

EXHIBIT 3

CLEVELAND PUBLIC LIBRARY

Board Meeting

May 22, 2018

YEAR 2019 TAX BUDGET

WHEREAS, ***Ohio Revised Code*** Section 5705.28 requires the Board of Library Trustees to submit its Tax Budget for Fiscal Year 2019 to the Board of the Cleveland Metropolitan School District on or before June 1, 2018; 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 2019 Tax Budget to the County Fiscal Officer on or before July 20, 2018; 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 2019 have been determined to be at least \$62,150,000; now therefore be it

RESOLVED, That the Year 2019 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 2019 Tax Budget

DATE: **May 22, 2018 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, 2018 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 2019 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 2019 expenses to \$64,000,000 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 2019 Appropriation Measure.

Board of Library Trustees

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

Revenue Assumptions (General Fund)

- Amount requested from property tax levies is estimated at \$40,650,000, 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's 2018 assessed values is estimated at \$40,313,631 and we are currently certified at 88.86%. Applying this rate brings the estimated amount down to \$35,822,693.
- Amount requested from PLF, \$21,500,000. 2018 PLF was certified for \$21,528,120. 2019 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 \$57,322,693.**

(\$35,822,693 + \$21,500,000)

The total **2019 Tax Budget request is \$62,150,000.**

(\$40,650,000 + \$21,500,000)

- Estimated **other revenues for 2019** from earned interest, fines and fees, etc., are estimated to be **\$1,430,610.**
- Estimated **beginning unencumbered balance** from the General fund is **\$11,042,191.**
- The overall **estimated revenue calculations** total **\$58,753,303** (\$57,322,693 + \$1,430,610).
- The total General Fund 2019 **Tax Budget Request** is **\$63,580,610** (\$62,150,000 + \$1,430,610), plus the estimated beginning unencumbered fund balance of \$11,042,191 totals \$74,622,801 of resources available for expenditures.

Cleveland Public Library's currently projected 2019 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 2019 Tax Budget Request is being distributed with the packet of materials for the May 22, 2018 Board Meeting.

ALTERNATIVE TAX BUDGET INFORMATION

Political Subdivision/Taxing Unit: Cleveland Public Library

For the Fiscal Year Commencing: January 1, 2019

Fiscal Officer Signature: Carrie Krenicky Date: May 22, 2018

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 2019

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	\$3,150,000.00
General Fund	Current Expenses	11/7/2017	Renewal with an Increase	Continuous	2018-	2019-	7.80	\$37,500,000.00
Totals								\$40,650,000.00

STATEMENT OF FUND ACTIVITY

(List All Funds Individually)

Cleveland Public Library
Tax Budget 2019

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	11,042,191.00	62,150,000.00	1,430,610.00	74,622,801.00	64,000,000.00	10,622,801.00
Special Revenue Funds	15,000,000.00	0.00	8,500,000.00	23,500,000.00	8,500,000.00	15,000,000.00
Capital Projects Fund	430,802.00	0.00	10,000,000.00	10,430,802.00	10,430,802.00	0.00
Permanent Funds	3,000,000.00	0.00	340,000.00	3,340,000.00	3,340,000.00	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
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				0.00		0.00
				0.00		0.00
				0.00		0.00
				0.00		0.00
				0.00		0.00

