

**EXHIBIT 3**

**CLEVELAND PUBLIC LIBRARY**

**Finance Committee**

May 17, 2016

**YEAR 2017 TAX BUDGET**

WHEREAS, ***Ohio Revised Code*** Section 5705.28 requires the Board of Library Trustees to submit its Tax Budget for Fiscal Year 2017 to the Board of the Cleveland Metropolitan School District on or before June 1, 2016; 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 2017 Tax Budget to the County Fiscal Officer on or before July 20, 2016; and

WHEREAS, ***Ohio Revised Code*** Section 5705.281 permits the County Budget Commission to waive the filling 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 2017 have been determined to be at least \$54,876,000; now therefore be it

RESOLVED, That the Year 2017 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***.



# CLEVELAND PUBLIC LIBRARY

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

**FROM:** Carrie Krenicky, Chief Financial Officer

**RE:** Background and Assumptions for the 2017 Tax Budget

**DATE:** **May 19, 2016 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, 2016 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 2017 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 2017 expenses to \$65,666,574 based on current projections, with minimal program-by-program analysis in order to meet the current estimated revenue. 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 2017 Appropriation Measure.

## **Board of Library Trustees**

Maritza Rodriguez, President • Alan Seifullah, Vice President • Thomas D. Corrigan, Secretary  
Alice G. Butts • John M. Hairston, Jr. • Anthony T. Parker • Alesha Washington  
**Felton Thomas, Jr., Executive Director, CEO**

## Revenue Assumptions (General Fund)

- Amount requested from property tax levies is estimated at \$31,100,000, which exceeds anticipated actual collections. The **full** collection rate (100%) of the 1 mill perpetual and the 5.8 mill term levies for collection year 2016 is estimated at \$29,989,607 and we are currently certified at 79.25%. Applying this rate brings the estimated amount down to \$23,766,764.
- Amount requested from PLF, \$23,776,000, slightly exceeds anticipated actual collections. 2016 PLF was certified for \$22,003,405. 2017 is estimating that the percentage remains at 1.7% of the total General Revenue Fund with the State's next biennium budget along with a 3% annual growth.

The total **estimated tax calculations are \$47,542,764.**

(\$23,766,764 + \$23,776,000)

The total **2017 Tax Budget request is \$54,876,000.**

(\$31,100,000 + \$23,776,000)

- Estimated **other revenues for 2017** from earned interest, fines and fees, etc., are estimated to be **\$1,668,446**, including the Tangible Personal Property (TPP) tax reimbursement payments which is only estimated to generate \$12,490 and will be completely phased out as of June 30, 2017.
- Estimated **beginning unencumbered balance** from the General fund is **\$16,555,710.**
- The overall **estimated revenue calculations** total **\$49,211,210** (\$47,542,764 + \$1,668,446).
- The total General Fund 2017 **Tax Budget Request is \$56,544,446** (\$54,876,000 + \$1,668,446), plus the estimated beginning unencumbered fund balance of \$16,555,710 totals \$73,100,156 of resources available for expenditures.

Cleveland Public Library's currently projected 2017 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 2017 Tax Budget Request is being distributed with the packet of materials for the May 19, 2016 Board Meeting.

# ALTERNATIVE TAX BUDGET INFORMATION

Political Subdivision/Taxing Unit: Cleveland Public Library

For the Fiscal Year Commencing: January 1, 2017

Fiscal Officer Signature: Carrie Krenicky      Date: May 19, 2016

## 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.

# **GUIDELINES FOR COMPLETING THE ALTERNATIVE TAX BUDGET INFORMATION**

## **SCHEDULE 1**

The general purpose of schedule 1 is to meet the requirement of Ohio Revised Code (ORC) Section 5705.04 which requires the taxing authority of each subdivision to divide the taxes levied into separate levies. For help use the schedule B issued by the budget commission for the current year and add any new levies. This will help to ensure that no levies are missed.

