

CLEVELAND PUBLIC LIBRARY

Finance Committee
May 19, 2011

YEAR 2012 TAX BUDGET

- WHEREAS, *Ohio Revised Code* Section 5705.28 requires the Board of Library Trustees to submit its Tax Budget for Fiscal Year 2012 to the Board of the Cleveland Metropolitan School District on or before May 31, 2011; 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 2012 Tax Budget to the County Auditor on or before July 21, 2011; and
- WHEREAS, *Ohio Revised Code* Section 5705.281 permits the County Budget Commission to waive the filling of tax budgets provided alternate tax information forms are filed; and
- WHEREAS The Cuyahoga County Budget Commission has requested use of alternate tax information forms; and
- WHEREAS, The financial needs of Cleveland Public Library from **Tax Sources** for Fiscal Year 2012 have been determined to be \$58,000,000; now therefore be it
- RESOLVED, That the Year 2012 Tax Budget and Alternate Tax 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*.

ALTERNATIVE TAX BUDGET INFORMATION

Political Subdivision/Taxing Unit CLEVELAND PUBLIC LIBRARY

For the Fiscal Year Commencing JANUARY 1, 2012

Fiscal Officer Signature H. SANDRA KUBAN Date MAY 19, 2011

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

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,

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

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

Property tax revenue includes real estate taxes, personal property taxes, homestead and rollback,

SCHEDULE 2

The general purpose of schedule 2 is to produce an Official Certificate of Estimated Resources for all In column 3, total estimated receipts should include all revenues plus transfers in excluding property tax 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

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

SCHEDULE 5

for more details.

DIVISION OF TAXES LEVIED

(Levies Inside & Outside 10 Mill Limitation, Inclusive Of Debt Levies)
 CLEVELAND PUBLIC LIBRARY
 (List All Levies Of The Taxing Authority)
 TAX BUDGET 2012

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	11/05/85	Replac- ment	Continous	1985 -	1986 -	1.00	3,300,000
General Fund	Current Expenses	03/04/08	Replac- ment	5 Years	2008 - 2012	2009 - 2013	5.80	34,700,000
Totals								38,000,000

STATEMENT OF FUND ACTIVITY

CLEVELAND PUBLIC LIBRARY
TAX BUDGET FOR 2012

(List All Funds Individually)

SCHEDULE 2

I Fund BY Type	II Beginning Estimated Unencumbered Fund Balance	III Property Taxes and Local Government Revenue	IV Other Sources Receipts	V Total Resources Available for Expenditures	VI Total Estimated Expenditures & Encumbrances	VII Ending Estimated Unencumbered Balance
General Fund:						
General Property Tax & Public Library Fund	-0-	38,000,000 20,000,000	6,854,000	64,854,000	64,854,000	-0-
Special Revenue Funds	9,000,000		750,000	9,750,000	750,000	9,000,000
Capital Fund	3,000,000			3,000,000	3,000,000	-0-
Permanent	1,700,000		50,000	1,750,000	50,000	1,700,000
				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

CLEVELAND PUBLIC LIBRARY

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

FROM: Sandra Kuban, Finance Administrator

RE: Background and Assumptions for the 2012 Tax Budget

DATE: May 19, 2011 Board Meeting

For the past several years, Cleveland Public Library has submitted **Alternate Tax Information Forms as requested by the Cuyahoga County Budget Commission**. These forms **must be approved by the Board of Trustees before May 31 each year to allow for sufficient time to have it placed on Cleveland Metropolitan School District's Board agenda prior to the July 20, 2011 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**.

The Library has once again used the simplified approach for development of its 2012 Tax Budget as reflected in the use of the Alternate Tax Information Forms. In lieu of having administrators develop a "wish list" budget that must be revisited and revised later in the year, we have applied a **general decrease of approximately 7% to 2012 expenses of \$64,854,000, which is \$5,046,000 under 2011 Tax Budget expenses of \$69,900,000**, with minimal program-by-program analysis. In the fall, when there is more information regarding State funding, better estimates for CPL's year-end fund balances and possible Union contract negotiation information, the entire administrative team will participate in the development of the 2012 Appropriation Measure.

