

Urbana School District #116

O&M Deficit Fund Balance Strategies

Presented to the Board of Education

O&M Fund Balance Presentation Topics

- Review of FY19 Est. Ending Fund Balances
- Options to Balance the O&M Fund:
 - Option 1-Use of W/C and Increase Tax Levy Based on Five Year Projections
 - Option 2-Issue of New Bonds
 - Option 3-Permanent Transfer from Other Funds
- Question and Answers

2018-2019 Budget Summary

FUNDS	EST. BEGINNING BALANCE 6/30/18	BUDGETED REVENUES	BUDGETED EXPEND.	CURRENT YEAR SURPLUS (DEF)	EST. ENDING BALANCE 6/30/19
EDUCATION (10) TIF 3 ESCROW	5,930,761 4,476,606	43,033,465	43,629,081	(595,616)	5,335,145 4,476,606
SPECIAL ED (13)	(347,720)	380,000	356,000	24,000	(323,720)
GRANT (15)	tbd				
TOTAL EDUC. FUND TIF 3 ESCROW	5,583,041 4,476,606	43,413,465	43,985,081	(571,616)	5,011,425 4,476,606
OPERATIONS & MAINTENANCE (20) TIF 3 ESCROW	(3,602,165) 658,210	3,860,863	3,979,834	(118,971)	(3,721,136) 658,210
DEBT SERVICE (30) TIF 3 ESCROW	1,922,367 806,649	5,687,947	7,626,312	(1,938,365)	(15,998) 806,649
TRANSPORTATION(40)* TIF 3 ESCROW	(121,301) 194,012	2,358,940	2,328,861	30,079	(91,222) 194,012
IMRF (50)* TIF 3 ESCROW	(596,636) 194,663	1,452,967	1,403,685	49,282	(547,354) 194,663
CONSTRUCTION-W/C BONDS (60)	5,661,007	3,006,000	5,399,478	(2,393,478)	3,267,529
AQUATIC CENTER - UIAC (63)	9,707	0	9,707	(9,707)	0
FACILITY SALES TAX (65)	1,434,774	3,405,000	1,445,264	1,959,736	3,394,510
FACILITY SALES TAX BONDED (66)	38,086	0	0	0	38,086
WORKING CASH (70)	7,045,827	9,994	9,000	994	7,046,821
TORT (80)* TIF 3 ESCROW	176,194 125,001	640,036	636,746	3,290	179,484 125,001
L/S LEVY (90)* TIF 3 ESCROW	665,755 55,339	327,137	110,511	216,626	882,381 55,339
TOTAL ALL FUNDS TIF 3 ESCROW	18,216,656 6,510,480	64,162,349	66,934,479	(2,772,130)	15,444,526 6,510,480

