

EXHIBIT 2

CLEVELAND PUBLIC LIBRARY

Board Meeting
May 21, 2020

YEAR 2021 TAX BUDGET

WHEREAS, ***Ohio Revised Code*** Section 5705.28 requires the Board of Library Trustees to submit its Tax Budget for Fiscal Year 2021 to the Board of the Cleveland Metropolitan School District on or before June 1, 2020; and

WHEREAS, ***Ohio Revised Code*** Section 5705.30 requires the Board of the Cleveland Metropolitan School District to adopt and submit the Library's Year 2021 Tax Budget to the County Fiscal Officer on or before July 20, 2020; and

WHEREAS, ***Ohio Revised Code*** Section 5705.281 permits the County Budget Commission to waive the filing of tax budgets provided Alternate Tax Budget Information forms are filed; and

WHEREAS, The Cuyahoga County Budget Commission has requested use of Alternate Tax Budget Information forms; and

WHEREAS, The financial needs of Cleveland Public Library from **Tax Sources** for Fiscal Year 2021 have been determined to be at least \$63,700,000; now therefore be it

RESOLVED, That the Year 2021 Tax Budget and Alternate Tax Budget Information Forms for Cleveland Public Library be presented to the Board of the Cleveland Metropolitan School District and the Cuyahoga County Budget Commission as required by ***Ohio Revised Code***.

Maritza Rodriguez, President • Thomas D. Corrigan, Secretary
Alice G. Butts • John M. Hairston, Jr. • Anthony Parker • Alan Seifullah

Felton Thomas, Jr.
Executive Director & CEO

TO: Members of the Board of Library Trustees
Felton Thomas, Director

FROM: Carrie Krenicky, Chief Financial Officer

RE: Background and Assumptions for the 2021 Tax Budget

DATE: **May 21, 2020 Board Meeting**

Annually, the Cleveland Public Library submits the Alternate Tax Budget Information Forms as requested by the Cuyahoga County Budget Commission. These forms must be approved by the Board of Trustees on or before June 1 each year to allow for sufficient time to have it placed on Cleveland Metropolitan School District's Board agenda prior to the July 20, 2020 deadline for submission to the Cuyahoga County Budget Commission. **The Tax Budget (sometimes referred to as the "request" or "needs" budget) documents the Library's need to receive revenue from tax sources, i.e. the Public Library Fund and the Library's general property tax levies, to cover the estimated expenditures for the budget year.**

The Library uses a simplified approach for development of its 2021 Tax Budget as reflected in the use of the Alternate Tax Budget Information Forms. In lieu of having administrators develop a "wish list" budget that must be revisited and revised later in the year, we have set the 2021 expenses to \$58,589,701 based on current projections, with minimal program-by-program analysis in order to meet the current estimated revenue along with the planned issuance of debt. In the fall, there will be more information regarding funding and better estimates for CPL's year-end fund balances, and the entire administrative team will participate in the detailed development of the 2021 Appropriation Measure.

Revenue Assumptions (General Fund)

- Amount requested from property tax levies is estimated at \$40,700,000, which exceeds anticipated actual collections. The **full** collection rate (100%) of the 1 mill, the 2008 5.8 mill and the 2018 2.0 mill continuing levies based on collection year 2021 assessed values is estimated at \$40,777,602 and we are currently certified at 86.27%. Applying this rate brings the estimated amount down to \$35,178,837.
- Amount requested from PLF is \$23,000,000. 2020 PLF is certified for \$23,533,473 as of this date. It is currently unknown how the COVID-19 pandemic will affect the PLF this year and in 2021. 2021 is estimating that the percentage remains at 1.7% of the total General Revenue Fund and assumes no decline or growth.

