



## Financial/Budget Overview

Board Work Session

April 13, 2019



# General Fund

## Amended Certificate of Resources

### GENERAL FUND

<b>CERTIFIED REVENUE</b>	<b>Prior Certificate (1)</b>	<b>Increase/ Decrease</b>	<b>Amended Certificate (2)</b>
Cash January 1	16,754,161.56	0.00	16,754,161.56
Taxes - General Property	33,635,180.00	0.00	33,635,180.00
Public Library Fund (PLF)	22,447,382.88	0.00	22,447,382.88
State Rollbacks/CAT	2,400,000.00	0.00	2,400,000.00
Fines and Fees	180,800.00	0.00	180,800.00
Earned Interest	574,090.00	0.00	574,090.00
Restricted Gifts	35,000.00	0.00	35,000.00
Unrestricted Gifts	1,400.00	0.00	1,400.00
Miscellaneous	1,227,360.96	0.00	1,227,360.96
Return of Advances/(Advances Out)	(75,000.00)	0.00	(75,000.00)
<b>TOTAL RESOURCES</b>	<b>77,180,375.40</b>	<b>0.00</b>	<b>77,180,375.40</b>

(3)

Certified  
Operating  
Revenue  
\$60,501,213.84

Property Tax/Rollbacks  
= 60%  
PLF = 37%

(1) Certificate dated February 3, 2019

(2) Certificate dated February 9, 2019

(3) Includes the repayment of advance to be made from MyCom of \$75,015 and Tech Centers of \$180,000

# General Fund-Second and Third Amendment to the Year 2019 Appropriation

(Third Amendment going before the Board of Trustees on April 18, 2019)

APPROPRIATION	Prior Appropriation	Increase/ Decrease	Amended Appropriation
Salaries/Benefits	39,024,369.88	(2,000,000.00)	37,024,369.88
Supplies	839,467.00	0.00	839,467.00
Purchased/Contracted			
Services	10,054,074.82	0.00	10,054,074.82
Library Materials/ Information	7,575,000.00	(425,000.00)	7,150,000.00
Capital Outlay	1,510,270.09	0.00	1,510,270.09
Other Objects	174,000.00	0.00	174,000.00
<b>SUBTOTAL OPERATING</b>	<b>59,177,181.79</b>	<b>(2,425,000.00)</b>	<b>56,752,181.79</b>
Transfers	0.00	0.00	0.00
<b>TOTAL APPROPRIATION</b>	<b>59,177,181.79</b>	<b>(2,425,000.00)</b>	<b>56,752,181.79</b>

Certified Revenue = \$60.5 million

Certified Revenue exceeds the Second Amendment to the Appropriation by **\$1.32 million**

Certified Revenue exceeds the Third Amendment to the Appropriation by **\$3.7 million**

Cleveland Public Library  
 Certified Revenue, Appropriations and Balances  
 General Fund  
 For the Period Ending March 31, 2019

	Certified Revenue (1)	Income To Date	Balance	Percent To Date	Percent Prior Year
PLF State Income Tax	22,447,383	5,502,835	16,944,547	25%	26%
General Property Tax	33,635,180	19,297,997	14,337,183	57%	57%
Rollback, Homestead, CAT	2,400,000	0	2,400,000	0%	0%
Fines & Fees	180,800	82,075	98,725	45%	24%
Investment Earnings	574,090	99,721	474,369	17%	21%
Contributions	36,400	35,075	1,325	96%	100%
Miscellaneous	1,227,361	79,429	1,147,932	6%	11%
Return of Advances Out	0	125,015	(125,015)	0%	0%
<b>Total</b>	<b>\$ 60,501,214</b>	<b>\$ 25,222,147</b>	<b>\$ 35,279,067</b>	<b>42%</b>	<b>40%</b>

	<u>Appropriation(2)</u>	<u>Expended/ Encumbered</u>	<u>Balance</u>	<u>Percent To Date (3)</u>	<u>Percent Prior Year</u>
Salaries/Benefits	39,182,278	8,716,436	30,465,842	22%	23%
Supplies	926,512	551,257	375,255	59%	37%
Purchased Services	11,742,382	8,523,676	3,218,705	73%	69%
Library Materials	11,353,033	4,848,063	6,504,970	43%	51%
Capital Outlay	1,989,586	571,009	1,418,577	29%	28%
Other	175,676	72,307	103,370	41%	56%
<b>Subtotal</b>	<b>\$ 65,369,466</b>	<b>\$ 23,282,748</b>	<b>\$ 42,086,718</b>	<b>36%</b>	<b>37%</b>
Advances Out	0	75,000	(75,000)		
Transfers Out	0	0	0		
<b>Total</b>	<b>\$ 65,369,466</b>	<b>\$ 23,357,748</b>	<b>\$ 42,011,718</b>	<b>36%</b>	<b>39%</b>

Note (1): Certificate from Cuyahoga County Budget Commission dated February 13, 2019.

