

CLEVELAND PUBLIC LIBRARY

Finance Committee
May 15, 2012

YEAR 2013 TAX BUDGET

- WHEREAS, **Ohio Revised Code** Section 5705.28 requires the Board of Library Trustees to submit its Tax Budget for Fiscal Year 2013 to the Board of the Cleveland Metropolitan School District on or before June 1, 2012; 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 2013 Tax Budget to the County Auditor on or before July 20, 2012; and
- WHEREAS, **Ohio Revised Code** Section 5705.281 permits the County Budget Commission to waive the filing 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 2013 have been determined to be \$58,000,000; now therefore be it
- RESOLVED, That the Year 2013 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, 2013

Fiscal Officer Signature: Carrie Krenicky Date: May 17, 2012

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.



CLEVELAND PUBLIC LIBRARY

325 Superior Avenue • Cleveland, Ohio 44114 • 216.623.2800 • www.cpl.org

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

FROM: Carrie Krenicky, Chief Financial Officer

RE: Background and Assumptions for the 2013 Tax Budget

DATE: **May 17, 2012 Board Meeting**

Annually, the Cleveland Public Library submits the 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, 2012 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 2013 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 minimal decrease of approximately 1% to 2013 expenses of \$64,131,295 which is \$722,705 under 2012 Tax Budget expenses of \$64,854,000**, with minimal program-by-program analysis. In the fall, when there is more information regarding State funding and better estimates for CPL's year-end fund balances, the entire administrative team will participate in the development of the 2013 Appropriation Measure.

Board of Library Trustees

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

Felton Thomas, Jr., Director



CLEVELAND PUBLIC LIBRARY

325 Superior Avenue • Cleveland, Ohio 44114 • 216.623.2800 • www.cpl.org

Revenue Assumptions (General Fund)

- Amount requested from property tax levies, \$38,000,000, exceeds anticipated actual collections. **Full** collection of the 1 mill perpetual and 5.8 mill term levies is estimated to yield approximately \$35,200,000. This includes State Rollbacks for residential real estate. Applying CY2012's certified collection rate of 78.95% brings the estimated amount down to \$27,790,400, a more realistic estimate, also being optimistic there are no further declines in the collection rate for 2013.
- Amount requested from PLF, \$20,000,000, exceeds anticipated actual collections. 2012 PLF was certified for \$19,837,771; 2013 estimating \$19,127,276, a small decline from 2012 due to the uncertain effect of percentage of revenue-based funding that resumes July 2013.

The total **estimated tax calculations are \$54,327,276**
(\$35,200,000 + \$19,127,276).

The total **2013 Tax Budget request is \$58,000,000**
(\$38,000,000 and \$20,000,000)

- Estimated **other revenues for 2013** from CLEVNET, earned interest, fines and fees, etc., are estimated to be **\$6,131,295**, including the Commercial Activity Tax (CAT Tax) which is estimated to generate only \$2,188,380 due to continued phase-out with complete elimination in 2016.
- The **overall estimated revenue calculations**, which include other miscellaneous sources, total **\$60,459,021** (\$54,327,276 + \$6,131,295); the **total General Fund 2013 Tax Budget Request is \$64,131,295**.
- **The estimated carry forward balance available for the purpose of use in the 2013 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 2012 obligations.

Cleveland Public Library's currently projected 2013 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. For the Year 2012, the Tax Budget presented by Cleveland Public Library totaled \$64,854,000 available for expenditure; this 2013 Tax Budget totals \$64,131,295, a 1% decrease.

The Resolution for the Year 2013 Tax Budget Request is being distributed with the packet of materials for the May 17, 2012 Board Meeting.

