

**LAKE BLUFF PUBLIC LIBRARY
123 E. Scranton Avenue
Lake Bluff, Illinois 60044**

NOTICE OF Finance Committee Meeting

The Finance Committee of the Lake Bluff Public Library Board of Library Trustees will meet at the Lake Bluff Public Library on Tuesday, October 16th, 2018 at 4:00pm for the purposes outlined below:

**Lake Bluff Public Library Board of Trustees
Finance Committee Meeting
Tuesday, October 16th, 2018 at 4:00 PM
At the Lake Bluff Public Library
123 E. Scranton Avenue
Lake Bluff, Illinois 60044**

AGENDA

- I. Call to order (4:00pm)**
- II. Roll Call (4:00pm)**
- III. Approval of Minutes of 6/4/2018 Meeting of Finance Committee (action)(5 minutes)(4:05pm)**
- IV. Levy for FY 2019-2020 (55 minutes)(5:00pm)**
- V. Any and all other business that may properly come before this committee**
- VI. Adjournment (5:00pm)**

All regular meetings and committee meetings of the Lake Bluff Board of Library Trustees are open to the public. If you wish to attend the October 16th, 2018 meeting and have special requirements as outlined in the Americans with Disabilities Act, please notify the Library Director, Eric Bailey, by noon on October 16th, 2018.

LAKE BLUFF PUBLIC LIBRARY
BOARD OF TRUSTEES
Finance Committee Meeting
Monday June 4, 2018

1) Call to Order; Roll Call:

The meeting was called to order at 4:00 PM by Finance Committee Chair Tim Kregor
Board of Trustees Members Attending: Scot Butler
Library Staff Present: Library Director Eric Bailey
Members of the Public Attending: None

2) Discussion

- a) Approve 5/15//2018 Finance Committee minutes: Motion to approve by Scot Butler and seconded by Tim Kregor:
AYYES: Tim Kregor, Scot Butler
NAYES: None
- b) 2018/19 Goals for the Finance Committee:
 - 1. Manage 2018/19 expenses within established budget (adjusted for final bid on roofing project)
 - 2. Meet planned \$2,000 revenue goal from introduction of passport renewal service
 - 3. Reduce current bank fee costs by reworking current banking service agreement
 - 4. Generate three new ideas that can help reduce existing operating costs

3) Adjournment

- a) Motion to close the meeting at 4:30 PM by Tim Kregor seconded by Scot Butler:
AYYES: Tim Kregor, Scot Butler
NAYES: None

Submitted,
Tim Kregor

Finance Committee Meeting
Levy Discussion for FY 2019-2020

SUMMARY: The intent of this analysis is to present factors for consideration when discussing the levy for Fiscal Year 2019-2020.

RESEARCH:

Levy Information Received from Bettina O'Connell, Village Finance Director

- The PTELL increase, which includes new construction and a CPI factor, is calculated as a 2.457% increase. **This would represent a levy increase from \$921,475 in FY 2018-2019, to \$944,117 in FY 2019-2020.** This is an increase of \$22,642.
- The Village Finance Committee has recommended the approval of the PTELL rate to the Village Board.

Levy Information from FY 2017-2018 to FY 2018-2019:

- For FY 2018-2019 the Library Board opted for a PTELL increase of 2.715%, resulting in an increase of \$24,360 from \$897,115 to \$921,475.

Alternative Projections:

- Any levy increase over 5% triggers the need for Truth in Taxation hearings.
 - A 5% increase would represent an increase of \$46,074, from \$921,475 to \$967,459.
- A levy increase eliminating the 2.1% CPI increase, essentially a 'frozen' levy for FY 2019-2020.
 - A .357% increase would represent an increase of \$3,225, from \$921,475 to \$924,700.

Budget Considerations:

- The projected cost of roof work is \$282,900, dropping the reserve from \$563,364 to \$280,464. The 25% percent minimum for reserve funds is \$234,034.
- Staffing shifts over the summer of 2018 resulted in a projected cost reduction of \$37,356. This was reduced to a savings of \$18,992 via a staff member electing to go on health insurance, but still means that the Library will not face a need for large staff budget increases in regards to existing staff members.
- The Library has been informed by LAN maintenance firm CVI that Microsoft will be ending support for Windows 7 in 2020. This necessitates the need to transition all staff machines to Windows 10, which many are not compatible with. Replacing them with Windows 10 compatible machines will cost an estimated \$12,000. It should be possible to reuse staff machines for public OPACs and Internet Access stations.
- The landscape of library service continues to shift. Over the next year, we will be taking a look at mobile digital hotspots that offer direct access to our electronic collections around the Village, remote collections that can be jointly owned and accessed by the Library and schools, and eliminating our sit-down computer stations in favor of patron-use laptops. Technology provides exciting opportunities, in addition to challenging us to keep pace. These likely expenses/opportunities are worth taking note of. We will of course seek support from donors, but ongoing financial support for any initiative will fall to the Library.
- The new passport program is conservatively estimated to bring in \$8,000 in additional revenue in FY 2019-2020.
- The Contingency budget line, which has historically been the center point of funds headed to reserve at year's end, was set at \$27,275 for FY2018-2019. Reserve growth has been carefully controlled the past four (4) years, and significant existing funds cannot easily be shifted towards replenishing the reserve. If a Contingency of \$25,000 is maintained for deposit in reserve each year, the reserve expended in 2018-2019 would be replenished in 11 to 12 years.

