

EXHIBIT 2

CLEVELAND PUBLIC LIBRARY

Finance Committee

May 14, 2019

YEAR 2020 TAX BUDGET

WHEREAS, ***Ohio Revised Code*** Section 5705.28 requires the Board of Library Trustees to submit its Tax Budget for Fiscal Year 2020 to the Board of the Cleveland Metropolitan School District on or before June 1, 2019; 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 2020 Tax Budget to the County Fiscal Officer on or before July 20, 2019; 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 2020 have been determined to be at least \$63,400,000; now therefore be it

RESOLVED, That the Year 2020 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***.



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

FROM: Carrie Krenicky, Chief Financial Officer

RE: Background and Assumptions for the 2020 Tax Budget

DATE: **May 16, 2019 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, 2019 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 2020 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 2020 expenses to \$59,300,000 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 2020 Appropriation Measure.

Board of Library Trustees

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

Felton Thomas, Jr., Executive Director, CEO

Revenue Assumptions (General Fund)

- Amount requested from property tax levies is estimated at \$41,000,000, which exceeds anticipated actual collections. The **full** collection rate (100%) of the 1 mill and the 5.8 mill renewal with the additional 2.0 mill increase continuing levies based on collection year 2019 assessed values is estimated at \$41,000,317 and we are currently certified at 87.89%. Applying this rate brings the estimated amount down to \$36,035,179.
- Amount requested from PLF is \$22,400,000. 2019 PLF was certified for \$22,447,383. 2020 is estimating that the percentage remains at 1.68% of the total General Revenue Fund and assumes no growth.

The total **estimated tax calculations are \$58,435,179.**

(\$36,035,179 + \$22,400,000)

The total **2020 Tax Budget request is \$63,400,000.**

(\$41,000,000 + \$22,400,000)

- Estimated **other revenues for 2020** from earned interest, fines and fees, etc., are estimated to be **\$1,546,511.**
- Estimated **beginning unencumbered balance** from the General fund is **\$20,428,194.**
- The overall **estimated revenue calculations** total **\$59,981,690** (\$58,435,179 + \$1,546,511).
- The total General Fund **2020 Tax Budget Request** is **\$64,946,511** (\$63,400,000 + \$1,546,511), plus the estimated beginning unencumbered fund balance of \$20,428,194 totals \$85,374,705 of resources available for expenditures.

Cleveland Public Library's currently projected 2020 program of library service needs could greatly exceed anticipated revenues. It is consistent with past practice and expected to request funds in excess of probable collections.

The Resolution for the Year 2020 Tax Budget Request is being distributed with the packet of materials for the May 16, 2019 Board Meeting.

ALTERNATIVE TAX BUDGET INFORMATION

Political Subdivision/Taxing Unit: Cleveland Public Library

For the Fiscal Year Commencing: January 1, 2020

Fiscal Officer Signature: Carrie Krenicky Date: May 16, 2019

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 2020

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	\$37,800,000.00
Totals								\$41,000,000.00

STATEMENT OF FUND ACTIVITY

(List All Funds Individually)

Cleveland Public Library
Tax Budget 2020

SCHEDULE 2

Fund	Beginning	Property Taxes and Local Government Revenue/(PLF)	Other Sources Receipts	Total	Total	Ending
BY Type	Estimated Unencumbered Fund Balance			Resources Available for Expenditures	Estimated Expenditures & Encumbrances	Estimated Unencumbered Balance
General Fund	20,428,194.00	63,400,000.00	1,546,511.00	85,374,705.00	59,300,000.00	26,074,705.00
Special Revenue Funds	16,500,000.00	0.00	8,500,000.00	25,000,000.00	8,500,000.00	16,500,000.00
Capital Projects Fund	434,131.00	0.00	500,000.00	934,131.00	934,131.00	0.00
Permanent Funds	3,000,000.00	0.00	300,000.00	3,300,000.00	3,300,000.00	0.00
				0.00		0.00
				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

UNVOTED GENERAL OBLIGATION DEBT

(Include General Obligation Debt To Be Paid From Inside/Charter Millage Only)

(Do Not Include General Obligation Debt Being Paid By Other Sources)

(Do Not Include Special Obligation Bonds & Revenue Bonds)

SCHEDULE 3

I Purpose Of Bonds Or Notes	II Date Of Issue	III Final Maturity Date	IV Principal Amount Outstanding At The Beginning Of The Calendar Year	V Amount Required To Meet Calendar Year Principal & Interest Payments	VI Amount Receivable From Other Sources To Meet Debt Payments
PLF Notes Series 2019/2020 - Facilities Master Plan Group 1	Projected issuance in the summer	Unknown	Unknown	Unknown	\$0.00
Totals					\$0.00