Revenue Assumptions

1. For estimation of **Property Taxes**, approximately the same effective and a 100% collection rate are applied to the March 4, 2008 voter-approved 5-year 5.8 mill levy, which will be in its fourth year of collection in 2012. In addition, the 1.0 mill perpetual or continuous levy is estimated to continue with approximately the same dollar collection as certified in 2011. The calculated amount is based on Cuyahoga County Budget Commission Office's valuation on 12/9/10's Schedule A which increased from \$5.6 billion to \$5.7 billion, an additional \$127,845,230 or a 2% increase since the 12/xx/09 Schedule A and that, if a collection rate of 100% could be achieved, the **calculated result would be \$36,870,460**, which is considered to include \$2,000,000 for Rollbacks. Applying a continuing decline of 3.6% to this year's certified collection rate of 81.05% brings the calculated amount down to \$28,546,351, a more realistic expendable amount for 2012. The **2012 Tax Budget Request for Property Tax is set at \$38,000,000**, the same amount as

2011's property tax portion of the Tax Budget Request and allows for a 3% margin of error above the calculated amount for the outside possibility of more in valuation growth.

2. **Public Library Fund** was originally certified for 2011 for \$21,272,332 and was shortly thereafter re-certified to \$21,799,457, an increase of \$527,125 which we do not expect to collect in 2011. Our current estimate for losing an additional 5% for the last half of 2011 brings the 2011 revenue projection to \$20.4 million. The assumption for **calculating** the PLF amount for **2012** reflects the calculation of the 5% reduction for the entire year resulting in **\$19,966,805**. Therefore, the **2012 Tax Budget Request is set at \$20,000,000**, a 16% decrease from the 2011 Tax Budget request of \$24,000,000.
3. Therefore, the total estimated **tax calculations are \$56,837,265** (\$36,870,460 + \$19,966,805). The total requested for **2012 Tax Budget from tax sources is \$58,000,000** (\$38,000,000 and \$20,000,000) when combining Property Tax and PLF collections respectively.
4. Estimated **other revenues for 2012** from CLEVNET, earned interest, fines and fees, etc., are estimated to be **\$6,854,000**. As instructed by the Cuyahoga County Budget Commission, this category now includes the Commercial Activity Tax (CAT Tax) which is estimated to generate only \$3,001,370 due to more aggressive phase-out beginning in 2011 and ending in 2015 rather than 2018 as originally planned, a decrease of \$812,990 or down 21% from the 2011 expected collection amount of \$3,814,360.
5. The **overall revenue calculations** which include other miscellaneous sources, total **\$63,691,265** (\$56,837,265 + \$6,854,000); the **total General Fund 2011 Tax Budget Request is \$64,854,000**, approximately 2% more than the calculated estimates to allow for the prospect of an improving economy.
6. **The estimated carry forward balance available for the purpose of use in the 2012 Tax Budget projection is calculated to be minimal and is set at zero.** This allows for the worst case planning scenario in having to use the entire available revenue balance to meet current 2011 obligations.

Cleveland Public Library's currently projected 2012 program of library service needs could greatly exceed anticipated revenues. It is consistent with past practice to request funds in excess of probable collections. In fact, it is necessary for the Tax Budget to exceed the next year's tax collections in order for the Library to be eligible to receive its full share of PLF and property tax monies. For the Year 2011, the Tax Budget presented by Cleveland Public Library totaled \$69,900,000 available for expenditure; this 2012 Tax Budget totals \$64,854,000, a 7% decrease.

The Resolution for the Year 2012 Tax Budget Request is being distributed with the packet of materials for the May 19, 2011 Board Meeting.