The total **estimated tax calculations are \$58,178,837.**

(\$35,178,837 + \$23,000,000)

The total **2021 Tax Budget request is \$63,700,000.**

(\$40,700,000 + \$23,000,000)

- Estimated **other revenues for 2021** from earned interest, fines and fees, etc., are estimated to be **\$1,545,830.**
- Estimated **beginning unencumbered balance** from the General fund is **\$24,777,221.**
- The overall **estimated revenue calculations** total **\$59,724,667** (\$58,178,837 + \$1,545,830).
- The total General Fund 2021 **Tax Budget Request** is **\$65,245,830** (\$63,700,000 + \$1,545,830), plus the estimated beginning unencumbered fund balance of \$24,777,221 totals \$90,023,051 of resources available for expenditures.

Cleveland Public Library's currently projected 2021 program of library service needs could exceed anticipated revenues. It is consistent with past practice and expected to request funds in excess of probable collections.

The Resolution for the Year 2021 Tax Budget Request is being distributed with the packet of materials for the May 21, 2020 Board Meeting.

ALTERNATIVE TAX BUDGET INFORMATION

Political Subdivision/Taxing Unit: Cleveland Public Library

For the Fiscal Year Commencing: January 1, 2021

Fiscal Officer Signature: Carrie Krenicky Date: May 21, 2020

COUNTY OF CUYAHOGA

Background

Substitute House Bill No. 129 (HB129) effective June 3, 2002, was enacted by the 124th General Assembly in part to allow a county budget commission to waive the requirement that a taxing authority adopt a tax budget for a political subdivision or other taxing unit, pursuant to Ohio Revised Code (ORC) Section 5705.281.

Ohio Revised Code Section 5705.281

Under the amended version of this section pursuant to HB 129, a county budget commission, by an affirmative vote of a majority of the commission, including an affirmative vote by the county auditor, may waive the tax budget for any subdivision or other taxing unit.

However, the commission may require the taxing authority to provide any information needed by the commission to perform its duties, including the division of the tax rates as provided under ORC Section 5705.04.

County Budget Commission Duties

The county budget commission must still certify tax rates to each subdivision or other taxing unit, by March 1 for school districts and by September 1 for all other taxing authorities under ORC Section 5705.35, even when a tax budget is waived. Also, the commission is still required to issue an official certificate of estimated resources under ORC Section 5705.35 and amended official certificates of estimated resources under ORC Section 5705.36.

Therefore, when a budget commission is setting tax rates based on a taxing unit's need, for purposes of ORC Sections 5705.32, 5705.34, and 5705.341, its determination must be based on that other information the commission asked the taxing authority to provide under ORC Section 5705.281, when the tax budget was waived. Also, an official certificate must be based on that other information the commission asked the taxing authority to provide.

County Budget Commission Action

On October 11, 2002, during the Cuyahoga County Budget Commission meeting, the commission with an affirmative vote of all members waived the requirement for taxing authorities of subdivisions or other taxing units (Including Schools) to adopt a tax budget as provided under ORC Section 5705.281, but shall require the filing of this Alternative Tax Budget Information document on an annual basis.

Alternative Tax Budget Information Filing Deadline

For all political subdivisions excluding school districts, the fiscal officer must file one copy of this document with the County Fiscal Officer on or before July 20th. For school districts the fiscal officer must file one copy of this document with the County Fiscal Officer on or before January 20th.

DIVISION OF TAXES LEVIED

(Levies Inside & Outside 10 Mill Limitation, Inclusive Of Debt Levies)
 (List All Levies Of The Taxing Authority)

Cleveland Public Library
 Tax Budget 2021

SCHEDULE 1

I	II	III	IV	V	VI	VII	VIII	IX
Fund	Purpose	Authorized By Voters On MM/DD/YY	Levy Type	Number Of Years Levy To Run	Tax Year Begins/ Ends	Collection Year Begins/ Ends	Maximum Rate Authorized	\$ AMOUNT Requested Of Budget Commission
General Fund	Current Expenses	11/5/1985	Replacement	Continuous	1985-	1986-	1.00	\$3,200,000.00
General Fund	Current Expenses	11/7/2017	Renewal with an Increase	Continuous	2018-	2019-	7.80	\$37,500,000.00
Totals								\$40,700,000.00

STATEMENT OF FUND ACTIVITY

(List All Funds Individually)