Board of Library Trustees

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

Proposed 2013 Tax Budget
With Historical Perspective

Prepared By:
Carrie Krenicky

General Fund	2011		2012		2013 Proposed
	Tax Budget 2011	Final Actual Budget 2011	Tax Budget 2012	Actual Budget 2012 (2)	
Beginning Unencumbered Balance	\$ -	\$ 28,961,856	\$ -	\$ 28,852,255	\$ -
Property Taxes (includes Rollbacks)	38,000,000	29,214,496	38,000,000 (1)	28,450,570	38,000,000 (4)
Public Library Fund (formerly LLGSF)	24,000,000	20,869,358	20,000,000	19,837,771	20,000,000 (5)
Other Sources (Includes CAT Tax)	7,900,000	7,298,575	6,854,000 (1)	5,881,577	6,131,295 (6)
Total Current Revenue	69,900,000	57,382,429	64,854,000	54,169,918	64,131,295
Total Revenue With Beg Balance	69,900,000	86,344,285	64,854,000	83,022,173	64,131,295
Expenses & Encumbrances	(69,900,000)	(86,344,285)	(64,854,000)	(83,022,173)	(64,131,295) (7)
Ending Unencumbered Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenue Funds					
Beginning Unencumbered Balance	\$ 9,000,000	\$ 10,056,314	\$ 9,000,000	\$ 10,966,113	\$ 9,000,000
Other Sources	750,000	2,572,102	750,000	2,583,541	2,000,000
Total Current Revenue	750,000	2,572,102	750,000	2,583,541	2,000,000
Total Revenue With Beg Balance	9,750,000	12,628,416	9,750,000	13,549,654	11,000,000
Expenses & Encumbrances	(750,000)	(10,136,358)	(750,000)	(11,057,597)	(2,000,000)
Ending Unencumbered Balance	\$ 9,000,000	\$ 2,492,058	\$ 9,000,000	\$ 2,492,057	\$ 9,000,000
Capital Projects Fund					
Beginning Unencumbered Balance	\$ 3,000,000	\$ 4,965,918	\$ 3,000,000	\$ 8,822,333	\$ -
Other Sources	0	5,000,000	0	0	3,000,000
Total Current Revenue	0	5,000,000	0	0	3,000,000
Total Revenue With Beg Balance	3,000,000	9,965,918	3,000,000	8,822,333	3,000,000
Expenses & Encumbrances	(3,000,000)	(9,965,918)	(3,000,000)	(8,822,333)	(3,000,000)
Ending Unencumbered Balance	\$ -	\$ -	\$ -	\$ -	\$ -

Proposed 2013 Tax Budget
With Historical Perspective

Prepared By:
Carrie Krenicky

	2011		2012		2013
	Tax Budget 2011	Final Actual Budget 2011	Tax Budget 2012	Actual Budget 2012 (2)	Tax Budget 2013
Permanent Funds					
Beginning Unencumbered Balance	\$ 1,700,000	\$ 2,538,278	\$ 1,700,000	\$ 2,667,779	\$ 1,700,000
Other Sources	50,000	25,800	50,000	41,402	150,000
Total Current Revenue	50,000	25,800	50,000	41,402	150,000
Total Revenue With Beg Balance	1,750,000	2,564,078	1,750,000	2,709,181	1,850,000
Expenses & Encumbrances	(50,000)	(1,847,043)	(50,000)	(1,992,146)	(150,000)
Ending Unencumbered Balance	\$ 1,700,000	\$ 717,035	\$ 1,700,000	\$ 717,035	\$ 1,700,000
ALL FUNDS					
Beginning Unencumbered Balance	\$ 13,700,000	\$ 46,522,366	\$ 13,700,000	\$ 51,308,480	\$ 10,700,000
Property Taxes	38,000,000 (1)	29,214,496	38,000,000	28,450,570	38,000,000
Public Library Fund (formerly LLGSF)	24,000,000	20,869,358	20,000,000	19,837,771	20,000,000
Other Sources	8,700,000 (1)	14,895,477	7,654,000	8,506,520	11,281,295
Total Current Revenue	70,700,000	64,980,331	65,654,000	56,794,861	69,281,295
Total Revenue With Beg Balance	84,400,000	111,502,697	79,354,000	108,103,341	79,981,295
Expenses & Encumbrances	(73,700,000)	(108,293,604)	(68,654,000)	(104,894,249)	(69,281,295)
Ending Unencumbered Balance	\$ 10,700,000	\$ 3,209,093	\$ 10,700,000	\$ 3,209,092	\$ 10,700,000