24,727,136

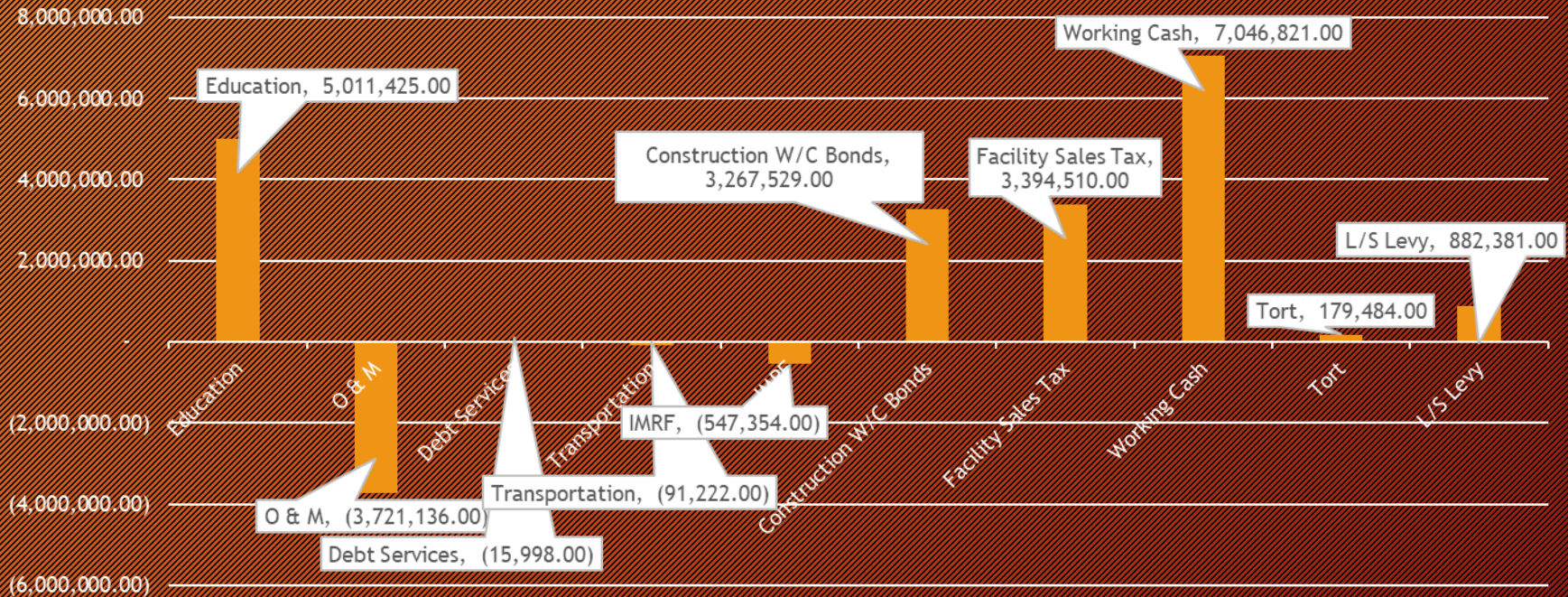
21,955,006

TIF 3 ESCROW figures, shown in red, are excluded from fund balance as these amounts are set aside for potential refund.

Beginning balances subject to change. Subject to actual year-end results and audit currently in process.

Projected Ending Fund Balances 6/30/19

Ending Balance (Dollars)



Projected Market Assumptions

- New Business Construction-6M per year
- Property Assessed Valuation-2%
- Estimated CPI-2.1%

Option 1-Use of W/C and Increase Tax Levy

Scenario: Increase tax levy in the O&M Fund with the transfer of capital expenses to the Working Cash Fund.

Projection Details:

- Increase O&M tax levy from .59 to .70 over five years
- Transfer O&M Capital Outlay expenses to Working Cash over five years
- Controlled increases for Salaries & Benefits, Purchased Services and Supplies & Materials over five years
- Level spending for Other Objects

continued

Option 1-Use of W/C and Increase Tax Levy

Outcomes: Projected five-year O&M ending fund balance of 500K

Advantages: O&M and Working Cash Funds would have projected ending balances in five years

Disadvantages:

- Irreversible once tax levy is filed
- Reduction in Working Cash each year
- Outcome not certain; may vary depending on assumptions

Potential Impacts on the Education Fund

- A potential first year levy decrease in the Education Fund
- A potential reduction in levy opportunities in the Education Fund over the next five years
- A potential reduction in levy opportunities in the Education Fund could lead to a reduced fund balance

Option 2-Issue of New Bonds

Scenario: Issue working cash bonds as a distinct funding source for O&M deficit.

Outcomes: Per our discussion with Stifel, our DSEB is already at max so we only have our rolling working cash to work with. Nothing on bond side creates new revenue. We could accelerate selling our working cash bonds rather than waiting for the next 3-yr cycle to do that.

Option 3-Permanent Transfer from other Funds

Scenario: Budget a permanent transfer from either Ed Fund or Working Cash Fund. This could be done in one lump transfer or smaller amounts over multiple years.

Outcomes: Balances O&M immediately.

Advantages: Flexibility for the entire year. Reversible if conditions change. No impact on tax rate.

Disadvantages: Rearranges existing fund balances. May create fund balance problems in other funds.

Questions ?