In column 1 list only those individual funds which are requesting general property tax revenue. In column 2 purpose refers to the following terms, inside, current expenses, and special levy for example. In column 4 levy type refers to renewal, additional, and replacement for example. In column 9 identify the amount of general property tax you wish to request.

## **NOTE:**

The general purpose of column 9 is to demonstrate the need to produce property tax revenues to cover the estimated expenditures for the budget year. ORC Section 5705.341 states in part;

"Nothing in this section or any section of the ORC shall permit or require the levying of any rate of taxation, whether within the 10 mill limitation or whether the levy has been approved by the electors, the political subdivision or the charter of a municipal corporation in excess of such 10 mill limitation, unless such rate of taxation for the ensuing fiscal year is clearly required by a budget properly and lawfully, adopted under this chapter or by other information required per ORC 5705.281."

Property tax revenue includes real estate taxes, personal property taxes, homestead and rollback, and the personal property 10,000 exempt monies.

## **SCHEDULE 2**

The general purpose of schedule 2 is to produce an Official Certificate of Estimated Resources for all funds.

In column 3, total estimated receipts should include all revenues plus transfers in excluding property taxes and local government revenue. All taxing authorities, except school districts, must submit a list of all tax transfers.

## **SCHEDULE 3**

The general purpose of schedule 3 is to provide inside/charter millage for debt service. The basic security for payment of general obligation debt is the requirement of the levy of ad valorem property taxes within the 10 mill limitation imposed by Ohio law. Ohio law requires a levy and collection of ad valorem property tax to pay debt service on general obligation debt as it becomes due, unless that debt service is paid from other sources.

## **SCHEDULE 4**

The general purpose of schedule 4 is to provide for the proper amount of millage to cover debt service requirements on voted bond issues. Major capital improvement projects are sometimes financed through the use of voted bonds. The taxing authority seeks voter approval of general obligation bonds and of the levy of property taxes outside the indirect debt limitation in whatever amount is necessary to pay debt service on those bonds.

## **SCHEDULE 5**

The general purpose of schedule 5 is to properly account for tax anticipation notes. See schedule 5 for more details.

# 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 2017

**SCHEDULE 1**

I Fund	II Purpose	III Authorized By Voters On MM/DD/YY	IV Levy Type	V Number Of Years Levy To Run	VI Tax Year Begins/ Ends	VII Collection Year Begins/ Ends	VIII Maximum Rate Authorized	IX \$ AMOUNT Requested Of Budget Commission
General Fund	Current Expenses	11/5/1985	Replacement	Continuous	1985-	1986-	1.00	\$3,100,000.00
General Fund	Current Expenses	11/5/2013	Renewal	5 years	2013-2017	2014-2018	5.80	\$28,000,000.00
Totals								\$31,100,000.00

# STATEMENT OF FUND ACTIVITY

(List All Funds Individually)

Cleveland Public Library  
Tax Budget 2017

## 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	16,555,710.00	54,876,000.00	1,668,446.00	73,100,156.00	65,666,574.00	7,433,582.00
Special Revenue Funds	12,000,000.00	0.00	7,500,000.00	19,500,000.00	7,500,000.00	12,000,000.00
Capital Projects Fund	2,705,172.00	0.00	8,500,000.00	11,205,172.00	11,205,172.00	0.00
Permanent Funds	2,000,000.00	0.00	200,000.00	2,200,000.00	2,200,000.00	0.00
				0.00		0.00
				0.00		0.00
				0.00		0.00
				0.00		0.00
				0.00		0.00
				0.00		0.00
				0.00		0.00
				0.00		0.00
				0.00		0.00
				0.00		0.00
				0.00		0.00
				0.00		0.00
				0.00		0.00
				0.00		0.00
				0.00		0.00