Note (2): Subtotal Original Appropriation of \$59,177,181.79 plus carried forward encumbrance of \$6,192,284.63.

Note (3): Subtotal includes 24.2% expended and 11.4% encumbered.

# How much does the additional 2.0 mill levy generate from our 2019 Certified Revenue?

6.8 mill revenue = \$51,943,977      2.0 mill revenue = \$8,557,237

Current Budget (2<sup>nd</sup> Amendment to the Appropriation):

<u>General Fund</u>	
2019 Certified Revenue	\$ 60,501,214
2.0 mill revenue	\$ (8,557,237)
2019 Appropriation	\$ (59,177,182)
	<u>\$ (7,233,205)</u>
Left for debt service	\$ 1,324,032

Proposed 3<sup>rd</sup> Amendment to the Appropriation:

<u>General Fund</u>	
2019 Certified Revenue	\$ 60,501,214
2.0 mill revenue	\$ (8,557,237)
3rd Amendment to Appropriation	\$ (56,752,182)
	<u>\$ (4,808,205)</u>
Left for debt service	\$ 3,749,032

## Certified Revenue to Appropriate for Operating Expenditures

- 6.8 mill revenue = \$51,943,977 + allocation of \$2,000,000 of the 2.0 mill revenue for operating expenditures = Certified Revenue of \$53,943,977
- We should be appropriating at this amount (\$54 million)
- Current appropriation = \$59,177,182
- Difference = \$5,233,205
- Last year's actual expenditures: \$54,287,816

# Getting down to a \$55m appropriation next year

## Consider the following assumptions:

- We reduce the Salaries and Benefits current appropriation by \$2,000,000
  - We are reassessing salary and benefits projection for 2019 (and forward) and actual expenditures are coming in under budget
- We reduce the Library Services Material Appropriation by \$425,000
  - $\$55m \times 13\% = \$7,150,000$  and current appropriation is \$7,575,000
  - In 2018, LSM (general fund) per capita expenditure was \$17 (\$20 for all funds)
  - With this reduction, LSM (general fund) per capita expenditure is \$18 (\$22 for all funds)
- For CY 2020, set appropriations at \$55m and allocate as follows:
  - 65% Salary & Benefits
  - 13% Library Materials
  - 22% Other-Purchased Services, Supplies, Capital Outlay



## Getting down to a \$55m appropriation (assumptions continued)

- We pledge \$500,000 annually for cash capital to fund on-going capital maintenance
- We project these changes stay in place moving forward with a 2% annual increase in expenditures; our revenues remain flat and as currently certified, but we collect \$1.7m annually in delinquent taxes (which are not certified)
- We issue debt for Phase 1 for \$62 million, with debt service payments beginning in 2020
- We issue debt for Phase 2 for \$41 million, with debt service payments beginning in 2025

