, the funds contributed annually to the TRS Reserve shall not exceed 2% of the total compensation or salaries of all employees who are members of TRS paid during the immediately preceding fiscal year and the balance of contributions cannot exceed 10% of the total compensation or salaries of all employees who are members of TRS.

6/30/2025 Projected Balance (with interest): $1,982,196

6/30/2025 Recommended Balance, exclusive of interest:
Not to exceed 10% of total TRS compensation for 2023-24: $2,053,339
(10% of 2023-24 billable earnings of $20,533,389)

Reserve for Tax Certiorari

Creation Date – July 14, 1998

Purpose – This reserve is used to pay for district expenses for tax certiorari settlements. As the district does not have a budget allocation in the general fund for cert settlements, the reserve is used to pay for settlements for all assessment years.

Funding method – Funds are placed in this reserve from excess fund balance.

Use of Reserve –Estimating tax certiorari expenses is challenging due to not being able to predict future filings as well as the uncertainty of timing of negotiated and/or court ordered settlements, however the district meets with both municipalities (Rye Town and Rye City) to discuss open certiorari claims. Both municipalities also provide the District with current lists of open certiorari claims as needed, but no less than three times each year.

A plan for use of this reserve has been developed (see Reserve Fund Disposition Schedule – Attachment #1). The plan estimates annual use of money from this fund for the payment of tax certiorari settlements and judgments. The schedule details amounts being used over multiple years. The district maintains a list of cert filings and updates the analysis to ensure that estimated liabilities are appropriately funded or released as necessary.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Business and reports are provided to the Board of Education. The Reserve Fund Balance and Proposed Disposition Schedule is included in the district's annual budget document and reserve fund information forms part of budget materials and discussions at the budget hearings.

Funding Level – The tax cert reserve funding level is reviewed annually and with respect to open cert filings. The district estimates that the total liability covering all open petition years could approach $2.8M (Rye Town: $2,645K, Rye City: $113K). This figure includes amounts that may be removed from the fund as they are reviewed and determined to be unnecessary (as certioraris are dropped or as properties are sold). The local assessor lawyers have recommended maintaining a tax cert balance of at least 50% of the total liability, however Rye Neck has historically been more conservative by maintaining a higher coverage percentage.

6/30/2025 Projected Balance (with interest): $2,436,828

6/30/2025 Recommended Balance: Up to $2,436,828

Insurance Reserve Fund

Creation Date – June 13, 2018

Purpose – This reserve can be used to pay for district expenses related to certain uninsured losses, claims, actions, or judgments for which the district is authorized or required to purchase or maintain insurance. This fund can also be used to pay for expert or professional services in connection with the investigation, adjustment, or settlement of claims, actions or judgments.

Funding method - Funds are placed in this reserve from excess fund balance. As per General Municipal Law, a district may contribute up to 5% of the annual budget in this reserve per year which for 2024-25, would be approximately $2.5M.

Use of Reserve – There is no current planned use of the reserve, however the reserve will be utilized as uninsured losses, claims, actions, judgements or related expenses arise.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Business and reports are provided to the Board of Education. The Reserve Fund Balance and Proposed Disposition Schedule is included in the district's annual budget document and reserve fund information forms part of budget materials and discussions at the budget hearings.

Funding Level – The funding level is reviewed annually and with respect to current, pending, and potential losses, claims, actions and or judgments.

6/30/2025 Projected Balance (with interest): $2,373,296

6/30/2025 Recommended Balance: Up to $3,000,000

2022 Capital Reserve Fund

Creation Date – May 25, 2022

Purpose – The 2022 Capital Reserve Fund is used to pay the cost of any object or purpose for which bonds may be issued. The proposition approved by the voters specifies the purpose, ultimate dollar amount to be deposited into reserve, probable term or life/lives, and source of funds. Voter approval required to spend from these reserve in non-emergency situations. The 2022 Capital Reserve Fund may be used to pay costs of masonry renovation, plumbing upgrades, electrical upgrades, mechanical upgrades, technology upgrades, telephone upgrades, roof replacement on District buildings, door replacement, window replacement, turf replacement, fencing, site work, including but not limited to paving, curbs and sidewalks, renovation/reconstruction of interior and exterior instructional spaces, abatement of hazardous materials and/or the purchase of furnishings/equipment.

Funding method - Funds are placed in this reserve from state aid reimbursement, cost saving measures resulting in unexpended funds or unappropriated fund balance, and other legally available funds.

Use of Reserve – In May 2024, the community approved the use of $2.7M of the balance of the fund for various capital project work which is currently in process. Approximately $0.9M of the approved balance will have been spent at 6/30/2025.

Monitoring of Reserve – This reserve is monitored by the Assistant Superintendent for Business and reports are provided to the Board of Education. The Reserve Fund Balance and Proposed Disposition Schedule is included in the district's annual budget document and reserve fund information forms part of budget materials and discussions at the budget hearings.

Funding Level – The funding level is reviewed annually to ensure that it does not exceed the voter authorized limit of $6,000,000 in transfers (exclusive of interest).