**Proposed 2017 Tax Budget With Historical Perspective**

Prepared By:  
Carrie Krenicky

	2015			2016		2017 Proposed
	Tax Budget 2015	Final Actual Budget 2015	Actual Rev/Exp 2015	Tax Budget 2016	(2) Actual Budget 2016	Tax Budget 2017
<b>General Fund</b>						
Beginning Unencumbered Balance	\$ 13,205,265	\$ 22,909,201	\$ 22,909,201	\$ 19,111,564	\$ 24,445,829	\$ 16,555,710
Property Taxes (includes Rollbacks)	33,300,000	27,997,168	28,003,089	33,300,000 (1)	23,766,764	31,100,000 (3)
Public Library Fund (formerly LLGSF)	20,000,000	21,789,052	21,789,052	21,000,000	22,003,405	23,776,000 (4)
Other Sources (Includes TPP Tax)	5,058,173	3,510,057	3,635,642	3,853,886 (1)	2,649,306	1,668,446 (5)
Total Current Revenue	58,358,173	53,296,277	53,427,782	58,153,886	48,419,474	56,544,446
Return Adv/Advances Out		(14,160)			109,160	
Total Revenue With Beg Balance	71,563,438	76,191,318	76,336,983	77,265,450	72,974,463	73,100,156
Expenses & Encumbrances	(61,265,719)	(53,943,569)	(51,891,154)	(63,908,576)	(56,418,753)	(65,666,574) (6)
<b>Ending Unencumbered Balance</b>	<b>\$ 10,297,719</b>	<b>\$ 22,247,749</b>	<b>\$ 24,445,829</b>	<b>\$ 13,356,874</b>	<b>\$ 16,555,710</b>	<b>\$ 7,433,582</b>
<b>Special Revenue Funds</b>						
Beginning Unencumbered Balance	\$ 9,000,000	\$ 14,085,366	\$ 14,085,266	\$ 12,000,000	\$ 14,622,361	\$ 12,000,000
Other Sources	2,000,000	7,865,875	8,121,213	5,800,000	8,104,251	7,500,000
Total Current Revenue	2,000,000	7,865,875	8,121,213	5,800,000	8,104,251	7,500,000
Return Adv/Advances Out		14,160			(109,160)	
Total Revenue With Beg Balance	11,000,000	21,965,401	22,206,479	17,800,000	22,617,452	19,500,000
Expenses & Encumbrances	(2,000,000)	(19,473,343)	(7,584,118)	(5,800,000)	(20,125,394)	(7,500,000)
<b>Ending Unencumbered Balance</b>	<b>\$ 9,000,000</b>	<b>\$ 2,492,058</b>	<b>\$ 14,622,361</b>	<b>\$ 12,000,000</b>	<b>\$ 2,492,058</b>	<b>\$ 12,000,000</b>
<b>Capital Projects Fund</b>						
Beginning Unencumbered Balance	\$ 8,400,000	\$ 13,511,047	\$ 13,511,047	\$ 8,511,047	\$ 9,083,635	\$ 2,705,172
Other Sources	0	0	0	0	1,503,500	8,500,000
Total Current Revenue	0	0	0	0	1,503,500	8,500,000
Total Revenue With Beg Balance	8,400,000	13,511,047	13,511,047	8,511,047	10,587,135	11,205,172
Expenses & Encumbrances	(2,000,000)	(13,511,047)	(4,427,412)	(8,511,047)	(10,587,135)	(11,205,172)
<b>Ending Unencumbered Balance</b>	<b>\$ 6,400,000</b>	<b>\$ -</b>	<b>\$ 9,083,635</b>	<b>\$ (0)</b>	<b>\$ -</b>	<b>\$ -</b>



