

2023-24 FINAL BUDGET
BUDGET ASSUMPTIONS & NOTES
SEPTEMBER 19, 2023

Revenue Assumptions

1. Property taxes compose 70% of the District’s operating revenues. Each fiscal year, property tax revenue is composed of portions of two tax levy cycles.

Prior Year Levy: Levy Year 2022 was finalized in April 2023 with a Change in the Consumer Price Index (CPI) increase capped at 5.0% and increases in Equalized Assessed Value (EAV) of 34,400,000 from new construction and of 15,500,000 from TIF 2 that expired on 12/31/2022. The total Levy Year 2022 tax extension increased by \$4.8 million over the 2021 Levy. Rather than receiving the historical average of 53% of the tax receipts for Levy Year 2022 in the prior fiscal year, the District received only 46% due to delays by the Champaign County Treasurer in disbursement of tax receipts. The remaining 54% will be received in July through November of 2023 of Fiscal Year 2023-2024.

Current Year Levy: Levy Year 2023 assumes a CPI increase of 5.0% and growth from new construction of 6,000,000. It is anticipated that 53% of the “Current Year Levy” will be received in May and June of 2024.

We anticipate a property tax collection rate of 99%, as normal.

2. The following are Urbana’s Tax Increment Finance (TIF) districts. All increases in EAV since the inception of the TIF represent the TIF increment. The EAV noted below represents Levy Year 2022 EAV. 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 4	N. Cunningham	12/31/2025	\$ 16,978,020	\$ 1,830,860
CENTRAL	Lincoln Sq/downtown	12/31/2040	<u>\$ 7,276,410</u>	<u>\$ 787,600</u>
			\$ 24,254,430	\$ 2,618,460

The District has two potential refund liabilities related to Presence Hospital. TIF 3, which included Presence Hospital, expired in 2013. On July 1, 2015, the City of Urbana released TIF 3 surplus to all taxing districts. The distribution to the District was \$6,510,480. There is also a separate potential refund liability for Presence Hospital which the County Treasurer estimated at \$95,172 related to taxes paid directly to the District in Levy Years 2003 through 2012, outside of the TIF. These amounts are escrowed in the respective funds, based on the tax rate, due to refund potential.

3. State Evidence Based Funding additional Tier I funding of \$1,279,074 is included in the District’s FY24 revenue. \$336,196 in additional EBF funding was received in FY23. This is the first time since the inception of EBF in FY18 that the District has been categorized for Tier I funding.

4. Corporate Personal Property Replacement Tax (CPPRT) receipts increased over budgeted expectations in FY22 and FY23 for all districts across the state. The Illinois Department of Revenue indicated in the spring that CPPRT distributions will be reduced in FY24 to adjust for reconciliation of prior year estimated payments to actual returns. The State released CPPRT estimates for FY24 in August, which estimated \$2,704,335 for USD116, a reduction of \$1,091,833 over prior year actual receipts, and a reduction of \$795,665 over the prior year's budget for CPPRT revenues. All revenue from CPPRT goes into the Education Fund.
5. The University of Illinois officials agreed to a 2-year extension of the impact aid agreement for 7/1/22 to 6/30/24, with a reduced the payment of \$40,000 in FY24. The expenditures specifically budgeted from this source of funds are \$3,600 to the Urbana Free Library, \$600 in salaries for instructional support, \$2,850 in supplies for the Multi-Cultural Program at King School. Our initial agreement with the U of I began 7/1/94.
6. The \$50,000 TIF I revenue from the City of Urbana will be utilized district-wide for technology.
7. The District entered the USDA's Community Eligibility Program in the 2015-16 school year. All K-12 students are eligible for breakfast and lunch at no charge under this program. We were approved to continue participation in the CEP program for another four years, until June 2028.

Quest Food Management Services is the District's foodservice contractor for the 2023-24 school year. We anticipate an increase in foodservice participation in the coming year. We will be continuously monitoring the program to assess if it is performing at expected levels.

8. Federal sequestration will reduce the amount of interest rebates received for federal government QZAB bonds. The sequestration rate of 5.7% will result in a reduction in interest rebates of \$22,440 that will be covered by facility sales tax receipts.

Expenditure Assumptions

9. The budget includes salary increases, per the 3-year negotiated agreement with the UEA, expiring 2026.
 - Licensed Faculty - flat increase of \$3,100 + step, 6.6% avg increase (including step)
 - Educ. Support Staff - \$18/hr min starting salary, 17.1% avg increase (including step)
 - Non-union support staff -
+\$1.50/hr for wages < \$17/hr, +\$1/hr for wages > \$17/hr, 7.76% avg increase
 - Administrative staff - avg increase of 4.5%
10. Benefits as follows:
 - Employer TRS – 0.58%
 - Employer TRS on salaries paid with federal funds – 10.60%
 - Teachers Health Insurance System (THIS) – 0.90%
 - Employer THIS- 0.67%
 - Employee Benefit Allowance (EBA) - \$3,000 per employee. EBA is a benefit for those employees waiving district health coverage. (subject to negotiations)

- Medicare –Board pays 1.45% for all employees
- Illinois Municipal Retirement Fund (IMRF) – Board pays on salaries of all non-certificated employees working over 600 hours annually. (2023 rate 7.5%)
- Social Security (FICA) – Board pays 6.20% on salaries of all non-certificated employees.
- Board contribution to medical insurance premiums will be \$9,600 per employee (subject to negotiations), an increase of 5.5% over the prior year.