	5-Year Renewal of 5.8 mill		Renewal of 5.8 mill w/2 mill increase			
	Actual	Actual	Projected	Projected	Projected	Projected
	2017	2018	2019	2020	2021	2022
	SEIU 1199 Contract 01/01/17 - 12/31/19					
	Local 860 Contract 01/01/17 - 12/31/19					
PLF	\$ 21,506,144	\$ 22,369,957	\$ 22,447,383	\$ 22,447,383	\$ 22,447,383	\$ 22,447,383
Property Taxes inc. RB	28,846,252	29,359,382	36,035,180	36,035,180	36,035,180	36,035,180
TPPT/CAT/Public Utility	12,490	0	0	0	0	0
Other (F&F, Interest, Donations, Misc)	2,196,453	2,508,324	2,018,651	2,018,651	2,018,651	2,018,651
<b>Total *Operating Revenue</b>	<b>\$ 52,561,337</b>	<b>\$ 54,237,664</b>	<b>\$ 60,501,214</b>	<b>\$ 60,501,214</b>	<b>\$ 60,501,214</b>	<b>\$ 60,501,214</b>
<b>Expense Accounts</b>					+2.0% ann inc	+2.0% ann inc
Salaries/Benefits	\$ 35,695,206	\$ 36,092,212	\$ 37,024,370	\$ 35,750,000	\$ 36,465,000	\$ 37,194,300
Supplies	899,373	739,427	839,467	935,000	953,700	972,774
Purchased Services	9,644,406	10,028,370	10,054,075	9,900,000	10,098,000	10,299,960
Library Materials	6,003,961	6,710,220	7,150,000	7,150,000	7,293,000	7,438,860
Capital	902,788	560,754	1,510,270	1,100,000	1,122,000	1,144,440
Other	123,625	156,833	174,000	165,000	168,300	171,666
<b>Total *Operating Expenditures</b>	<b>\$53,269,358</b>	<b>\$54,287,816</b>	<b>\$56,752,182</b>	<b>\$55,000,000</b>	<b>\$56,100,000</b>	<b>\$57,222,000</b>
		1.91%				
<b>Revenue +/- Expenditures</b>	<b>(708,020)</b>	<b>(50,152)</b>	<b>3,749,032</b>	<b>5,501,214</b>	<b>4,401,214</b>	<b>3,279,214</b>
Return of Advances Out	67,250	103,500	255,015	0	0	0
Advances/Transfers Out:	(1,401,500)	(2,333,515)				
Annual Cash Capital to fund on-going capital maintenance Stay in G/F under Purch Serv or xfer to B&R			0	(500,000)	(500,000)	(500,000)
Master Plan Financing Ph 1 - debt service - borrowing of \$62m (\$3.8m/yr) Ph 2 Starts in 2025 borrowing of \$41m (\$2.5m/year) PLF Capacity = \$8.8m/year			0	(3,800,000)	(3,800,000)	(3,800,000)
Collect More/Spend Less			1,700,000	1,700,000	1,700,000	1,700,000
<b>Net Revenue +/- Expenditures</b>	<b>(2,042,270)</b>	<b>(2,280,167)</b>	<b>5,704,047</b>	<b>2,901,214</b>	<b>1,801,214</b>	<b>679,214</b>
Cash January 1	27,013,868	24,971,598	22,691,431	28,395,478	31,296,691	33,097,905
<b>Cash Balance December 31</b>	<b>\$ 24,971,598</b>	<b>\$ 22,691,431</b>	<b>\$ 28,395,478</b>	<b>\$ 31,296,691</b>	<b>\$ 33,097,905</b>	<b>\$ 33,777,119</b>
Encumbrance	6,023,344	6,192,285	6,192,285	6,192,285	6,192,285	6,192,285
<b>Unencumbered Balance</b>	<b>\$ 18,948,253</b>	<b>\$ 16,499,146</b>	<b>\$ 22,203,193</b>	<b>\$ 25,104,407</b>	<b>\$ 26,905,621</b>	<b>\$ 27,584,834</b>
Maintaining 2 months (16.6%) operating expenditures of cash reserves	\$ 8,878,226	\$ 9,047,969	\$ 9,458,697	\$ 9,166,667	\$ 9,350,000	\$ 9,537,000