**Proposed 2017 Tax Budget With Historical Perspective**

Prepared By:  
Carrie Krenicky

	2015			2016		2017 Proposed
	Tax Budget 2015	Final Actual Budget 2015	Actual Rev/Exp 2015	Tax Budget 2016	(2) Actual Budget 2016	Tax Budget 2017
<b>Permanent Funds</b>						
Beginning Unencumbered Balance	\$ 1,700,000	\$ 2,591,960	\$ 3,376,276	\$ 2,000,000	\$ 2,683,120	\$ 2,000,000
Other Sources	130,000	175,372	216,155	250,000	137,536	200,000
Total Current Revenue	130,000	175,372	216,155	250,000	137,536	200,000
Total Revenue With Beg Balance	1,830,000	2,767,332	3,592,431	2,250,000	2,820,656	2,200,000
Expenses & Encumbrances	(130,000)	(2,767,331)	(124,994)	(2,250,000)	(2,820,656)	(2,200,000)
<b>Ending Unencumbered Balance</b>	<b>\$ 1,700,000</b>	<b>\$ 0</b>	<b>\$ 3,467,436</b>	<b>\$ -</b>	<b>\$ 0</b>	<b>\$ -</b>
<b>Agency Funds</b>						
Beginning Unencumbered Balance	\$ -	\$ 11,164	\$ 11,164	\$ -	\$ 18,241	\$ -
Other Sources	0	0	66,356	0	0	0
Total Current Revenue	0	0	66,356	0	0	0
Total Revenue With Beg Balance	0	11,164	77,520	0	18,241	0
Expenses & Encumbrances	0	(11,164)	(59,279)	0	(18,241)	0
<b>Ending Unencumbered Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,241</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>ALL FUNDS</b>						
Beginning Unencumbered Balance	\$ 32,305,265	\$ 53,108,737	\$ 53,892,953	\$ 41,622,610	\$ 50,853,187	\$ 33,260,882
Property Taxes	33,300,000 (1)	27,997,168	28,003,089	33,300,000	23,766,764	31,100,000
Public Library Fund (formerly LLGSF)	20,000,000	21,789,052	21,789,052	21,000,000	22,003,405	23,776,000
Other Sources	7,188,173 (1)	11,551,304	12,039,366	9,903,886	12,394,593	17,868,446
Total Current Revenue	60,488,173	61,337,523	61,831,507	64,203,886	58,164,761	72,744,446
Ret Adv/Advances Out		(109,160)				
Total Revenue With Beg Balance	92,793,438	114,337,101	115,724,460	105,826,496	109,017,948	106,005,328
Expenses & Encumbrances	(65,395,719)	(89,706,454)	(64,086,957)	(80,469,623)	(89,970,180)	(86,571,746)
<b>Ending Unencumbered Balance</b>	<b>\$ 27,397,719</b>	<b>\$ 24,630,647</b>	<b>\$ 51,637,503</b>	<b>\$ 25,356,873</b>	<b>\$ 19,047,768</b>	<b>\$ 19,433,582</b>

**Proposed 2017 Tax Budget With Historical Perspective**

Prepared By:  
Carrie Krenicky

2015			2016		2017 Proposed
	Final			(2)	
Tax Budget 2015	Actual Budget 2015	Actual Rev/Exp 2015	Tax Budget 2016	Actual Budget 2016	Tax Budget 2017

- (1) The 2016 Tax Budget estimate for Property Tax included Rollback/Homestead Tax of \$2,000,000, but excluded TPP Tax of \$2,188,380 which is included with Other Sources; however, the TPP Tax has since been reduced to \$565,829 per the State's biennium budget (HB 64) July 1, 2015.
- (2) The 2016 Actual Budget is current as of the April 8, 2016 Certificate of Estimated Resources and April 19, 2016 Board-approved Fourth Amendment to the Annual 2016 Appropriation.
- (3) Based on Collection Year 2016's effective rates & 100% collection rate of the 11/5/13 voter-approved 5.8 mill renewal and the 1985 continuing 1.0 mill on the 12/21/15 Cuyahoga County Budget Commission's Schedule A with a small increase to the assessed values.
- (4) PLF has been estimated, assuming the State's next budget bill remains at 1.7% of the total General Revenue Fund and a 3% growth annually.
- (5) TPP Tax is considered as Other Sources revenue with the 2017 estimated amount and has decreased to \$12,490 for calendar year 2017 and eliminated as of June 30, 2017.
- (6) The proposed 2017 Tax Budget Expenditures/Encumbrances represents what the 2016 expenditures are currently projecting and including \$8.5 million for the Community Vision Plan.