6/30/2025 Projected Balance (with interest): $1,788,492

6/30/2025 Recommended Balance, exclusive of interest: Not to exceed $6,000,000

Historical transfers:

6/30/2022:	$ 1,360,359.00
6/30/2023:	651,023.77
6/30/2024:	1,137,707.00
Leftover 2018 bond funds:	472,321.60
TOTAL:	**$ 3,621,411.37**
Remaining capacity:	**$ 2,378,588.63**

Unemployment Reserve Fund

Creation Date – May 22, 2024

Purpose – Rye Neck employees that are terminated or that resigned involuntarily are eligible for unemployment compensation. This reserve fund will be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants.

Funding method – Funds are placed in this reserve from excess fund balance.

Use of Reserve – There is no current planned use for the reserve for the 2024-25 budget, however the funds in this reserve may be utilized as a revenue source to pay for higher than budgeted unemployment claims.

Monitoring of Reserve – This reserve will be monitored by the Assistant Superintendent for Business and reports will be provided to the Board of Education. The Reserve Fund Balance and Proposed Disposition Schedule is included in the district's annual budget document and reserve fund information forms part of budget materials and discussions at the budget hearings.

Funding Level – The funding level will be reviewed annually and to ensure that it is adequately funded to support estimated unemployment claims.

6/30/2025 Projected Balance (with interest):	**$51,319**
6/30/2025 Recommended Balance:	**$51,319**

The following items are not reserve accounts, but are equally as important in revenue planning for the District:

Unassigned Fund Balance

Creation – Retention of these funds are allowed by law.

Purpose – These funds are unrestricted and may be used for any valid purpose.

Funding Methods – These funds have been accumulated from excess fund balance.

Use of Funds – It is recommended that these funds not be used except for an emergent, unanticipated expense, or revenue shortfall, that cannot be handled either in the budget or with other available reserves.

Monitoring of Balance – These funds are monitored by the Assistant Superintendent for Business.

Funding Level – The maximum legal limit is recommended, which 4% of the ensuing budget.

6/30/2024 Actual Balance: $2,045,088 (4.0%), Recommended 6/30/2025: $2,101,936 (4.0% of 2025-26 budget)

Assigned Fund Balance - Appropriated for Subsequent Years

Creation – These funds are fund balance that have been set aside for a particular purpose, namely to reduce the tax levy required to support an ensuing years budget.

Purpose – These funds are set aside and returned to the community by lowering the required tax levy to support the district's budget.

Funding Methods – These funds are fund balances that are assigned for a particular purpose.

Use of Funds – It is recommended that the practice of returning these funds continue each year, as budgets permit. In the future, tighter budgets may restrict the amount of excess available to be returned in a subsequent year. In 2024-25, the district used fund balance of $575,000. In 2025-26 the proposed budget also calls for the use of $575,000.

Monitoring of Balance – The balance and use of these funds are monitored by the Assistant Superintendent for Business and discussed with the Board of Education in budget planning and development.

Funding Level – Over time, it is recommended that the planned amount of assigned fund balance included as a revenue source in future budgets be between $500,000 and $900,000.

6/30/2025 Use of Funds: $575,000

Planned Use of Funds 2025-26 School Year: $575,000

Debt Service Fund

Creation date – Funds were initially transferred to the Debt Service Fund on June 30, 2014.

Purpose – These funds are used specifically to offset debt service payments (principal and interest on capital bonds) in the General Fund.

Funding Methods – The debt service funds represents unexpended funds from closed out capital projects. As capital projects are finalized and closed out, excess funds (leftover money that was not needed to be spent on the project) are placed in the debt service fund to be used to pay the expenses related to the District's debt service. In addition, interest earned on balances held in the capital fund is transferred annually to the debt service reserve, in accordance with NYS accounting guidance.

Use of Fund – Funds totaling $150,000 are planned to be utilized for debt service in 2024-25. $150,000 will be used against debt service for 2025-26. It is anticipated that these funds will be returned to the General Fund, with the remainder of the funds being used over the next seven to eight years.

Monitoring of Balance – These funds are monitored by the Assistant Superintendent for Business.

Funding Level –$150,000 will be returned to taxpayers to reduce the 2025-26 budget. The Reserve Fund Disposition schedule is updated as additional funds are added to the debt service reserve as current capital projects are closed out.