Proposed 2019 Tax Budget With Historical Perspective

Prepared By: Carrie Krenicky

	2017			2018		2019 Proposed
	Tax Budget 2017	Final Actual Budget 2017	Actual Rev/Exp 2017	Tax Budget 2018	(2) Actual Budget 2018	Tax Budget 2019
General Fund						
Beginning Unencumbered Balance	\$ 16,555,710	\$ 21,352,450	\$ 21,311,700	\$ 13,998,512	\$ 19,023,254	\$ 11,042,191
Property Taxes (includes Rollbacks)	31,100,000	28,840,441	28,846,252	31,100,000	27,314,507	40,650,000 (3)
Public Library Fund (PLF)	23,776,000	21,464,343	21,506,144	21,000,000	21,528,120	21,500,000 (4)
Other Sources (1)	1,668,446	2,124,248	2,276,192	1,721,275	1,541,419	1,430,610
Total Current Revenue	56,544,446	52,429,032	52,628,587	53,821,275	50,384,046	63,580,610
Total Revenue With Beg Balance	73,100,156	73,781,483	73,940,288	67,819,787	69,407,300	74,622,801
Expenses & Encumbrances	(65,666,574)	(56,604,803)	(54,992,034)	(57,993,947)	(58,365,109)	(64,000,000) (5)
Ending Unencumbered Balance	\$ 7,433,582	\$ 17,176,680	\$ 18,948,254	\$ 9,825,840	\$ 11,042,191	\$ 10,622,801
Special Revenue Funds						
Beginning Unencumbered Balance	\$ 12,000,000	\$ 15,943,028	\$ 15,983,778	\$ 12,000,000	\$ 17,371,261	\$ 15,000,000
Other Sources	7,500,000	8,688,277	9,242,300	8,000,000	8,882,819	8,500,000
Total Current Revenue	7,500,000	8,688,277	9,242,300	8,000,000	8,882,819	8,500,000
Total Revenue With Beg Balance	19,500,000	24,631,305	25,226,078	20,000,000	26,254,080	23,500,000
Expenses & Encumbrances	(7,500,000)	(22,139,248)	(7,779,817)	(8,000,000)	(23,762,023)	(8,500,000)
Ending Unencumbered Balance	\$ 12,000,000	\$ 2,492,058	\$ 17,446,261	\$ 12,000,000	\$ 2,492,058	\$ 15,000,000
Capital Projects Fund						
Beginning Unencumbered Balance	\$ 2,705,172	\$ 8,876,395	\$ 8,876,395	\$ 1,799,370	\$ 5,529,927	\$ 430,802
Other Sources	8,500,000	1,330,000	1,330,000	0	2,050,000	10,000,000
Total Current Revenue	8,500,000	1,330,000	1,330,000	0	2,050,000	10,000,000
Total Revenue With Beg Balance	11,205,172	10,206,395	10,206,395	1,799,370	7,579,927	10,430,802
Expenses & Encumbrances	(11,205,172)	(10,206,395)	(4,676,468)	(1,799,370)	(7,579,927)	(10,430,802)
Ending Unencumbered Balance	\$ -	\$ -	\$ 5,529,927	\$ -	\$ -	\$ -

Proposed 2019 Tax Budget With Historical Perspective

Prepared By: Carrie Krenicky

	2017			2018		2019 Proposed
	Tax Budget 2017	Final Actual Budget 2017	Actual Rev/Exp 2017	Tax Budget 2018	(2) Actual Budget 2018	Tax Budget 2019
Permanent Funds						
Beginning Unencumbered Balance	\$ 2,000,000	\$ 2,887,010	\$ 3,671,327	\$ 2,000,000	\$ 3,193,601	\$ 3,000,000
Other Sources	200,000	236,530	345,357	250,000	242,115	340,000
Total Current Revenue	200,000	236,530	345,357	250,000	242,115	340,000
Total Revenue With Beg Balance	2,200,000	3,123,540	4,016,683	2,250,000	3,435,716	3,340,000
Expenses & Encumbrances	(2,200,000)	(3,123,540)	(38,766)	(2,250,000)	(3,435,716)	(3,340,000)
Ending Unencumbered Balance	\$ -	\$ -	\$ 3,977,917	\$ -	\$ -	\$ -
Agency Funds						
Beginning Unencumbered Balance	\$ -	\$ 7,602	\$ 7,602	\$ -	\$ 15,768	\$ -
Other Sources	0	0	136,472	0	0	0
Total Current Revenue	0	0	136,472	0	0	0
Total Revenue With Beg Balance	0	7,602	144,074	0	15,768	0
Expenses & Encumbrances	0	(7,602)	(128,305)	0	(15,768)	0
Ending Unencumbered Balance	\$ -	\$ -	\$ 15,768	\$ -	\$ -	\$ -
ALL FUNDS						
Beginning Unencumbered Balance	\$ 33,260,882	\$ 49,066,486	\$ 49,850,802	\$ 29,797,882	\$ 45,133,811	\$ 29,472,993
Property Taxes	31,100,000	28,840,441	28,846,252	31,100,000	27,314,507	40,650,000
Public Library Fund (formerly LLGSF)	23,776,000	21,464,343	21,506,144	21,000,000	21,528,120	21,500,000
Other Sources	17,868,446	12,379,055	13,330,321	9,971,275	12,716,353	20,270,610
Total Current Revenue	72,744,446	62,683,839	63,682,716	62,071,275	61,558,980	82,420,610
Ret Adv/Advances Out		0				
Total Revenue With Beg Balance	106,005,328	111,750,325	113,533,518	91,869,157	106,692,792	111,893,603
Expenses & Encumbrances	(86,571,746)	(92,081,587)	(67,615,391)	(70,043,317)	(93,158,543)	(86,270,802)
Ending Unencumbered Balance	\$ 19,433,582	\$ 19,668,738	\$ 45,918,127	\$ 21,825,840	\$ 13,534,249	\$ 25,622,801