**Revenue Sources Detail  
For The  
Proposed 2017 Tax Budget  
For Board Presentation May 19, 2016**

Prepared By:  
Carrie Krenicky

	2015		2016		2017 Proposed			
	Ending Budget 2015	Actual Revenue 2015	Current Budget 2016	Tax Budget 2017				
41200 Property Tax	25,480,981	\$25,480,981	\$ 25,482,287	\$25,482,287	\$ 21,766,764	\$21,766,764	\$ 31,100,000	\$31,100,000
41100 PLF ( formerly LLGSF)	\$ 21,789,052		\$ 21,789,052		\$ 22,003,405		\$ 23,776,000	
41900 Rollbacks	\$ 2,516,187	\$ 2,516,187	\$ 2,520,802	\$ 2,520,802	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -
<b>Total Property Tax &amp; Rollbacks</b>		\$27,997,168	\$28,003,089		\$23,766,764		\$31,100,000	
<b>Total Tax Budget Request Per Board Resolution</b>							<b>\$ 54,876,000</b>	
<b>Other Sources</b>								
41900 TPP (CAT)	1,647,530	1,647,530	1,647,530	1,647,530	565,829	565,829	12,490	12,490
41900 Other Taxes			0	0				
<b>Other</b>								
42100 Federal Aid	34,993		34,993		0		0	
42200 State Aid	0		0		0		0	
43110 Fines	122,720		123,896		122,720		122,720	
43120 Fees	35,330		34,712		35,330		35,330	
43130 Lost Books	60,600		59,882		59,290		59,290	
43140 Book Deposits	0		0		0		0	
43150 Products	6,710		6,862		6,710		6,710	
43170 Sales Tax	11,630		11,612		11,630		11,630	
43180 Copiers	160,420		167,931		160,420		160,420	
43185 Class/Seminar Fees	1,500		1,500		1,000		1,000	
43190 Research Services	0		0		0		0	
43195 Dup Services	1,900		1,827		1,900		1,900	
44100 Investment Income	367,010		375,143		320,863		361,761	
45100 Computer Services	303,682		303,182		0		0	
45500 Other Services	0		500		0		0	
46500 Unrestricted Gifts	6,300		6,525		0		0	
48100 Sales of Surplus Property	3,015		3,015		0		0	
48300 Meeting Rooms	26,382		26,957		20,000		25,000	
48710 Retiree Insurance	0		0		0		0	
48720 Refunds/Reimbursements	702,444		710,469		1,318,614		840,195	
48730 COBRA Contributions	0		0		0		0	
48800 Fines in Transit	(10,099)		(10,099)		0		0	
48900 Miscellaneous	27,990		34,205		25,000		30,000	
49820 Return of Advances			95,000					
<b>Subtotal Other</b>		<b>1,862,528</b>	<b>1,988,112</b>		<b>2,083,476</b>		<b>1,655,956</b>	
<b>Total Other Sources (TPP Tax &amp; Other)</b>		<b>3,510,057</b>	<b>3,635,642</b>		<b>2,649,306</b>		<b>1,668,446</b>	
<b>Total All Sources</b>	<b>\$ 53,296,277</b>		<b>\$ 53,427,782</b>		<b>\$ 48,419,474</b>		<b>\$ 56,544,446</b>	
Beginning Unencumbered Balance	\$ 22,909,201		\$ 22,909,201		\$ 24,554,989			
Ret Adv/Advances Out	\$ (14,160)				\$ (29,500)			
<b>Total Available Revenue</b>	<b>\$ 76,191,318</b>		<b>\$ 76,336,983</b>		<b>\$ 72,944,963</b>		<b>\$ 56,544,446</b>	

Print Date:  
5/4/2016