

2016-17 BUDGET
BUDGET ASSUMPTIONS & NOTES
SEPTEMBER, 2016

1. Property tax revenue assumes a CPI increase of .7%, 3.6% EAV increase due to growth from new construction of 8,200,000. This new construction includes \$6,300,000 from expiration of TIF I.
2. 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.

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 2	Surrounds TIF 1; Schnuck's	FY 2021	\$13,405,499	\$ 772,559
TIF 4	N. Cunningham	FY 2023	\$ 9,253,906	\$ 533,303
				\$1,305,862

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.

On July 1, 2015, the City of Urbana released TIF 3 surplus to all taxing districts. The surplus distribution for the schools was \$6,510,480 (\$6,423,609 initial dist.+ \$86,871 interest dist.). This surplus is budgeted in the respective funds based on the tax rate. This amount will be escrowed, due to refund potential.

4. General State Aid revenue is estimated be paid in full (no pro-ration). 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. Under the current GSA formula, our entitlement is projected to increase approximately \$731,000. Our local resources currently contribute 85% to the foundation level requiring the State to contribute only 15%. 2015-16 GSA increased by approx. \$1,700,000 due to the decline in our EAV from Carle going off the tax rolls in 2013.
5. The U of I impact aid agreement was renewed beginning 7/01/15. U of I officials agreed to a 3-year extension of the agreement under the previous terms of \$100,000 annually. The agreement expires 6/30/18. 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.

6. The foodservice lunch and breakfast revenues and related reimbursements have increased since the District entered the USDA's Community Eligibility Program beginning in the 2015-16 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 continues to be financially feasible going forward.
7. Corporate Personal Property Replacement Tax is projected to decrease by \$210,000 in 16-17 due mainly to the allocation error of \$140,483 causing prior year overpayments. This error is supposed to be repaid over the next 2 years. The allocation of replacement tax revenue will remain consistent with prior year budget, all going to the Education Fund.
8. Grant budgets (15 Fund) and other state revenues assume consistent funding for those where final grant awards are not known at this time.
9. Federal sequestration has caused the following reductions for the FY '17 budget:
 - 6.8% reduction in interest rebates received for federal government on QZAB, QCEB, RZEB and BAB bonds. This is a loss of \$42,767 that will have to be covered by facility sales tax receipts.
10. Beginning fund balances include amounts currently owed by the State for the 2015-16 program year.
11. 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.
12. The \$50,000 TIF I revenue from the City of Urbana will be utilized district-wide for technology.
13. Beginning in FY17, the School district is assuming the cost of the crossing guard program at a cost of \$40,000, which has historically been the responsibility of the City of Urbana.
14. Seven PE Teachers were hired for FY17 at a cost of approximately \$359,000.
15. FY17 is the first year the District has picked up the entire cost of licensed Title I staff in the amount of \$1,536,378. This will save the District \$538,000 in federal TRS (38.54%) that would have been incurred if they remained in Title I.

16. Salary increases as follows –Our current UEA 4-year agreement expires in 2019
- Licensed Faculty – average of 3.5% increase in salary (including step)
 - Educ. Support Staff – average of 4.0% overall cost increase (including step)
 - All Others – average of 3.5% overall cost increase
 - \$100,000 is budgeted for potential regular classroom staffing adjustments

17. Benefits as follows:

- Employer TRS – .58%
 - Employer TRS on salaries paid with federal funds – 38.54%
 - Teachers Health Insurance System (THIS) – 1.12%
 - Employer THIS- .84%
 - Medical Insurance - \$6660 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. (2016 rate 11.52%)
 - 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 17 YEAR.**

18. 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.

19. \$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).

20. This budget will include the completion of several facility projects, including the following:

FUNDED WITH 2016 WORKING CASH (60 Fund)

- Technology-\$350,000
- Thomas Paine-\$22,000 carpet replacement
- UMS-\$90,000 carpet replacement & room 1520
- Central Office-\$25,000 phone system

FUNDED WITH FACILITIES SALES TAX (65 Fund)

- Dr. Williams-air conditioning \$808,524
- Urbana High-kitchen and servery reno \$529,708

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

22. Interest earned in the Working Cash and Bond Funds will be transferred to the Education Fund annually.
23. The District's portion of the Indoor Aquatic Center loss for 4/31/16 will be **\$175,641**.
24. The O & M budget will continue to budget \$100,000 for property acquisitions at the MS/HS campus. The budget also includes the following planned equipment purchases:
- | | |
|----------|----------|
| 2 Trucks | \$62,000 |
| 2 Mowers | \$25,000 |
25. The Transportation Fund reflects a 2.5% increase in contract prices from First Student. State reimbursement pro-rations are not final, but expected to be 69% for regular and 93.8% for special ed transportation.
26. The budget includes \$25,000 for potential penalties from the TRS 6% Cap legislation.
27. No new expenditures will be added to the budget unless the source of revenue (or decrease in expenditure) is identified.
28. Due to a previous accumulated deficit in the Education Fund, the district implemented the following expenditure reductions in past 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
FY 10-11	\$ 278,700	O & M Fund