Proposed 2019 Tax Budget With Historical Perspective

Prepared By: Carrie Krenicky

2017			2018		2019 Proposed
Tax Budget 2017	Final Actual Budget 2017	Actual Rev/Exp 2017	Tax Budget 2018	(2) Actual Budget 2018	Tax Budget 2019

- (1) Other Sources includes TPP Tax for 2017 and Return of Advances and Advances Out.
- (2) The 2018 Actual Budget is current as of the April 4, 2018 Certificate of Estimated Resources and April 19, 2018 Board-approved Third Amendment to the Annual 2018 Appropriation.
- (3) Based on Collection Year 2018's effective rates & 100% collection rate of the 11/7/17 voter-approved 5.8 mill renewal with a 2.0 mill increase and the 1985 continuing 1.0 mill on the 12/19/17 Cuyahoga County Budget Commission's Schedule A with a small increase to the assessed values.
- (4) 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.
- (5) The proposed 2018 Tax Budget Expenditures/Encumbrances is based on 2019 projected expenditures as currently projecting, including a \$10 million transfer to the building and repair fund.

**Revenue Sources Detail
For The
Proposed 2019 Tax Budget
For Board Presentation May 22, 2018**

Prepared By:
Carrie Krenicky

	2017		2018		2019 Proposed			
	Ending Budget 2017	Actual Revenue 2017	Current Budget 2018	Tax Budget 2019				
41200 Property Tax	26,414,755	\$26,414,755	26,415,992	\$26,415,992	\$ 24,914,507	\$24,914,507	\$ 40,650,000	\$40,650,000
41100 PLF (Public Library Fund)	\$ 21,464,343		\$ 21,506,144		\$ 21,528,120		\$ 21,500,000	
41900 Rollbacks	\$ 2,425,686	\$ 2,425,686	\$ 2,430,260	\$ 2,430,260	\$ 2,400,000	\$ 2,400,000	\$ -	\$ -
Total Property Tax & Rollbacks		\$28,840,441		\$28,846,252		\$27,314,507		\$40,650,000
Total Tax Budget Request Per Board Resolution							\$ 62,150,000	
Other Sources								
41900 TPP (CAT)	12,490	12,490	12,490	12,490	0	0	0	0
41900 Other Taxes			0	0				
Other								
43110 Fines	94,335		88,847		94,335		0	
43120 Fees	39,329		37,927		39,329		39,329	
43130 Lost Books	47,583		45,237		47,583		47,583	
43140 Book Deposits	0		90		0		0	
43150 Products	10,598		10,441		10,598		10,598	
43170 Sales Tax	13,761		13,400		13,761		13,761	
43180 Copiers	169,837		167,929		169,837		19,837	
43185 Class/Seminar Fees	0		0		0		0	
43190 Research Services	0		0		0		0	
43195 Dup Services	5,591		5,767		5,591		5,591	
44100 Investment Income	580,601		581,183		524,913		493,843	
45100 Computer Services	0		0		0		0	
45500 Other Services	0		0		0		0	
46500 Unrestricted Gifts	2,447		2,605		0		0	
48100 Sales of Surplus Property	1,705		1,705		0		0	
48300 Meeting Rooms	25,000		25,481		25,000		25,000	
48720 Refunds/Reimbursements	1,186,887		1,208,497		847,137		756,718	
48730 COBRA Contributions	0		0		0		0	
48800 Fines in Transit	(9,265)		(9,265)		0		0	
48900 Miscellaneous	18,350		16,610		18,350		18,350	
49820 Return of Advances			67,250					
Subtotal Other		<u>2,186,759</u>		<u>2,263,703</u>		<u>1,796,434</u>		<u>1,430,610</u>
Total Other Sources (TPP Tax & Other)		2,199,248		2,276,192		1,796,434		1,430,610
Total All Sources	\$ 52,504,032		\$ 52,628,587		\$ 50,639,061		\$ 63,580,610	
Beginning Unencumbered Balance	\$ 21,311,700		\$ 21,311,700		\$ 19,023,254			
Ret Adv/Advances Out	\$ (34,250)				\$ (255,015)			
Total Available Revenue	\$ 73,781,483		\$ 73,940,288		\$ 69,407,300		\$ 63,580,610	