



May 9, 2022

Dear Rye Neck Families,

In addition to the annual budget and trustee vote, Rye Neck is including a proposition on the May 17, 2022 ballot to create a Capital Reserve Fund.

**What is a Capital Reserve Fund?**

A Capital Reserve Fund is a type of reserve fund that can be used to pay the cost of any object or purpose for which bonds may be issued. Capital Reserve Funds allow schools to save for major expenses, both planned and unplanned. A Capital Reserve Fund is similar to a savings account which can be used for capital project expenses, including renovation work, new construction, repair or replacement of equipment, etc.

**What are the proposed terms of the 2022 Capital Reserve Fund?**

The district is proposing a \$6 million dollar reserve fund for a duration of ten years.

**Why does the district want to create a Capital Reserve Fund?**

The district currently has five reserve funds which allow the district to save money for specific costs, including pension system expenses, certain uninsured losses, tax certiorari claims, as well as debt service costs. Establishing a Capital Reserve Fund allows the district to plan for the long term needs of the district because the funds in this reserve can be used for future project work. In addition, the intention of the reserve is to reduce the financial impact of capital projects on the district's residents.

**How does a Capital Reserve Fund accrue a balance?**

Money is only added to the Capital Reserve Fund if there is excess money left at the end of a fiscal year. If there is no excess, then no money is added to the Capital Reserve Fund.

**Why is the Capital Reserve Fund being included on the May 17th ballot?**

Under NYS law, the creation and terms of a Capital Reserve Fund, including the maximum amount, duration (life) and purpose of the fund, are subject to voter approval.

Best regards,

Dr. Eric Lutinski  
Superintendent of Schools