Cleveland Public Library
Tax Budget 2021

SCHEDULE 2

I	II	III	IV	V	VI	VII
Fund	Beginning			Total	Total	Ending
BY Type	Estimated Unencumbered Fund Balance	Property Taxes and Local Government Revenue/(PLF)	Other Sources Receipts	Resources Available for Expenditures	Estimated Expenditures & Encumbrances	Estimated Unencumbered Balance
General Fund	24,777,221.00	63,700,000.00	1,545,830.00	90,023,051.00	58,589,701.00	31,433,350.00
Special Revenue Funds	18,026,922.00	0.00	8,500,000.00	26,526,922.00	8,500,000.00	18,026,922.00
Debt Service Fund	704,003.00		2,589,701.00	3,293,704.00	3,293,704.00	0.00
Capital Projects Fund	37,839,739.00	0.00	500,000.00	38,339,739.00	15,000,000.00	23,339,739.00
Permanent Funds	4,058,077.00	0.00	300,000.00	4,358,077.00	150,000.00	4,208,077.00
				0.00		0.00
				0.00		0.00
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				0.00		0.00
				0.00		0.00
				0.00		0.00
				0.00		0.00

Proposed 2021 Tax Budget With Historical Perspective

Prepared By: Carrie Krenicky

	2019			2020		2021 Proposed
	Tax Budget 2019	Final Actual Budget 2019	Actual Rev/Exp 2019	Tax Budget 2020	(1) Actual Budget 2020	Tax Budget 2021
General Fund						
Beginning Unencumbered Balance	\$ 11,042,191	\$ 16,754,162	\$ 16,499,147	\$ 20,428,194	\$ 25,470,007	\$ 24,777,221
Property Taxes (includes Rollbacks)	40,650,000	38,446,791	38,446,791	41,000,000	35,178,839	40,700,000 (2)
Public Library Fund (PLF)	21,500,000	23,303,557	23,303,557	22,400,000	23,533,473	23,000,000 (3)
Other Sources	1,430,610	2,023,905	2,475,983	1,546,511	1,656,620	1,545,830
Total Current Revenue	63,580,610	63,774,252	64,226,330	64,946,511	60,368,931	65,245,830
Ret Adv/Advances Out		(75,000)				
Total Revenue With Beg Balance	74,622,801	80,453,414	80,725,477	85,374,705	85,838,938	90,023,051
Expenses & Encumbrances	(64,000,000)	(56,108,707)	(55,330,470)	(59,300,000)	(61,061,717)	(58,589,701) (4)
Ending Unencumbered Balance	\$ 10,622,801	\$ 24,344,707	\$ 25,395,007	\$ 26,074,705	\$ 24,777,221	\$ 31,433,350
Special Revenue Funds						
Beginning Unencumbered Balance	\$ 15,000,000	\$ 17,560,018	\$ 17,815,033	\$ 16,500,000	\$ 19,417,560	\$ 18,026,922
Other Sources	8,500,000	10,091,899	10,199,432	8,500,000	9,084,893	8,500,000
Total Current Revenue	8,500,000	10,091,899	10,199,432	8,500,000	9,084,893	8,500,000
Total Revenue With Beg Balance	23,500,000	27,651,917	28,014,465	25,000,000	28,502,453	26,526,922
Expenses & Encumbrances	(8,500,000)	(24,230,722)	(8,521,905)	(8,500,000)	(10,475,531)	(8,500,000)
Ending Unencumbered Balance	\$ 15,000,000	\$ 3,421,195	\$ 19,492,560	\$ 16,500,000	\$ 18,026,922	\$ 18,026,922
Debt Service Fund						
Beginning Unencumbered Balance	\$ -	\$ -	\$ -	\$ -	\$ 2,893,176	\$ 704,003
Other Sources	0	8,654,744	8,660,878	0	1,090,385	2,589,701
Total Current Revenue	0	8,654,744	8,660,878	0	1,090,385	2,589,701
Total Revenue With Beg Balance	0	8,654,744	8,660,878	0	3,983,561	3,293,704
Expenses & Encumbrances	0	(5,767,702)	(5,767,702)	0	(3,292,635)	(3,293,704)
Ending Unencumbered Balance	\$ -	\$ 2,887,042	\$ 2,893,176	\$ -	\$ 690,926	\$ -