CONCLUSION: The case for an increase exceeding the PTELL is stronger for this levy vote than in the past. Reserves have been significantly depleted, while needs for updates/renovation exist elsewhere within the Library. These factors overshadow our successes in expanding revenue and careful budget management by a significant margin. As the representatives elected by the community of Lake Bluff, the decision on how to proceed belongs to the Board of Library Trustees.

VILLAGE OF LAKE BLUFF

MEMORANDUM

TO: Chairman and Finance Committee Members
 Kathleen O'Hara, Village President
 R. Drew Irvin, Village Administrator

CC: Marlene Scheibl, Assistant Finance Director

FROM: Bettina K. O'Connell, Finance Director

DATE: September 17, 2018

SUBJECT: 2018 Property Tax Levy Estimate



The attached packet includes supporting schedules (i) estimating the 2018 property tax maximum levy under the Property Tax Limitation Act (PTELL) and (ii) a 2018 property tax levy increasing the levy based on the new construction added to the tax rolls without the CPI-U factor of 2.1%.

Levy Calculation and Estimates – Attachments A and B

Attachment A of the package shows the calculation of the tax levy based on the maximum non-referendum tax levy which takes into account the CPI factor and estimated new construction. **Attachment B** of the package shows the calculation of the tax levy based without CPI. The CPI factor is 2.1% which is the same as last year. The EAV for 2018 is projected at 105% of the 2017 amount and new construction is estimated at \$2.1 million based on preliminary data from the Lake County Assessor.

The estimated maximum amount under the PTELL that could be levied is \$4,323,227 (including the Library portion) representing a 2.45% increase. While the Village is not legally limited by the tax caps since becoming home rule, the Village Board passed a resolution pledging to not increase the aggregate levy in excess of the amount that is allowed under the PTELL. Last year the Village Board and the Library levied the PTELL maximum. The estimated levy amount foregoing the CPI factor for both the Village and the Library is \$4,234,306 or 0.35% over the 2017 tax extension.

Below is a table showing the last 10 years' total (Village and Library) tax extension and the current estimated levy under both scenarios.

Tax Collection Yr.	Levy Year	Tax Extension	New Dollars	Equalized Assessed Value	Blended Tax Rate	Inc/(Dec) in EAV	Inc/(Dec) in Levy
<u>2019-20 [1]</u>	2018	4,323,227	103,676	602,691,745	0.7173	4.77%	2.45%
<u>2019-20[2]</u>	2018	4,234,306	14,755	602,691,745	0.7026	4.77%	0.35%
2018-19	2017	4,219,552	111,512	573,943,859	0.7221	3.50%	2.71%
2017-18	2016	4,108,007	28,518	554,529,066	0.741	6.27%	0.70%
2016-17	2015	4,079,489	55,876	521,831,574	0.782	8.82%	1.39%
2015-16	2014	4,023,613	76,386	479,518,737	0.839	-0.98%	1.94%
2014-15	2013	3,947,227	96,685	484,263,512	0.815	-4.39%	2.51%
2013-14	2012	3,850,542	126,832	506,500,163	0.673	-8.12%	3.41%
2012-13	2011	3,723,710	80,146	551,254,954	0.678	-5.91%	2.20%
2011-12	2010	3,643,564	147,321	585,899,834	0.624	-7.14%	4.21%
2010-11	2009	3,496,243	49,014	630,953,018	0.556	-2.59%	1.20%
2009-10	2008	3,447,229	194,015	647,740,985	0.532	3.20%	5.96%

[1] Year 2018 Levy, EAV, rate and percentage changes are estimates and based on the PTELL calculation.

[2] This is the Levy estimate for 2018 without the CPI factor.

Part III, of Attachments A and B details the new dollars received, the percentage increase, and the tax rate changes compared to the 2017 extension for the Village and the Library separately. Under the PTELL levy, the levy would increase \$103,676 while the **blended** tax rate would decrease from \$.721 to \$.717 per \$100 of EAV. By not utilizing the CPI factor the aggregate levy would increase by \$14,755 and the rate would decrease from \$.721 to \$.702 per \$100 of EAV.