**THE BUDGET ASSUMES THERE WILL BE NO COST SHIFT
OF TRS TO SCHOOL DISTRICTS FOR THE FY 24 YEAR.**

11. Due to favorable electric generation capacity pricing for the coming year, utility budgets decreased by \$241,180. The economic environment for energy markets has stabilized. The District has a fixed price electricity purchase agreement with Calpine Energy during times of peak usage through January 2024.
12. Funding for a School Resource Officer for both Urbana Middle School and Urbana High School is budgeted at an annual cost of \$250,050, a decrease of \$19,050 over FY23's budget of \$270,000. Under the intergovernmental agreement with the City of Urbana, USD covers 75% of the cost of two SROs and the City pays 25%, which was estimated to be \$280,030 for FY24. However, the District received a credit of \$29,980 for hours that the officers were reassigned to regular duty in summer 2023 to assist with staff shortages in the department.
13. In FY20, the Education Fund began paying Adult Education administrative salaries. In FY24, Adult Education will also bill up to \$75,000 in Storefront costs to the District.
14. Beginning in FY20, the Education Fund supplements the Adult Ed TAOEP grant to continue the current level of SEA's not covered by the grant, with this amount being paid by the ESSER grant in FY24 at a budgeted amount of \$113,667.
15. Per Board request, a \$10,000 budget line was added for Board support of student activities/trips.
16. Some expenses were moved from the Ed Fund to the ESSER grants in FY22, and continue to be paid by ESSER in FY24. In some cases, positions were added in addition to those originally covered by the Ed Fund. The expectation is that once ESSER funds are expended, the budgets will revert back to the Ed Fund, with adjustments to positions based on attrition and reallocation for needs across the district.

The deadline for spending ESSER funds is September 30, 2024. For expenditures that the District expects to maintain after the grant ends, we have spread the movement of these expenses into the Ed Fund over two fiscal years. For FY24, Network/Hardware Techs, the Thomas Paine Assistant Principal, UMS Summer School, and a portion of curriculum materials and digital subscriptions were moved to the Ed Fund from ESSER. Student Engagement Advocates, Clinical Professionals, Nurses, the Director of DEI, and the Grants Coordinator will move to Ed Fund in FY25.

17. Registration fees will continue at \$100. Families may apply to qualify for reduced or waived fees.
18. The budget includes \$50,000 for potential penalties from the TRS Cap legislation.
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 \$266,665. An additional \$60,000 was added to the District's capital contribution for the aquatic center in FY24 for the planned repairs taking place this year as part of the new intergovernmental agreement that is in effect from 2023-2027.
21. The Transportation Fund will reflect a 4.0% increase in rates with First Student.
22. Facility Sales Tax revenues are stable and are budgeted based on prior year receipts. Facility Sales Tax expenses are allocated 33% to pay-as-you-go projects and 67% to long-term debt financing, as directed by the Board with the 2021 Alternate Revenue Source debt financing.
23. The Life/Safety fund includes completion of the following amendments:
 - a. Remainder of Thomas Paine roofing & geothermal, Amendment #16 - \$214,705
 - b. UMS Chiller Replacement - Amendment #24 - \$810,730
24. Construction Projects
 - a. The Thomas Paine renovation/addition was bid in October 2021 and construction began in May 2022. The project reached substantial completion on August 2023. The total construction budget of \$19.7 million is spread over fiscal years 2022 through 2024, with \$3.4 million expended in FY22 and \$11.6M in FY23. The remaining \$4.7 million of the project is included in the FY24 budget across the following funding sources:
 - i. \$640,000 for project costs from 2021B ARS bond issue
 - ii. \$214,705 for roofing and geothermal from life safety funds
 - iii. \$3,800,000 for project costs from sales tax pay-as-you go project funds
 - b. The \$3,380,000 contract with Veregy for solar installation at Thomas Paine and solar installation and roof work at Wiley is budgeted to be paid from sales tax pay-as-you go project funds in FY24.
 - c. The budget includes proceeds of \$20,000,000 for issuance of Alternative Revenue source bonds for construction projects with an estimate of \$10,000,000 of this amount being expended in FY24 towards construction at Wiley.
 - d. The budget also includes proceeds of \$3,000,000 for issuance of the next 3-year rolling Working Cash Bonds that fund summer facilities projects and technology improvements throughout the district.
25. No new expenditures will be added to the budget unless the source of revenue (or decrease in expenditure) is identified.

HISTORICAL INFORMATION

- 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

- Settlement with Carle Foundation regarding the tax case was approved in October, 2013 for a total of \$5,737,500. The final payment was made in June 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.

- 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. The budget for crossing guards for FY24 has increased to \$46,250.
- Due to rising costs, beginning in FY00 alternative tuition (Circle) of approximately \$600,000 was paid annually from Medicaid Funds. Due to the 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. The budget for Medicaid revenues for FY24 is \$300,000.