

2015-16 BUDGET
BUDGET ASSUMPTIONS & NOTES
SEPTEMBER, 2015

1. Property tax revenue assumes a CPI increase of .8%, no EAV increase, and growth from new construction of 3,000,000.
2. On July 1, 2015, the City of Urbana released TIF 3 surplus to all taxing districts. The surplus distribution for the schools was \$6,423,609. This surplus is budgeted in the respective funds based on the tax rate. This amount will be escrowed similar to Carle funds, due to refund potential.
3. Settlement with Carle Foundation regarding the tax case was approved in October, 2013 for a total of \$5,737,500. Remaining amounts payable have been escrowed until the final payment in 2018. The following payments were agreed upon:
 - \$3,750,000 due month following dismissal
 - \$ 397,500 due July 1, 2014
 - \$ 397,500 due July 1, 2015
 - \$ 397,500 due July 1, 2016
 - \$ 397,500 due July 1, 2017
 - \$ 397,500 due July 1, 2018

Carle taxes of \$3,000,000 for levy year 2012 (payable 2013) were not paid impacting the FY'13 and '14 budgets by \$1,500,000 each year.

4. 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	\$ 6,292,458	\$ 362,634
TIF 2	Surrounds TIF 1; Schnuck's	FY 2021	\$13,405,499	\$ 772,559
TIF 4	N. Cunningham	FY 2023	\$ 9,253,906	<u>\$ 533,303</u>
				\$1,668,496

The EAV noted above represents the 2013 EAV. TIF 3, which includes Presence Hospital, expired in 2013. There is a potential refund liability which the County Treasurer estimates at \$95,172.

5. General State Aid revenue is estimated be pro-rated at 92%. 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 86% to the foundation level (compared with 94% last year) requiring the State to contribute only 14%. **This year's GSA is increasing by approx. \$1,700,000** due to the decline in our EAV from Carle going off the tax rolls in 2013. This is the first year we are seeing the benefits of the formula as EAV used in the formula is a year behind.
6. The U of I impact aid agreement expired 6/30/15. U of I officials have agreed verbally to a 3-year extension of the agreement under the previous terms of \$100,000. The only

expenditure specifically budgeted is \$9,400 to the Urbana Free Library and \$5,700 to the Multi-Cultural Program at King School. Our initial agreement with the U of I began 7/1/94.

7. The foodservice lunch and breakfast revenues and related reimbursements have been adjusted since the District entered the USDA's Community Eligibility Program beginning this school year. All K-12 students are eligible for breakfast and lunch at no charge under this program. We will monitor the participation to ensure this program is financially stable going forward.
8. 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.
9. Grant budgets (15 Fund) and other state revenues assume consistent funding because most final grant awards are not known at this time. Funding for the WECEP grant has ended.
10. Federal sequestration has caused the following reductions for the FY '16 budget:
 - 7.3% reduction in interest rebates received for federal government on QZAB, QCEB, RZEB and BAB bonds. This is a loss of \$46,401 that will have to be covered by facility sales tax receipts.
11. Beginning fund balances include amounts currently owed by the State for the 2014-15 program year.
12. 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 13). 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.
13. The \$50,000 TIF revenue from the City of Urbana will be utilized district-wide for technology.
14. The electricity budget includes \$100,000 increase for Ameren capacity rates which increased from \$16.75 to \$126.53 per megawatt-day.
15. Salary increases as follows –Our current UEA 4-year agreement expires in 2019
 - Certificated Staff – average of 4.0% increase in salary (including step)
 - Support Staff – average of 4.0% overall cost increase (including step)
 - All Others – average of 4.0% overall cost increase
 - \$100,000 is budgeted for potential regular classroom staffing adjustments

16. Benefits as follows:

- Employer TRS – .58%
 - Employer TRS on salaries paid with federal funds – 36.06%
 - Teachers Health Insurance System (THIS) – 1.07%
 - Employer THIS- .80%
 - Medical Insurance - \$6192 per employee.
 - Employee Benefit Allowance (EBA) - \$2500 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. (2015 rate 11.71%)
 - Social Security (FICA) – Board pays 7.65% on salaries of all non-certificated employees.
- THE TENTATIVE BUDGET ASSUMES THERE WILL BE NO COST SHIFT OF TRS TO SCHOOL DISTRICTS FOR THE FY 16 YEAR.**

17. Insurance proceeds from the Aquatic Center Fire in 2006 were set aside in fund 63. These funds are to be used for necessary repairs or upgrades needed at the Urbana Indoor Aquatic Center.

18. \$1,000,000 of the annual Facility Sales Tax proceeds will be utilized to abate our current debt service tax levy until the 2002 bonds outstanding debt is paid in full in FY'20. Thereafter, Facility Sales Tax funds will go 50% to pay-as-you-go projects and 50% to LT debt financing (as directed by the Board in 2010 ARB debt financing).

19. This budget includes the completion of several facility projects that began over the summer, including the following:

FUNDED WITH WORKING CASH (60 Fund)

King Elementary-roof replacement \$448,065

Thomas Paine-parent drop-off \$340,376

Yankee Ridge-window replacement \$179,252

FUNDED WITH FACILITIES SALES TAX (65 Fund)

Dr. Williams-air conditioning \$3,371,002

Urbana High-kitchen and servery reno \$2,451,910

20. Registration fees will continue at \$100. Families may apply to qualify for reduced or waived fees.

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

22. The District's portion of the Indoor Aquatic Center loss is anticipated to be **\$167,658**.

23. The O & M budget will continue to budget \$100,000 for property acquisitions at the MS/HS campus.

24. The Transportation Fund reflects a 2.5% increase in contract prices from First Student. State reimbursement is expected to be pro-rated at 40% for regular/voc and 99% for special ed transportation.
25. The budget includes \$25,000 for potential penalties from the TRS 6% Cap legislation.
26. No new expenditures will be added to the budget unless the source of revenue (or decrease in expenditure) is identified.
27. 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