## Renewal of 5.8 mill w/2 mill increase

	Projected 2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029
PLF	\$ 22,447,383	\$ 22,447,383	\$ 22,447,383	\$ 22,447,383	\$ 22,447,383	\$ 22,447,383	\$ 22,447,383
Property Taxes inc. RB	36,035,180	36,035,180	36,035,180	36,035,180	36,035,180	36,035,180	36,035,180
TPPT/CAT/Public Utility	0	0	0	0	0	0	0
Other (F&F, Interest, Donations, Misc)	2,018,651	2,018,651	2,018,651	2,018,651	2,018,651	2,018,651	2,018,651
<b>Total *Operating Revenue</b>	<b>\$ 60,501,214</b>	<b>\$ 60,501,214</b>	<b>\$ 60,501,214</b>	<b>\$ 60,501,214</b>	<b>\$ 60,501,214</b>	<b>\$ 60,501,214</b>	<b>\$ 60,501,214</b>
<b>Expense Accounts</b>	+2.0% ann inc	+2.0% ann inc	+2.0% ann inc	+2.0% ann inc	+2.0% ann inc	+2.0% ann inc	+2.0% ann inc
Salaries/Benefits	\$ 37,938,186	\$ 38,696,950	\$ 39,470,889	\$ 40,260,306	\$ 41,065,513	\$ 41,886,823	\$ 42,724,559
Supplies	992,229	1,012,074	1,032,316	1,052,962	1,074,021	1,095,502	1,117,412
Purchased Services	10,505,959	10,716,078	10,930,400	11,149,008	11,371,988	11,599,428	11,831,416
Library Materials	7,587,637	7,739,390	7,894,178	8,052,061	8,213,103	8,377,365	8,544,912
Capital	1,167,329	1,190,675	1,214,489	1,238,779	1,263,554	1,288,825	1,314,602
Other	175,099	178,601	182,173	185,817	189,533	193,324	197,190
<b>Total *Operating Expenditures</b>	<b>\$58,366,440</b>	<b>\$59,533,769</b>	<b>\$60,724,444</b>	<b>\$61,938,933</b>	<b>\$63,177,712</b>	<b>\$64,441,266</b>	<b>\$65,730,091</b>
<b>Revenue +/- Expenditures</b>	<b>2,134,774</b>	<b>967,445</b>	<b>(223,230)</b>	<b>(1,437,719)</b>	<b>(2,676,498)</b>	<b>(3,940,052)</b>	<b>(5,228,877)</b>
Return of Advances Out	0	0	0	0	0	0	0
Advances/Transfers Out:							
Annual Cash Capital to fund on-going capital maintenance							
Stay in G/F under Purch Serv or xfer to B&R	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Master Plan Financing Ph 1 - debt service - borrowing of \$62m (\$3.8m/yr)							
Ph 2 Starts in 2025 borrowing of \$41m (\$2.5m/year)							
PLF Capacity = \$8.8m/year	(3,800,000)	(3,800,000)	(6,300,000)	(6,300,000)	(6,300,000)	(6,300,000)	(6,300,000)
Collect More/Spend Less	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
<b>Net Revenue +/- Expenditures</b>	<b>(465,226)</b>	<b>(1,632,555)</b>	<b>(5,323,230)</b>	<b>(6,537,719)</b>	<b>(7,776,498)</b>	<b>(9,040,052)</b>	<b>(10,328,877)</b>
Cash January 1	33,777,119	33,311,893	31,679,338	26,356,108	19,818,388	12,041,890	3,001,838
<b>Cash Balance December 31</b>	<b>\$ 33,311,893</b>	<b>\$ 31,679,338</b>	<b>\$ 26,356,108</b>	<b>\$ 19,818,388</b>	<b>\$ 12,041,890</b>	<b>\$ 3,001,838</b>	<b>\$ (7,327,039)</b>
Encumbrance	6,192,285	6,192,285	6,192,285	6,192,285	6,192,285	6,192,285	6,192,285
<b>Unencumbered Balance</b>	<b>\$ 27,119,608</b>	<b>\$ 25,487,053</b>	<b>\$ 20,163,823</b>	<b>\$ 13,626,104</b>	<b>\$ 5,849,606</b>	<b>\$ (3,190,446)</b>	<b>\$ (13,519,324)</b>
Maintaining 2 months (16.6%)operating expenditures of cash reserves	\$ 9,727,740	\$ 9,922,295	\$ 10,120,741	\$ 10,323,156	\$ 10,529,619	\$ 10,740,211	\$ 10,955,015

# Our History – Current Year & 10 Year Projection

Operating	2003	2004	2005	2006	2007	2008
Revenue	50,373,505.26	68,011,239.58	67,761,815.76	69,128,463.24	68,282,103.94	66,547,080.00
Expenditures	51,668,498.75	56,380,984.99	59,098,879.57	61,205,780.79	66,216,337.43	66,957,186.00
Net Revenue +/-						
Expenditures	(1,294,993.49)	11,630,254.59	8,662,936.19	7,922,682.45	2,065,766.51	(410,106.00)
1 mill continuous +	3.0 mill			5.8 mill		
	Rep & Inc			Rep & Inc		

Operating	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenue	67,123,916.53	63,650,587.34	61,270,540.45	58,105,953.01	55,049,993.08	54,721,547.49	53,332,782.17	52,070,000.67	52,561,337.38	54,237,663.71
Expenditures	63,346,870.40	58,239,012.47	56,167,106.81	53,013,053.44	53,212,015.55	52,841,431.44	53,617,392.86	53,918,429.54	53,269,357.68	54,287,815.87
Net Revenue +/-										
Expenditures	3,777,046.13	5,411,574.87	5,103,433.64	5,092,899.57	1,837,977.53	1,880,116.05	(284,610.69)	(1,848,428.87)	(708,020.30)	(50,152.16)
1 mill continuous +			5.8 mill					5.8 mill		
			Renewal					Renewal		

Operating	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue	60,501,214	60,501,214	60,501,214	60,501,214	60,501,214	60,501,214	60,501,214	60,501,214	60,501,214	60,501,214	60,501,214
Expenditures	56,752,182	55,000,000	56,100,000	57,222,000	58,366,440	59,533,769	60,724,444	61,938,933	63,177,712	64,441,266	65,730,091
Net Revenue +/-											
Expenditures	3,749,032.05	5,501,213.84	4,401,213.84	3,279,213.84	2,134,773.84	967,445.04	(223,230.34)	(1,437,719.22)	(2,676,497.89)	(3,940,052.12)	(5,228,877.44)
1 mill continuous +	5.8 mill continuing + new 2.0 mill continuing										
	Renewal and Increase										

- Operating Revenue and Expenditures does not include transfers or advances, which means no debt service payments are included or annual cash capital for on-going maintenance



# Sustainability

Given our history and our current state, we need to get on a path of sustainability and assess projections annually in order to support the Facilities Master Plan over the next 10 years and issue long term debt.



Questions?