Cc: Administrators
Carrie Krenicky, Assistant Finance Administrator

Proposed 2012 Tax Budget

With Historical Perspective

Prepared By:
Sandra Kuban

Column #	1	2	3	4	5	6
General Fund	2010		Actual Rev/Exp 2010	Tax Budget 2011	2011	
Beginning Unencumbered Balance	\$ 4,555,920	\$ 24,665,941	\$ 24,665,941	\$ -	\$ 23,751,856	\$ - (3)
Property Taxes (includes Rollbacks)	37,000,000 (1)	29,738,384	32,514,913	38,000,000	29,214,496	38,000,000 (4)
Public Library Fund (formerly LLGSF)	26,000,000	19,726,368	20,413,041	24,000,000	21,272,332	20,000,000 (5)
Other Sources (Includes CAT Tax)	8,636,450 (1)	8,812,347	10,832,633	7,900,000	7,029,437	6,854,000 (6)
Total Current Revenue	71,636,450	58,277,099	63,760,587	69,900,000	57,516,265	64,854,000
Total Revenue With Beg Balance	76,192,370	82,943,040	88,426,528	69,900,000	81,268,121	64,854,000
Expenses & Encumbrances	(76,192,370)	(82,943,040)	(64,674,672)	(69,900,000)	(81,268,121)	(64,854,000) (7)
Ending Unencumbered Balance	\$ -	\$ -	\$ 23,751,856	\$ -	\$ -	\$ -
Special Revenue Funds						
Beginning Unencumbered Balance	\$ 9,000,000	\$ 9,838,548	\$ 9,838,547	\$ 9,000,000	\$ 10,266,313	\$ 9,000,000
Other Sources	750,000	719,992	2,346,451	750,000	1,104,530	750,000
Total Current Revenue	750,000	719,992	2,346,451	750,000	1,104,530	750,000
Total Revenue With Beg Balance	9,750,000	10,558,540	12,184,998	9,750,000	11,370,843	9,750,000
Expenses & Encumbrances	(750,000)	(8,066,482)	(1,918,684)	(750,000)	(8,878,786)	(750,000)
Ending Unencumbered Balance	\$ 9,000,000	\$ 2,492,058	\$ 10,266,314	\$ 9,000,000	\$ 2,492,057	\$ 9,000,000
Capital Fund						
Beginning Unencumbered Balance	\$ 3,000,000	\$ 5,890,211	\$ 5,890,211	\$ 3,000,000	\$ 9,965,918	\$ 3,000,000
Other Sources	0	0	5,000,000	0	0	0
Total Current Revenue	0	0	5,000,000	0	0	0
Total Revenue With Beg Balance	3,000,000	5,890,211	10,890,211	3,000,000	9,965,918	3,000,000
Expenses & Encumbrances	(3,000,000)	(5,890,211)	(924,293)	(3,000,000)	(9,965,918)	(3,000,000)
Ending Unencumbered Balance	\$ -	\$ -	\$ 9,965,918	\$ -	\$ -	\$ -

Proposed 2012 Tax Budget

With Historical Perspective

Prepared By:
Sandra Kuban

Column #	1	2	3	4	5	6
	Tax Budget 2010	Final Actual Budget 2010	Actual Rev/Exp 2010	Tax Budget 2011	Actual Budget 2011 (2)	Tax Budget 2012 Proposed
Permanent Funds						
Beginning Unencumbered Balance	\$ 1,700,000	\$ 2,415,736	\$ 2,415,735	\$ 1,700,000	\$ 2,538,278	\$ 1,700,000
Other Sources	50,000	35,580	150,308	50,000	25,800	50,000
Total Current Revenue	50,000	35,580	150,308	50,000	25,800	50,000
Total Revenue With Beg Balance	1,750,000	2,451,316	2,566,043	1,750,000	2,564,078	1,750,000
Expenses & Encumbrances	(50,000)	(1,734,280)	(27,765)	(50,000)	(1,847,042)	(50,000)
Ending Unencumbered Balance	\$ 1,700,000	\$ 717,036	\$ 2,538,278	\$ 1,700,000	\$ 717,036	\$ 1,700,000
ALL FUNDS						
Beginning Unencumbered Balance	\$ 18,255,920	\$ 42,810,436	\$ 42,810,434	\$ 13,700,000	\$ 46,522,365	\$ 13,700,000
Property Taxes	37,000,000 (1)	29,738,384	32,514,913	38,000,000	29,214,496	38,000,000
Public Library Fund (formerly LLGSF)	26,000,000	19,726,368	20,413,041	24,000,000	21,272,332	20,000,000
Other Sources	9,436,450 (1)	9,567,919	18,329,392	8,700,000	8,159,767	7,654,000
Total Current Revenue	72,436,450	59,032,671	71,257,346	70,700,000	58,646,595	65,654,000
Total Revenue With Beg Balance	90,692,370	101,843,107	114,067,780	84,400,000	105,168,960	79,354,000
Expenses & Encumbrances	(79,992,370)	(98,634,013)	(67,545,414)	(73,700,000)	(101,959,867)	(68,654,000)
Ending Unencumbered Balance	\$ 10,700,000	\$ 3,209,094	\$ 46,522,366	\$ 10,700,000	\$ 3,209,093	\$ 10,700,000