Proposed 2020 Tax Budget With Historical Perspective

Prepared By: Carrie Krenicky

	2018			2019		2020 Proposed
	Tax Budget 2018	Final Actual Budget 2018	Actual Rev/Exp 2018	Tax Budget 2019	(1) Actual Budget 2019	Tax Budget 2020
General Fund						
Beginning Unencumbered Balance	\$ 13,998,512	\$ 19,023,254	\$ 18,948,254	\$ 11,042,191	\$ 16,754,162	\$ 20,428,194
Property Taxes (includes Rollbacks)	31,100,000	29,359,382	29,359,382	40,650,000	36,035,180	41,000,000 (2)
Public Library Fund (PLF)	21,000,000	22,369,957	22,369,957	21,500,000	22,447,383	22,400,000 (3)
Other Sources	1,721,275	2,498,230	2,611,824	1,430,610	1,943,651	1,546,511
Total Current Revenue	53,821,275	54,227,570	54,341,164	63,580,610	60,426,214	64,946,511
Ret Adv/Advances Out		(255,000)				
Total Revenue With Beg Balance	67,819,787	72,995,824	73,289,418	74,622,801	77,180,375	85,374,705
Expenses & Encumbrances	(57,993,947)	(57,700,109)	(56,790,271)	(64,000,000)	(56,752,182)	(59,300,000) (4)
Ending Unencumbered Balance	\$ 9,825,840	\$ 15,295,715	\$ 16,499,147	\$ 10,622,801	\$ 20,428,194	\$ 26,074,705
Special Revenue Funds						
Beginning Unencumbered Balance	\$ 12,000,000	\$ 17,371,261	\$ 17,446,261	\$ 15,000,000	\$ 17,560,018	\$ 16,500,000
Other Sources	8,000,000	8,608,637	9,176,348	8,500,000	8,889,255	8,500,000
Total Current Revenue	8,000,000	8,608,637	9,176,348	8,500,000	8,889,255	8,500,000
Total Revenue With Beg Balance	20,000,000	25,979,897	26,622,609	23,500,000	26,449,273	25,000,000
Expenses & Encumbrances	(8,000,000)	(23,543,495)	(8,807,576)	(8,500,000)	(23,957,215)	(8,500,000)
Ending Unencumbered Balance	\$ 12,000,000	\$ 2,436,403	\$ 17,815,033	\$ 15,000,000	\$ 2,492,058	\$ 16,500,000
Capital Projects Fund						
Beginning Unencumbered Balance	\$ 1,799,370	\$ 5,529,927	\$ 5,529,927	\$ 430,802	\$ 2,607,170	\$ 434,131
Other Sources	0	2,050,000	2,050,000	10,000,000	0	500,000
Total Current Revenue	0	2,050,000	2,050,000	10,000,000	0	500,000
Total Revenue With Beg Balance	1,799,370	7,579,927	7,579,927	10,430,802	2,607,170	934,131
Expenses & Encumbrances	(1,799,370)	(7,579,927)	(4,972,758)	(10,430,802)	(2,607,170)	(934,131)
Ending Unencumbered Balance	\$ -	\$ -	\$ 2,607,170	\$ -	\$ -	\$ -

Proposed 2020 Tax Budget With Historical Perspective

Prepared By: Carrie Krenicky

	2018			2019		2020 Proposed
	Tax Budget 2018	Final Actual Budget 2018	Actual Rev/Exp 2018	Tax Budget 2019	(1) Actual Budget 2019	Tax Budget 2020
Permanent Funds						
Beginning Unencumbered Balance	\$ 2,000,000	\$ 3,193,601	\$ 3,977,917	\$ 3,000,000	\$ 3,371,202	\$ 3,000,000
Other Sources	250,000	166,545	252,442	340,000	236,350	300,000
Total Current Revenue	250,000	166,545	252,442	340,000	236,350	300,000
Total Revenue With Beg Balance	2,250,000	3,360,146	4,230,359	3,340,000	3,607,552	3,300,000
Expenses & Encumbrances	(2,250,000)	(3,360,146)	(74,841)	(3,340,000)	(3,607,552)	(3,300,000)
Ending Unencumbered Balance	\$ -	\$ -	\$ 4,155,519	\$ -	\$ -	\$ -
Agency Funds						
Beginning Unencumbered Balance	\$ -	\$ 15,768	\$ 15,768	\$ -	\$ 12,095	\$ -
Other Sources	0	0	103,263	0	0	0
Total Current Revenue	0	0	103,263	0	0	0
Total Revenue With Beg Balance	0	15,768	119,031	0	12,095	0
Expenses & Encumbrances	0	(15,768)	(106,936)	0	(12,095)	0
Ending Unencumbered Balance	\$ -	\$ -	\$ 12,095	\$ -	\$ -	\$ -
ALL FUNDS						
Beginning Unencumbered Balance	\$ 29,797,882	\$ 45,133,811	\$ 45,918,127	\$ 29,472,993	\$ 40,304,646	\$ 40,362,324
Property Taxes	31,100,000	29,359,382	29,359,382	40,650,000	36,035,180	41,000,000
Public Library Fund (formerly LLGSF)	21,000,000	22,369,957	22,369,957	21,500,000	22,447,383	22,400,000
Other Sources	9,971,275	13,323,412	14,193,878	20,270,610	11,069,256	10,846,511
Total Current Revenue	62,071,275	65,052,751	65,923,217	82,420,610	69,551,819	74,246,511
Ret Adv/Advances Out					75,000	
Total Revenue With Beg Balance	91,869,157	110,186,562	111,841,345	111,893,603	109,931,465	114,608,835
Expenses & Encumbrances	(70,043,317)	(92,199,445)	(70,752,382)	(86,270,802)	(86,936,214)	(72,034,131)
Ending Unencumbered Balance	\$ 21,825,840	\$ 17,987,118	\$ 41,088,963	\$ 25,622,801	\$ 22,995,251	\$ 42,574,705

