

# Budget Basics at Rye Neck UFSD

Updated January 2024



# Types of District Funds

**General Fund** – Operating fund of the District. The community votes on the approval of this fund’s expenditures.

**Cafeteria Fund** – Account for the District’s breakfast and lunch program. This fund operates like a regular business with a profit and loss statement. Rye Neck’s school food program is currently profitable and does not require any general fund transfers.

**Capital Fund** – Account for financial resources to be used for the acquisition or construction of capital facilities and other capital assets.

**Special Aid Fund** – Account for federal funds (aid) that the district receives either directly through federal programs and grants, or through the state.

**Special Purpose (CM) Fund** – Account for “pass through” money. Donations, field trip funds (K-6) and scholarship awards are deposited to this fund. Money in this fund can rollover from one year to another.



# Budget Calendar

## October - January

- Superintendent and Assistant Superintendent For Business and Finance meet with the Administration team including Assistant Superintendent of Curriculum and Instruction, Principals, Assistant Principal, Director of Pupil Personnel Services, Director of Technology and Communications, and the Director of Health, Physical Education and Athletics.
- Administrators present their staffing and budget needs, analyze class sizes and scheduling
- Preliminary data from NYS is received (state aid, Teachers' Retirement System (TRS) pension rate, Employees' Retirement System (ERS) pension rate, etc.)
- Initial budget is prepared using the conservative estimates for currently unknown amounts (retirement system contribution rates, insurance rates, benefits rates, etc.)

## January - February

- Budget communications with the Board of Education. Discussion of open estimates, tax cap calculation, tax rates, and staffing. Board budget preview provided in a special meeting.



# Budget Calendar (Continued)

## February

- Preliminary budget presentation to the public
- Tax base growth factor released by NYS (used to finalize tax cap calculation)
- Budget discussion at Board Planning Session

## March

- Tax cap calculation is required to be reported to New York State
- Second budget presentation to the public
- State budget adopted (anticipated – could be delayed until April)

## April

- Budget information finalized. Estimates updated to actuals.
- Budget discussion at Board Planning Session
- Third budget presentation to the public, BOE approves budget proposition
- District submits budget data to NYSED



# Budget Calendar (Continued)

## May

- Board trustee candidates engage in League of Women Voters debate forum (if the race is contested)
- Budget statement and budget newsletter made available to residents
- Final budget hearing
- Budget vote (third Tuesday of the month)
  - ✓ If the majority votes “yes”, the budget passes and budget season is over



# What happens if the budget does not pass?

If the budget fails (more than 50% of those who vote, vote “no”), the Board of Education has three options:

1. Present the same budget again for voter approval
2. Present a revised budget for voter approval
3. Adopt a contingency budget – no vote required

If the budget fails a second time under option 1 or 2, the board must adopt a contingency budget.



# Contingency Budget

Rules of creating a contingency budget:

- Tax levy must equal the same amount as prior year
- The administrative budget must be less than last year's administrative budget
- No equipment can be purchased

What does a contingency budget mean?

- Reduction of expenditures
  - *Budget cuts, mainly programs, as staff salaries and benefits are a district's largest expenditure*
- No purchase of equipment is allowed. Therefore, if needed, a district has to either repair existing equipment or rent equipment.



# The Tax Cap

New York State instituted a tax cap legislation in 2012. The legislation imposes a ceiling on the tax levy increase. Maximum increase is the lesser of the inflation rate of the prior year or 2.0%.

This legislation allows school districts to increase their tax levy up to the calculated cap with a simple majority vote. The tax levy cannot exceed the cap unless 60 percent of voters (for school districts) approve such increase.

The tax cap is referred as the “2% tax cap”, however, it can be lower or higher than 2.0% based on certain variables.

The tax cap’s variables include inflation rates, tax base growth factor, capital exclusions, potential exclusions for Employees’ Retirement System (ERS) and Teachers’ Retirement System (TRS) pension contribution increases.





# How are tax rates calculated?

Tax rates are not solely determined by the increase in the school tax levy. Tax rates are determined by three different inputs:

- Changes in **BUDGET**
  - *Movement in expenditures and revenues*
- Changes in **EQUALIZATION**
  - *Rate is set each year by New York State Office of Real Property Services*
  - *As each municipality (Rye Town and Rye City, for the Rye Neck UFSD) determines its own level of assessment, in order to distribute school taxes among the two municipalities, the level of assessment of each municipality must be equalized to full market value. In other words, once equalized, similarly valued homes in each municipality will pay a similar amount of school taxes.*
- Changes in **ASSESSMENTS**
  - *Property assessment levels are furnished by the municipal assessors to the school each year*



# Budget Revenues

**Tax Levy** – Amount of money paid by residents and commercial property owners who reside in the District’s boundaries

**State Aid** – Based on many factors, including the District’s wealth ratio, number of students, transportation costs, special education expenditures and capital projects approved by voters

**BOCES Aid** – Based on the District’s qualified expenditures with BOCES in the prior year

**Other Income** – interest income, taxes collected from other districts, refund of prior year expenses, insurance payments, etc.

**Sales Tax** – District’s allocation of sales tax from Westchester County

**Transfers from Reserve Funds** – Transfers in from reserve funds to offset current year expenses

**Appropriated Fund Balance** – Prior year budget savings applied to reduce tax levy



# Budget Expenditures

Budgets amounts are grouped into three general categories:

- Administrative – Administrative costs include business office and administrative costs, salaries and benefits for school administrators, data processing, supplies, legal fees, insurance and school board expenses
- Program – Program costs include Salaries and benefits of teachers and supervisors and Instructional costs such as supplies, equipment and textbooks. It also includes all expenditures related to transportation, athletics and extra-curriculum programs
- Capital – Capital costs include custodial and all facility costs including service contracts, supplies, utilities, maintenance, repairs, construction and renovation as well as debt service (principal and interest on borrowed money)



# Budget Expenditures Continued

- Expenditures are divided into the following different categories:
  - Board of Education and Central Office
  - Employee Benefits
  - Building and Grounds
  - Safety and Security
  - Utilities
  - Curriculum Development
  - Instructional Supervision
  - Teaching
  - Occupational Education
  - Special Education
  - Library and Media
  - Technology
  - Pupil Personnel
  - Co-curricular
  - Interscholastic Athletics
  - Transportation
  - Interfund transfers
- The majority of expenditures are related to employees salaries and benefits (approximately 75%).



# Other Considerations when Building the Budget

## District's capital needs

- Facilities upgrades, maintenance and project work
- Technology upgrades
- Programmatic changes (curriculum, staffing, supplies)

## Future tax levy increases

- Long term planning to avoid peak and valleys in tax levy from year to year  
*Manage fund balance to maintain an even tax levy increase over the years.*

## Tax cap considerations

- Annually, different groups lobby for changes to the tax cap calculation which could impact future tax levy increases



# Where to find more information

- Past budget books are [available](#) on the business office page of the website.
- Current budget information (2024-25 budget year) is [available](#) on the budget page of the website.
- The district presents the budget four times during Board of Education General Meetings or Planning Sessions. The Board Meeting calendar is [available](#) on the website.
- Specific budget questions may be emailed to:  
Carolyn Mahar, Assistant Superintendent for Business and Finance  
[cmahar@ryeneck.org](mailto:cmahar@ryeneck.org)