- (1) The 2012 Tax Budget estimate for Property Tax included Rollback/Homestead Tax of \$2,000,000, but excludes CAT Tax of \$3,001,370 which is included with Other Sources.
- (2) The 2012 Actual Budget is per the December 7, 2011 Certificate of Estimated Resources and December 15, 2011 Board-approved Appropriations.
- (3) As of April 30, 2012, the General Fund Unencumbered Balance is \$22.7 million, but under worst case scenario planning in these uncertain financial times, we could potentially appropriate and encumber that entire balance prior to 12/31/12 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 and an estimate of the assessed values as of April 26, 2012 from Cuyahoga County Budget Commission, tax valuation is calculated at approximately \$36 million & plus \$2 million for estimated Rollbacks.
- (5) PLF has been estimated with no change from the Tax Budget 2012 due to the uncertain effect of percentage of revenue-based funding that resumes July 2013.
- (6) CAT Tax is considered as Other Sources revenue with the 2013 estimated amount being \$2,188,380 plus \$3,942,915 from other sources. This is a 27% reduction in CAT Tax from 2012 and continues phase-out with complete elimination in calendar year 2016. (2012 Other Sources = CAT \$3,001,370 + Other \$3,852,630)
- (7) The proposed 2013 Tax Budget Expenditures/Encumbrances represents a **general 1% decrease** in comparison to 2012 Tax Budget Expenditures/Encumbrances.

**Revenue Sources Detail
For The
Proposed 2013 Tax Budget
For Board Presentation May 17, 2012**

Prepared By:
Carrie Krenicky

	2011				2012		2013 Proposed	
	Ending Budget 2011		Actual Revenue 2011		Original Budget 2012		Tax Budget 2013	
41200 Property Tax	\$ 26,214,496	\$ 26,214,496	\$ 27,652,041	\$ 27,652,041	\$ 25,450,570	\$ 25,450,570	\$ 36,000,000	\$ 36,000,000
41100 PLF (formerly LLGSF)	\$ 20,869,358		\$ 21,002,335		\$ 19,837,771		\$ 20,000,000	
41900 Rollbacks	\$ 3,000,000	\$ 3,000,000	\$ 3,066,610	\$ 3,066,610	\$ 3,000,000	\$ 3,000,000	\$ 2,000,000	\$ 2,000,000
Total Property Tax & Rollbacks		\$ 29,214,496		\$ 30,718,651		\$ 28,450,570		\$ 38,000,000
Total Tax Budget Request Per Board Resolution							\$ 58,000,000	
Other Sources								
41900 CAT	2,200,000	2,200,000	3,834,063	3,834,063	2,000,000	2,000,000	2,188,380	2,188,380
41900 Other Taxes			196,240	196,240				
Other								
42100 Federal Aid	0		0		0			
42200 State Aid (Moving to Special Revenue Fund in 2012)	1,269,138		1,269,138		0		0	
43110 Fines	180,000		262,729		161,500		190,000	
43120 Fees	31,400		106,236		28,000		50,000	
43130 Lost Books	17,000		23,417		18,000		18,000	
43140 Book Deposits	0		78		0		0	
43150 Products	2,000		3,169		1,000		1,000	
43170 Sales Tax	100		282		500		200	
43180 Copiers	46,000		26,253		62,000		20,000	
43190 Research Services	1,500		801		3,000		800	
43195 Dup Services	22,000		20,020		26,000		20,000	
44100 Investment Income	700,000		435,898		425,000		425,000	
45100 Computer Services	2,400,000		2,547,375		2,450,000		2,617,915	
48100 Sales of Surplus Property	0		2,158		0		0	
48300 Meeting Rooms	0		1,050		0		1,500	
48710 Retiree Insurance	0		0		0		0	
48720 Refunds/Reimbursements	429,437		801,372		681,577		587,500	
48730 COBRA Contributions	0		8,130		0		0	
48900 Miscellaneous	0		11,145		25,000		11,000	
49820 Return of Advances			0					
Subtotal Other		<u>5,098,575</u>		<u>5,519,251</u>		<u>3,881,577</u>		<u>3,942,915</u>
Total Other Sources (CAT Tax & Other)		7,298,575		9,549,554		5,881,577		6,131,295
Total All Sources	\$ 57,382,429		\$ 61,270,540		\$ 54,169,918		\$ 64,131,295	
Beginning Unencumbered	\$ 28,961,856		\$ 28,961,856		\$ 29,062,256		\$ -	
Total Available Revenue	\$ 86,344,285		\$ 90,232,396		\$ 83,232,174		\$ 64,131,295	