Proposed 2021 Tax Budget With Historical Perspective

Prepared By: Carrie Krenicky

	2019			2020		2021 Proposed
	Tax Budget 2019	Final Actual Budget 2019	Actual Rev/Exp 2019	Tax Budget 2020	(1) Actual Budget 2020	Tax Budget 2021
Capital Projects Fund						
Beginning Unencumbered Balance	\$ 430,802	\$ 2,607,170	\$ 2,607,170	\$ 434,131	\$ 60,986,663	\$ 37,839,739
Other Sources	10,000,000	62,549,915	62,551,986	500,000	0	500,000
Total Current Revenue	10,000,000	62,549,915	62,551,986	500,000	0	500,000
Total Revenue With Beg Balance	10,430,802	65,157,085	65,159,155	934,131	60,986,663	38,339,739
Expenses & Encumbrances	(10,430,802)	(9,447,350)	(4,172,492)	(934,131)	(8,146,924)	(15,000,000)
Ending Unencumbered Balance	\$ -	\$ 55,709,734	\$ 60,986,663	\$ -	\$ 52,839,739	\$ 23,339,739
Permanent Funds						
Beginning Unencumbered Balance	\$ 3,000,000	\$ 3,371,202	\$ 4,155,519	\$ 3,000,000	\$ 3,694,193	\$ 4,058,077
Other Sources	340,000	473,180	499,518	300,000	466,084	300,000
Total Current Revenue	340,000	473,180	499,518	300,000	466,084	300,000
Total Revenue With Beg Balance	3,340,000	3,844,382	4,655,037	3,300,000	4,160,278	4,358,077
Expenses & Encumbrances	(3,340,000)	(3,607,552)	(176,527)	(3,300,000)	(102,201)	(150,000)
Ending Unencumbered Balance	\$ -	\$ 236,830	\$ 4,478,510	\$ -	\$ 4,058,076.60	\$ 4,208,077
Agency Funds						
Beginning Unencumbered Balance	\$ -	\$ 12,095	\$ 12,095	\$ -	\$ 13,203	\$ -
Other Sources	0	0	88,408	0	0	0
Total Current Revenue	0	0	88,408	0	0	0
Total Revenue With Beg Balance	0	12,095	100,503	0	13,203	0
Expenses & Encumbrances	0	(12,095)	(87,300)	0	(13,203)	0
Ending Unencumbered Balance	\$ -	\$ -	\$ 13,203	\$ -	\$ -	\$ -

Proposed 2021 Tax Budget With Historical Perspective

Prepared By: Carrie Krenicky

	2019			2020		2021 Proposed
	Tax Budget 2019	Final Actual Budget 2019	Actual Rev/Exp 2019	Tax Budget 2020	(1) Actual Budget 2020	Tax Budget 2021
ALL FUNDS						
Beginning Unencumbered Balance	\$ 29,472,993	\$ 40,304,646	\$ 41,088,963	\$ 40,362,324	\$ 112,474,802	\$ 85,405,962
Property Taxes	40,650,000	38,446,791	38,446,791	41,000,000	35,178,839	40,700,000
Public Library Fund (formerly LLGSF)	21,500,000	23,303,557	23,303,557	22,400,000	23,533,473	23,000,000
Other Sources	20,270,610	83,793,644	84,476,205	10,846,511	12,297,982	13,435,531
Total Current Revenue	82,420,610	145,543,991	146,226,552	74,246,511	71,010,294	77,135,531
Ret Adv/Advances Out					85,009	
Total Revenue With Beg Balance	111,893,603	185,848,637	187,315,515	114,608,835	183,570,105	162,541,493
Expenses & Encumbrances	(86,270,802)	(99,174,128)	(74,056,396)	(72,034,131)	(83,092,211)	(82,239,701)
Ending Unencumbered Balance	\$ 25,622,801	\$ 86,674,509	\$ 113,259,119	\$ 42,574,705	\$ 100,477,893	\$ 80,301,792