Proposed 2020 Tax Budget With Historical Perspective

Prepared By: Carrie Krenicky

2018			2019		2020 Proposed
Tax Budget 2018	Final Actual Budget 2018	Actual Rev/Exp 2018	Tax Budget 2019	(1) Actual Budget 2019	Tax Budget 2020

- (1) The 2019 Actual Budget is current as of the April 9, 2019 Certificate of Estimated Resources and April 18, 2019 Board-approved Third Amendment to the Annual 2019 Appropriation.
- (2) Based on Collection Year 2019 effective rates & 100% collection rate of the 1.0 mill, 5.8 mill and 2.0 mill continuing levies as of the 12/14/18 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 49) for the FY 2018-2019 biennium including the provision increasing the PLF from 1.66% to 1.68% of the total General Revenue Fund and no growth.
- (4) The proposed 2020 Tax Budget Expenditures/Encumbrances is based on 2020 projected expenditures as currently projecting, including a \$500,000 transfer to the building and repair fund and a debt service payment of \$3,800,000.

**Revenue Sources Detail
For The
Proposed 2020 Tax Budget
For Board Presentation May 16, 2019**

Prepared By:
Carrie Krenicky

	2018		2019		2020 Proposed			
	Ending Budget 2018	Actual Revenue 2018	Current Budget 2019	Tax Budget 2020				
41200 Property Tax	26,947,794	\$26,947,794	26,947,794	\$26,947,794	\$ 33,635,180	\$33,635,180	\$ 41,000,000	\$41,000,000
41100 PLF (Public Library Fund)	\$ 22,369,957		\$ 22,369,957		\$ 22,447,383		\$ 22,400,000	
41900 Rollbacks	\$ 2,411,588	\$ 2,411,588	\$ 2,411,588	\$ 2,411,588	\$ 2,400,000	\$ 2,400,000	\$ -	\$ -
Total Property Tax & Rollbacks		\$29,359,382		\$29,359,382		\$36,035,180		\$41,000,000
Total Tax Budget Request Per Board Resolution							63,400,000	
Other Sources								
43110 Fines	56,018	55,959		0			0	
43120 Fees	30,597	31,480		31,000			31,000	
43130 Lost Books	34,886	35,270		35,000			35,000	
43150 Products	12,053	12,146		12,000			12,000	
43160 Passport Fee	0	0		0			7,200	
46165 Photo Passport Fee	0	0		0			1,200	
43170 Sales Tax	13,143	13,063		13,400			13,400	
43180 Copiers	164,837	163,058		82,400			160,000	
43195 Dup Services	7,045	7,073		7,000			7,000	
44100 Investment Income	666,608	668,137		574,090			436,144	
46100 Restricted Gifts	85,000	85,000		35,000			0	
46500 Unrestricted Gifts	1,752	1,852		1,400			1,400	
48100 Sales of Surplus Property	8,648	8,648		0			0	
48300 Meeting Rooms	29,639	31,239		29,500			31,000	
48720 Refunds/Reimbursements	1,370,114	1,375,642		1,179,861			791,667	
48900 Miscellaneous	17,892	19,757		18,000			19,500	
49820 Return of Advances		103,500						
Subtotal Other		2,498,230		2,611,824		2,018,651		1,546,511
Total Other Sources (TPP Tax & Other)		2,498,230		2,611,824		2,018,651		1,546,511
Total All Sources	\$ 54,227,570	\$ 54,341,164		\$ 60,501,214		\$ 64,946,511		
Beginning Unencumbered Balance	\$ 18,948,254	\$ 18,948,254		\$ 16,754,162				
Ret Adv/Advances Out	\$ (180,015)			\$ (75,000)				
Total Available Revenue	\$ 72,995,809	\$ 73,289,418		\$ 77,180,375		\$ 64,946,511		