Reserve historical review

- In a budget, projected expenses have to balance with revenues
- CECSD has been allocating our reserves as a “revenue”
- Using reserves as a revenue is not sustainable when they are not replenished -- you will run out!
- Revenues such as taxes and state aid come in every year
- Revenue increases have not been keeping pace with rising expenses
Reserves allocated to balance the budget

- 2014-15 & 2015-16 reserve allocation of $4,500,000
- 2016-17 reserve allocation of $3,976,711
- 2017-18 reserve allocation of $2,353,142
- 2018-19 reserve allocation of $1,875,887
- 2019-20 reserve allocation of $764,171
- 2020-21 can we afford to continue to allocate reserves?
Understanding Our Reserves

Workers Compensation Reserve
- $400K
- $300K
- $200K
- $100K
- $0

Underfunded

Unemployment Insurance Reserve
- $300K
- $150K
- $0

May need to transfer to another reserve

Retirement Contributions Reserve
- $1,200K
- $900K
- $600K
- $300K
- $0

Underfunded
Understanding Our Reserves

**Insurance Reserve**
- $400K
- $300K
- $200K
- $100K
- $0

May need to transfer to another reserve

**Accrued Employee Benefits Liability Reserve**
- $1,600K
- $1,200K
- $800K
- $400K
- $0

Underfunded

**Capital Projects Reserve**
- $10M
- $7.5M
- $5.0M
- $2.5M
- $0

the more that is in this reserve the more can be allocated on capital projects without additional local tax impact
Understanding Our Reserves

because our schools are aging, the more in this reserve, the better.

the amount is matched to the potential claims

* take out to cover costs
* refill same amount
* add more to get to desired level
Tax Levy Limit Formula

- Tax base growth factor - District specific provided by State
- Inflation and allowable levy growth factor
- Pilots - Payment in lieu of taxes
- Exclusions
  - Capital exclusions
  - Retirement contribution
### Tax Levy Limit Calculation

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>19-20</td>
<td>Prior Year tax levy</td>
<td>17,559,679.00</td>
</tr>
<tr>
<td></td>
<td>Tax base growth factor X</td>
<td>17,596,554.33</td>
</tr>
<tr>
<td>19-20</td>
<td>Prior year pilot +</td>
<td>144,127.00</td>
</tr>
<tr>
<td>19-20</td>
<td>Prior year exclusions -</td>
<td>745,625.00</td>
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<tr>
<td></td>
<td>Adjusted Prior Year Levy =</td>
<td>16,995,056.33</td>
</tr>
<tr>
<td></td>
<td>Allowable growth factor X</td>
<td>17,302,666.85</td>
</tr>
<tr>
<td></td>
<td>= Pilots for coming year -</td>
<td>141,000.00</td>
</tr>
<tr>
<td></td>
<td>Available Carryover +</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Tax Levy Limit</td>
<td>17,161,666.85</td>
</tr>
<tr>
<td>20-21</td>
<td>Coming school year exclusions +</td>
<td>571,798.50</td>
</tr>
<tr>
<td>Max</td>
<td>Tax Cap Allowable Levy</td>
<td>17,733,465.35</td>
</tr>
<tr>
<td></td>
<td><strong>Tax Levy Increase</strong></td>
<td><strong>0.99 Percent</strong></td>
</tr>
</tbody>
</table>

Revised: February 19 2020
# Balancing the budget

<table>
<thead>
<tr>
<th></th>
<th>2015-16</th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
<th>2019-20</th>
<th>Projected expenses 1% tax levy increase</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>$44,076,887</td>
<td>$45,100,176</td>
<td>$46,723,745</td>
<td>$47,201,000</td>
<td>$48,312,716</td>
<td>$49,311,407</td>
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<tr>
<td><strong>Budget Gap</strong></td>
<td>$5,500,000</td>
<td>$4,476,711</td>
<td>$2,853,142</td>
<td>$2,375,887</td>
<td>$1,264,171</td>
<td>$1,633,792</td>
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<tr>
<td><strong>Appropriated fund balance</strong></td>
<td>$500,000</td>
<td>$500,000</td>
<td>$500,000</td>
<td>$500,000</td>
<td>$500,000</td>
<td>$500,000</td>
</tr>
<tr>
<td><strong>Reserves</strong></td>
<td>$5,000,000</td>
<td>$3,976,711</td>
<td>$2,353,142</td>
<td>$1,875,887</td>
<td>$764,171</td>
<td>$1,133,792</td>
</tr>
<tr>
<td><strong>Change in budget</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>$1,368,313 or 2.76%</td>
</tr>
</tbody>
</table>