Levy Breakdown by Fund/Purpose – Attachments C and D

Attachment C shows the breakdown of the levy by fund/purpose with a comparison to previous years. The shaded column shows the effect of the 2018 levy on the Village funds. Attachment D shows the total new dollars under both calculations (CPI/no CPI). Of the total new dollars projected under the PTELL levy, the General fund would realize an increase of \$82,729 over the 2017 extension. If the Finance Committee recommends not using the CPI factor, then the General Fund would realize an increase of \$13228 from the 2017 extension.

The Police Pension Board will meet on October 18th to discuss the Fund's levy requirement and will likely request a levy consistent with the actuary's recommendation. The 2018 actuarial valuation, prepared by the actuarial firm of MWM Consulting, calculates a recommended minimum Village contribution of \$728,089 up 2.6% from the contribution last year of \$709,784. The actuarial recommended levy is based on the Entry Age Normal (EANC) funding method and more conservative assumptions than the minimum levy required by statute. The recommended amount is designed to reduce the unfunded liability each year, to produce a levy that is about 51.5% of covered payroll, and to achieve 95% funding by 2040 (90% funding is required by law.) The plan is 58.32% funded as of May 1, 201 up from 57.08% at May 1, 2017 under the EANC method. The complete actuarial valuation report is attached. The Illinois Municipal Retirement Fund and Social Security (FICA) levy allocations are based on a projection of the costs for FY2019-20. The Village is mandated to contribute 10.07% and 9.15% for 2017 and 2018 respectively, and an estimated 8.08% for 2019, of salaries for IMRF covered employees. The Village pays 6.2% of salaries up to the annual maximum and 1.45% on total salaries for FICA and Medicare income taxes for all employees.

Impact on a \$750,000 Market Value Home

The impact on a home that has a market value of \$750,000 (assuming the estimated change in the EAV from 2017 to 2018) is a decrease of \$10.00 under the PTELL levy estimate and a decrease of \$46.75 under the non-CPI levy estimate.

Library Property Tax Levy

The Library Board has not formally submitted its levy request yet and has the authority to request an amount that exceeds the PTELL due to the Lake Bluff's home rule status. Since 2006 the Library Board has requested a levy consistent with the PTELL with the exception of the 2010 levy (FY2012) when they held the levy flat.

Abatement of both the 2011 Refunding Bonds and 2012 Refunding Bonds

As has been past practice, this levy does not include an amount for these bond payments. This debt requires an abatement ordinance to request that the County NOT levy this tax because Ordinances 2011-19 and 2012-13 are filed with the County. These ordinances require the County tax extension office to levy the annual bond payment amount unless the Village abates the levy each year. This abatement ordinance will be submitted to the Board for approval in conjunction with the levy ordinance.

General Information and Tax Levy Legal Adoption Requirements

The Village is required by Statute to prepare a resolution estimating the property tax levy which will be on the November 12th agenda. The first reading of the Levy Ordinance, Debt Abatement Ordinance, and Public Hearing will be held on November 26th with final adoption of the levy on December 10th. The levy must be filed with the County Clerk by the last Tuesday in December.

Truth-In-Taxation Law Compliance Is Not Required

The truth in taxation law requires that the corporate authorities comply with specific publication and public hearing requirements if the aggregate tax levy is estimated to be more than 105% of the amount extended the prior year. At this time, the Village and the Library levies are in compliance with the tax cap amount, therefore, compliance with the provisions of this law is not required. However, the Village will hold a public hearing on the budget at the November 26th Board meeting in accordance with past practice. The public hearing notice will be posted on the Village Hall bulletin board, the website, and printed in a local newspaper the week of November 12th.