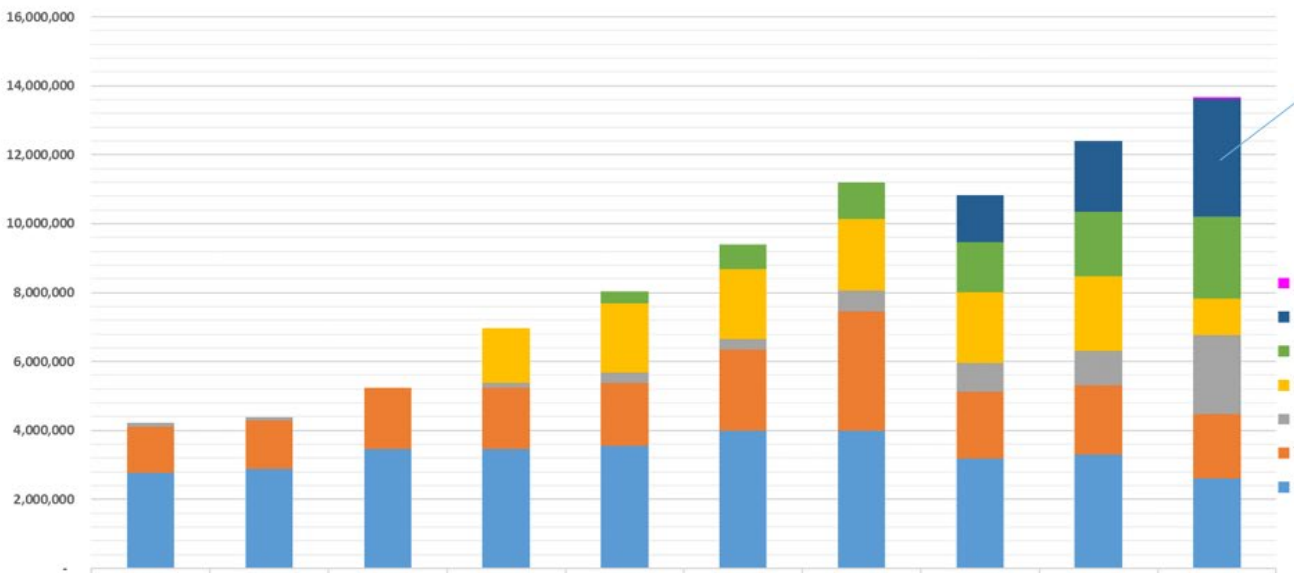
6/30/2025 Projected Balance (with interest):	**$1,137,815**
Planned Use of Funds 2025-26 School Year:	**$150,000**

RESERVE FUNDS - Proposed Disposition Schedule — *ATTACHMENT #1*

updated March 2025

Fund	Statutory Authorization	*Balance at* ***6/30/2024***	*Est. net additions/(use) 2024-25 **	*Year 1* *Est. use for 2025-26 Budget*	*Year 2* *Est. use for 2026-27 Budget*	*Year 3* *Est. use for 2027-28 Budget*	*Year 4* *Est. use for 2028-29 Budget*	*Year 5* *Est. use for 2029-30 Budget*	*Year 6* *Est. use for 2030-31 Budget*	*Year 7* *Est. use for 2031-32 Budget*	***Summary*** ***Estimated Balance at 6/30/2032***
Retirement Contribution (ERS)	*GML § 6-r*	3,887,237	(286,180)	(580,000)	(580,000)	(580,000)	(580,000)	(580,000)	(580,000)	-	**121,057**
Retirement Contribution (TRS)	*GML § 6-r*	1,988,179	(5,983)	(100,000)	(250,000)	(275,000)	(275,000)	(300,000)	(325,000)	(350,000)	**107,196**
Tax Certiorari Reserve	*Educ. Law, § 3651.1-a*	2,364,073	72,755	(50,000)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)	**736,828**
Insurance Reserve	*GML § 6-n*	2,266,135	107,161	-	-	-	-	-	-	-	**2,373,296**
2022 Capital Reserve	*GML § 6-c, 6-g*	2,595,893	(807,401)	(1,775,000)		-	-	-	-	-	**13,492**
Debt Service Fund	*GML § 6-l*	1,227,236	(89,421)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	**87,815**
Unemployment Reserve	*GML § 6-m*	50,000	1,319	-	-	-	-	-	-	-	**51,319**
TOTALS		14,378,753	(1,007,749)	(2,655,000)	(1,255,000)	(1,280,000)	(1,280,000)	(1,305,000)	(1,330,000)	(775,000)	**3,491,004**

Ten Year Reserve Fund Analysis



Use of $2.7M of the capital reserve fund was authorized by the community in May 2024 for various projects, districtwide

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Unemployment Insurance Reserve	-	-	-	-	-	-	-	-	-	50,000
2022 Capital Reserve	-	-	-	-	-	-	-	1,360,359	2,052,367	3,417,238
Reserve for Retirement: TRS	-	-	-	-	346,000	706,690	1,073,347	1,450,976	1,892,513	2,364,073
Insurance Reserve	-	-	-	1,603,244	1,998,044	2,025,125	2,065,768	2,069,436	2,150,533	1,077,235
Debt Service Reserve	95,216	95,216	-	150,000	295,453	299,458	603,147	821,436	991,435	2,266,135
Tax Certiorari Reserve	1,346,381	1,406,381	1,771,950	1,771,950	1,834,275	2,359,136	3,459,783	1,952,343	2,007,189	1,888,179
Reserve for Retirement: ERS	2,775,889	2,880,889	3,458,718	3,458,718	3,553,458	3,999,036	4,000,204	3,179,400	3,313,939	2,603,524