

2013-14 BUDGET
BUDGET ASSUMPTIONS & NOTES
SEPTEMBER, 2013

1. Property tax revenue assumes a CPI increase of 1.7%, no EAV increase, growth from new construction of .3%, and removal of Carle EAV of \$60,819,180.
2. Carle taxes received since 2005 in the amount of \$10,874,686 are invested and escrowed until the appeal process has completed. All interest earned on these funds over the years has been included in the annual budget.
3. The following are Tax Increment Finance (TIF) districts. All increases in EAV since the inception of the TIF represent the TIF increment. All tax revenues earned on this increment go to the City of Urbana until the expiration of the TIF:

<u>REVENUE</u>	<u>DESCRIPTION</u>	<u>EXPIRATION</u>	<u>EAV INCREMENT</u>	<u>ANNUAL TAX</u>
TIF 1	Lincoln Sq/downtown	FY 2016	\$ 7,461,908	\$ 324,645
TIF 2	Surrounds TIF 1; Schnuck's	FY 2021	\$10,109,460	\$ 439,832
TIF 3	North of Univ. Ave.	FY 2013	\$12,794,839	\$ 556,665
TIF 4	N. Cunningham	FY 2023	\$ 6,284,588	\$ 273,424
				<u>\$1,594,566</u>

The EAV noted above represents the 2008 EAV. TIF 3 includes Provena Hospital.

4. General State Aid revenue is estimated be pro-rated at 89% consistent with prior year. Enrollment actually increased this year causing a projected increase in GSA. The State Aid formula assumes a foundation level of \$6119 (no increase). Due to the equalization of the formula, as local resources (taxes) increase, GSA decreases. Our local resources currently contribute 91% to the foundation level requiring the State to contribute only 9%.
5. U of I impact aid will remain at \$100,000 according to our recent agreement. The only expenditure specifically budgeted is \$9,400 to the Urbana Free Library and \$5,700 to the Multi-Cultural Program at King School. The remaining funds are budgeted as general revenue in the Education Fund. The three-year agreement with the U of I expires 6/30/15. Our initial agreement with the U of I began 7/1/94.
6. Corporate Personal Property Replacement Tax is projected to remain fairly constant. The allocation of replacement tax revenue will remain consistent with prior year budget, all going to the Education Fund.
7. Grant budgets (15 Fund) and other state reimbursements assume funding will be consistent with prior year unless we have been notified otherwise.
8. Federal sequestration has caused the following reductions for the FY '14 budget:
 - 8.7% reduction in interest rebates received for federal government on QZAB, QCEB, RZEB and BAB bonds. This is a loss of \$56,139 that will have to be covered by facility sales tax receipts annually.

-Reductions in Federal special ed grants caused TA salaries in the amount of \$150,000 to be moved to District funds

9. Beginning fund balances include amounts currently owed by the State, but not yet received, for the 2012-13 program year.
10. The Education Fund assumes special education categorical revenue will be funded at 100%, similar to recent years.

In addition, due to rising costs, beginning in FY'00 alternative tuition (Circle) of approximately \$600,000 was paid annually from Medicaid Funds (fund 103). Due to a new state mandated claiming system, funding for Administrative Outreach portion of Medicaid has significantly decreased, causing us to increase the tuition budget in the Education Fund to cover these costs.

11. The \$50,000 TIF revenue from the City of Urbana will be utilized district-wide for technology.
12. Salary increases as follows –Our current UEA 3-year agreement expires in 2015
 - Certificated Staff – average of 3.1% increase in salary (including step)
 - Support Staff – average of 3.1% overall cost increase (including step)
 - All Others – average of 3.1% overall cost increase.
 - \$100,000 will be budgeted for regular classroom staffing adjustments.

13. Benefits as follows:

- Employer TRS – .58%
- Teachers Health Insurance System (THIS) - .97%
- Employer THIS- .72%
- Medical Insurance - \$5568 per employee.
- Employee Benefit Allowance (EBA) - \$2784 per employee. EBA is a benefit for those employees waiving district health coverage.
- Medicare –Board pays 1.45% for all certificated employees hired after 4/1/86 or those electing.
- Illinois Municipal Retirement Fund (IMRF) – Board pays on salaries of all non-certificated employees working over 600 hours annually. (2013 rate 11.61%)
- Social Security (FICA) – Board pays 7.65% on salaries of all non-certificated employees.

-THE FINAL BUDGET ASSUMES THERE WILL BE NO COST SHIFT OF TRS TO SCHOOL DISTRICTS FOR THE FY 14 YEAR.

14. Insurance proceeds from the Aquatic Center Fire in 2006 were set aside in fund 630. These funds are to be used for necessary repairs or upgrades needed at the Urbana Indoor Aquatic Center.
15. \$1,000,000 of the annual Facility Sales Tax proceeds will be utilized to abate our current debt service tax levy until outstanding debt is paid in full.

16. **CONTINGENCY** –The FY14 budget contains the following line items for potential contingencies in the Education Fund (10):

- \$100,000 for potential network infrastructure upgrades
- \$250,000 for potential textbook purchases
- \$25,000 for potential penalties from the TRS 6% Cap legislation
- \$125,000 contingency for potential ERO retirements

17. The financing for the new Urbana Early Childhood School and Prairie renovation was budgeted for partially in Working Cash Construction Fund (60) and partially in Sales Tax Projects (66). A project budget of \$9,625,000 is accounted for in Fund 60 and \$5,974,452 is accounted for in Fund 66.

18. Remaining balances as of 6/30/13 in the building capital outlay accounts will be carried over to the 13-14 budget.

19. Registration fees will continue at \$100. Individuals qualifying for reduced lunch will pay half and those qualifying for free lunch will be waived. Breakfast and lunch prices will not increase for the 2013-14 school year, but an increase will be considered for 2014-15.

20. Interest earned in the Working Cash and Bond Funds will be transferred to the Education Fund annually.

21. The District’s portion of the Indoor Aquatic Center loss is anticipated to be **\$148,638**.

22. The O & M budget includes an additional \$25,000 for architect fees for preparation of the Decennial Life/Safety Survey. We will continue to budget \$100,000 for property acquisitions at the MS/HS campus.

23. The Transportation Fund reflects a 2.25% increase in contract prices from First Student. State reimbursement for regular/voc transportation is pro-rated at 64%. The transportation contract is required to be bid out in Spring 2014.

24. No new expenditures will be added to the budget unless the source of revenue (or decrease in expenditure) is identified.

25. Due to a previous accumulated deficit in the Education Fund, the district implemented the following expenditure reductions over the years:

<u>FY 01-02</u>	<u>\$ 766,000</u>	
<u>FY 03-04</u>	<u>\$1,983,160</u>	(\$150,550 implemented during 02-03)
FY 04-05	\$ 515,000	
FY 10-11	\$2,000,000	Educ. Fund (see attached list)
FY 10-11	\$278,700	O & M Fund

26. A \$60,000 payment to the U of I was budgeted for the Small Urban Communities Center.

27. The \$17.5 million Sales Tax financing was completed in December 2010. Proceeds were accounted for in Fund 66 and were used to finance the following projects:

King School Renovation	\$6,256,185
UHS Air Conditioning	\$1,800,000
UHS Athletic Complex	\$4,260,873(include 800k from TIF)
UHS Auditorium Renovation	\$4,601,695
UHS/UMS Commons	\$ 500,000