- (1) The 2010 Tax Budget estimate for Property Tax included Rollback/Homestead Tax of \$2,000,000 but excludes CAT Tax of \$4,627,349 which is included with Other Sources.
- (2) The 2010 Actual Budget is per the December 9, 2010 Certificate of Estimated Resources and December 16, 2010 Board-approved Appropriations.
- (3) As of May, 2011, the ending 2011 General Fund Cash Balance is estimated to be \$23.8 million, but under worst case scenario planning in these uncertain financial times, we could potentially appropriate and encumber that entire balance prior to 12/31/11 thus resulting in -0- carryover for 2012 Tax Budget beginning balance.
- (4) Based on 2011's effective rate & 100 % collection rate of the 3/4/08 voter-approved 5.8 mills and the 1985 continuing 1 mill shown on the 12/9/10 Cuyahoga County Budget Cor Schedule A, tax valuation is calculated at approximately \$36 million & plus \$2 million for estimated Rollbacks.
- (5) PLF (formerly LLGSF) has been estimated with anticipated probability of continued decline for Tax Budget 2012 from Tax Budget 2011
- (6) CAT Tax is considered as Other Sources revenue with the 2012 estimated amount being \$3,001,370 plus \$3,852,630 from other sources. This is an 21% reduction in CAT Tax as it begins phase out in calendar year 2011.
- (7) The proposed 2012 Tax Budget Expenditures/Encumbrances represents a **general 7% decrease** in comparison to 2011 Tax Budget Expenditures/Encumbrances.

**Revenue Sources Detail
For The
Proposed 2012 Tax Budget
For Board Presentation May 19, 2011**

Prepared By:
Sandra Kuban

	2010		2011		2012 Proposed			
	Ending Budget 2010	Actual Revenue 2010	Original Budget 2011	Tax Budget 2012				
41200 Property Tax	\$ 27,738,384	\$ 27,738,384	\$ 29,409,031	\$ 29,409,031	\$ 26,214,496	\$ 26,214,496	\$ 36,000,000	\$ 36,000,000
41100 PLF (formerly LLGSF)	\$ 19,726,368		\$ 20,413,041		\$ 21,272,332		\$ 20,000,000	
41900 Rollbacks	\$ 2,000,000	\$ 2,000,000	\$ 3,105,882	\$ 3,105,882	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Total Property Tax & Rollbacks	\$ 29,738,384		\$ 32,514,913		\$ 28,214,496		\$ 38,000,000	
Total Tax Budget Request Per Board Resolution							\$ 58,000,000	
Other Sources								
41900 CAT	4,627,349	4,627,349	4,627,349	4,627,349	3,000,000	3,000,000	3,001,370	3,001,370
41900 Other Taxes			425,146	425,146				
Other								
42100 Federal Aid	4,998		4,998		0			
42200 State Aid (Moving to Special Revenue Fund in 2012)	800,000		1,274,194		1,200,000		0	
43110 Fines	180,000		277,752		161,500		275,000	
43120 Fees	31,400		63,883		28,000		60,000	
43130 Lost Books	17,000		30,614		18,000		25,000	
43140 Book Deposits	0		0		0		0	
43150 Products	2,000		3,751		1,000		3,500	
43170 Sales Tax	100		402		500		400	
43180 Copiers	46,000		44,136		62,000		44,000	
43190 Research Services	1,500		1,457		1,500		1,400	
43195 Dup Services	22,000		23,241		26,000		23,000	
44100 Investment Income	300,000		752,045		700,000		600,000	
45100 Computer Services	2,400,000		2,764,731		2,400,000		2,400,000	
48100 Sales of Surplus Property	0		0		0		0	
48300 Meeting Rooms	0		2,450		0		2,330	
48710 Retiree Insurance	0		20		0		0	
48720 Refunds/Reimbursements	380,000		408,075		404,437		400,000	
48730 COBRA Contributions	0		334		0		0	
48900 Miscellaneous	0		18,053		25,000		18,000	
49820 Return of Advances			110,000					
Subtotal Other	4,184,998		5,780,136		5,027,937		3,852,630	
Total Other Sources (CAT Tax & Other)	8,812,347		10,832,631		8,027,937		6,854,000	
Total All Sources	\$ 58,277,099		\$ 63,760,585		\$ 57,514,765		\$ 64,854,000	
Beginning Unencumbered	\$ 24,665,941		\$ 24,665,941		\$ 23,751,856		\$ -	
Total Available Revenue	\$ 82,943,040		\$ 88,426,526		\$ 81,266,621		\$ 64,854,000	