- (1) The 2020 Actual Budget is current as of the March 11, 2020 Certificate of Estimated Resources and April 16, 2020 Board-approved Third Amendment to the Annual 2020 Appropriation.
- (2) Based on Collection Year 2020 effective rates & 100% collection rate of the 1.0 mill, 5.8 mill and 2.0 mill continuing levies as of the 1/01/20 Cuyahoga County Budget Commission's Schedule A with no increase to the assessed values.
- (3) PLF has been estimated, based on the State's budget bill (HB 166) which temporarily increased this percentage to 1.7% of the total General Revenue Fund for FY 2020 and FY 2021 with no decline/growth.
- (4) The proposed 2021 Tax Budget Expenditures/Encumbrances is based on 2021 projected expenditures estimated during the COVID-19 pandemic which includes 2020 expenditures reduced by \$5.5m. Estimating \$55.5m appropriation for 2021 plus \$500,000 being transferred to 401 and the transfer for debt service payment.

**Revenue Sources Detail
For The
Proposed 2021 Tax Budget
For Board Presentation May 21, 2020**

Prepared By:
Carrie Krenicky

	2019	2020	2021 Proposed
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	Ending Budget 2019	Actual Revenue 2019	Current Budget 2020	Tax Budget 2021
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41200 Property Tax	\$35,858,652	\$35,858,652	\$ 35,858,652	\$35,858,652	32,778,839	\$32,778,839	\$ 40,700,000	\$40,700,000	
41100 PLF (Public Library Fund)	\$23,303,557	\$ 23,303,557	23,533,473	\$ 23,000,000					
41900 Rollbacks	\$ 2,588,139	\$ 2,588,139	\$ 2,588,139	\$ 2,588,139	\$ 2,400,000	\$ 2,400,000	\$ -	\$ -	
Total Property Tax & Rollbacks	\$38,446,791	\$38,446,791	\$35,178,839	\$40,700,000					
Total Tax Budget Request Per Board Resolution							63,700,000		

Other Sources

43110 Fines	24,600	25,209	0	0				
43120 Fees	31,000	35,100	31,000	31,000			31,000	
43130 Lost Books	45,000	47,973	45,000	45,000			45,000	
43150 Products	14,000	15,356	14,000	14,000			14,000	
43160 Passport Fee	7,110	7,705	8,800	8,800			9,600	
46165 Photo Passport Fee	1,650	1,740	1,900	1,900			2,880	
43170 Sales Tax	12,800	12,758	12,800	12,800			12,800	
43180 Copiers	160,000	164,225	160,000	160,000			144,000	
43195 Dup Services	6,080	6,164	6,080	6,080			6,000	
44100 Investment Income	657,000	702,323	646,348	646,348			439,663	
46100 Restricted Gifts	35,000	35,000	0	0			0	
46500 Unrestricted Gifts	1,712	1,712	1,400	1,400			1,400	
48100 Sales of Surplus Property	8,052	8,057	0	0			0	
48300 Meeting Rooms	38,000	38,167	38,000	38,000			38,000	
48600 Rebates Earned	0	9						
48720 Refunds/Reimbursements	955,601	1,091,633	750,000	750,000			775,187	
48900 Miscellaneous	26,300	27,838	26,300	26,300			26,300	
49820 Return of Advances		255,015						
Subtotal Other	2,023,905	2,475,983	1,741,628	1,545,830				
Total Other Sources (TPP Tax & Other)	2,023,905	2,475,983	1,741,628	1,545,830				

Total All Sources	\$63,774,252	\$ 64,226,330	\$ 60,453,940	\$ 65,245,830		
Beginning Unencumbered Balance	\$16,499,147	\$ 16,499,147	\$ 25,470,007			
Ret Adv/Advances Out	\$ 180,015		\$ (85,009)			
Total Available Revenue	\$80,453,414	\$ 80,725,477	\$ 85,838,938	\$ 65,245,830		