

2017-18 BUDGET
BUDGET ASSUMPTIONS & NOTES
SEPTEMBER, 2017

1. Property tax revenue assumes a CPI increase of 2.1% and growth from new construction of 6,000,000.
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 1	Lincoln Sq/downtown	FY 2016	\$ 0	\$ 0
TIF 2	Surrounds TIF 1; Schnuck's	12/31/2022	\$12,234,669	\$ 724,892
TIF 4	N. Cunningham	12/31/2025	\$ 9,114,282	<u>\$ 540,012</u>
				\$1,668,496

The EAV noted above represents the 2016 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 distribution + \$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 remain the same, with an additional \$163,000 estimated for the evidence-based funding formula. ISBE will not have actual EBF calculations for a few months as they verify data elements with school districts.

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.

2017-18 is the first year of the mandated Breakfast-After-The-Bell program. We will offer breakfast in the classroom to all elementary students and add a Grab-and-Go option for secondary schools. This will increase breakfast participation from 37% to an est. 70%.

7. Corporate Personal Property Replacement Tax is projected to increase by \$110,000 in 17-18 due to better than projected receipts for 16-17. 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 '18 budget:
 - 6.9% reduction in interest rebates received for federal government on QZAB, QCEB, RZEB and BAB bonds. This is a loss of \$42,839 that will have to be covered by facility sales tax receipts.
10. Beginning fund balances include amounts currently owed by the State for the 2016-17 program year.
11. 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 Education Fund began funding the \$40,000 cost of the crossing guard program, which has historically been the responsibility of the City of Urbana.

14. 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
15. Benefits as follows:
- Employer TRS – .58%
 - Employer TRS on salaries paid with federal funds – 10.1% (down from 44.61%)
 - Teachers Health Insurance System (THIS) – 1.18%
 - Employer THIS- .88%
 - Medical Insurance - \$6996 per employee (5% increase).
 - 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. (2017 rate 11.65%)
 - 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 18 YEAR.**
16. 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.
17. \$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).
18. Registration fees will continue at \$100. Families may apply to qualify for reduced or waived fees.
19. Interest earned in the Working Cash and Bond Funds will be transferred to the Education Fund annually.
20. The District’s portion of the Indoor Aquatic Center loss is **\$216,740**.
21. The O & M budget will continue to budget \$100,000 for property acquisitions at the MS/HS campus. The budget also includes planned equipment purchases of a truck and cargo van at \$62,000.
22. The 2017-18 budget includes the sale of \$11,000,000 in working cash bonds to finance the Yankee Ridge renovation and addition. \$8,000,000 is estimated to be spent in 17-18 with final completion in August of 2018 (18-19 budget).

23. In addition to the Yankee Ridge project, the budget will include the following projects completed with our rolling working cash funding:

FUNDED WITH 2016 WORKING CASH (60 Fund)

- Technology-\$350,000 (includes UHS network)
- UHS-\$114,000 Admin office and carpet replacement
- UHS-\$50,000 Upgrade security system/cameras
- UMS-\$102,000 carpet replacement & bleacher power system
- Wiley-\$28,000 replace condensate lines/heat system
- Leal-\$14,000 sidewalk repair
- Thomas Paine-\$52,800 gym floor refinish, rear drive recoat
- Dr Williams-\$10,000 concrete repair work

24. The Transportation Fund reflects increases based on the transportation bid completed in March 2017. State reimbursement is budgeted at the same proration levels as prior year (71% for regular and 92% for special ed).

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 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