VILLAGE OF LAKE BLUFF

10/8/2018

ATTACHMENT D

COMPARISON OF PROPERTY TAX LEVIES BY FUND 2017 to 2018
 ALL MAXIMUM, NO CPI FACTOR AND NO CPI FACTOR

FUND TITLE	PROPERTY TAX 2017 EXT (FY18-19)	PTELL MAX	NO CPI	Change Increase/(Decrease)		Change Increase/(Decrease)	
		PROPERTY TAX 2018 LEVY (FY29-20)	PROPERTY TAX 2018 LEVY (FY19-20)	\$	%	\$	%
				2017 Extension to 2018 Levy - PTELL		2017 Extension to 2018 Levy W/NO CPI	
01 General Fund	\$2,213,292	\$2,296,021	\$2,226,520	\$82,729	3.74%	\$13,228	0.60%
Debt Service Abate	\$0	\$0	\$0	\$0	N/A	\$0	N/A
General Fund Total	\$2,213,292	\$2,296,021	\$2,226,520	\$82,729	3.74%	\$13,228	0.60%
07 IL Municipal Retirement	175,000	145,000	145,000	(\$30,000)	-17.14%	(\$30,000)	-17.14%
14 Social Security Fund	200,000	210,000	210,000	\$10,000	5.00%	\$10,000	5.00%
62 Police Pension Fund	709,784	728,089	728,089	\$18,305	2.58%	\$18,305	2.58%
Subtotal - Village	\$3,298,076	\$3,379,110	\$3,309,609	\$81,034	2.46%	\$11,533	0.35%
80 Library Fund	837,975	869,117	849,697	\$31,142	3.72%	\$11,722	1.40%
80 Library IMRF	46,500	38,000	38,000	(\$8,500)	-18.28%	(\$8,500)	-18.28%
80 Library FICA	37,000	37,000	37,000	\$0	N/A	\$0	N/A
Subtotal - Library	\$921,475	\$944,117	\$924,697	\$22,642	2.46%	\$3,222	0.35%
TOTAL EXTENSION/LEVY	\$4,219,551	\$4,323,227	\$4,234,306	\$103,676	2.46%	\$14,755	0.35%

VILLAGE OF LAKE BLUFF

ATTACHMENT A

2018 PROPERTY TAX LEVY PRELIMINARY LEVY

I. Calculation of 2018 Estimated EAV & Historical Data

	2013	2014	2015	2016	2017	2018 Estimate
Village EAV	463,295,419	458,754,118	500,638,069	532,150,075	551,599,505	\$579,118,452
Sanctuary EAV	20,968,093	20,764,619	21,193,805	22,378,991	22,344,354	\$23,573,293
Total Village EAV	\$484,263,512	\$479,518,737	\$521,831,874	\$554,529,066	\$573,943,859	\$602,691,745
Shield's Township EAV	\$1,781,099,584	\$1,690,026,662	\$1,733,267,357	\$1,829,818,385	\$1,921,309,304	\$2,017,374,769
Village % of Township	27.19%	28.37%	30.11%	30.31%	29.87%	29.88%
Village New Construction	\$2,877,031	\$1,378,812	\$2,937,369	\$7,542,595	\$2,545,595	\$2,100,000
Township New Construct			\$6,154,906	\$17,573,176		
Property Tax Extension	\$3,789,757	\$3,862,737	\$3,926,394	\$3,954,934	\$4,067,737	
Sanctuary Extension	\$157,470	\$160,876	\$153,095	\$153,073	\$151,814	
Total Village Extension	\$3,947,227	\$4,023,613	\$4,079,489	\$4,108,007	\$4,219,552	\$0
Tax Rate	0.818	0.842	0.784	0.743	0.737	0.000
Sanctuary Rate	0.751	0.775	0.722	0.684	0.679	0.000

II. Calculation of Maximum Tax Levy

A. Tax Cap Calculation - PTELL MAXIMUM

YEAR 2018 ESTIMATE

		CPI Factor 2.1%	2.10%	
STEP 1: Prior year Extension less debt * CPI factor				
2017 Extension	\$4,219,552	\$4,308,163		
STEP 2: Tax Rate Maximum=New Extension (less debt) Divided by Estimated EAV less New Construction			\$600,591,745	
STEP 3: Maximum Tax Rate with CPI (Step 1 divided by Step 2)			0.7173 PTELL Limiting Rate	
STEP 4: Rate * Total EAV = Total levy (less debt)			\$4,323,227	MAXIMUM
STEP 5: Total Maximum Levy			\$4,323,227	2.457% % Increase
STEP 6: Add G.O. Debt Payments	ABATED		\$0	
STEP 7: Total Maximum Levy & Tax Rate			\$4,323,227	0.7173

III. Comparison 2017 & 2018 Levy - VILLAGE

A. PTELL Maximum	2017 Tax Ext	2018 Max Tax	FREEZE		
			2018 Estimate	\$ Change	% Change
Levy w/o Police Pension	\$2,588,292	\$2,651,021	\$2,581,520	\$62,729	-0.262%
Police Pension Levy	\$709,784	\$728,089	\$728,089	\$18,305	2.579%
Total Village Levy	\$3,298,076	\$3,379,110	\$3,309,609	\$81,034	0.350%

IV. Library Levy Estimates

	2017 Extension	2018 Max Tax	2018 Estimate	\$ Increase	% Change
Amount Allowed per Tax Cap	\$921,475	\$944,117	\$924,697	\$22,642	2.457%
TOTAL MAXIMUM LEVY	\$4,219,551	\$4,323,227	\$4,234,306	\$103,676	0.350%