



Niles Public Library District

Special Board Meeting

Thursday, November 5, 2015 7:00 PM



**NILES PUBLIC LIBRARY DISTRICT
SPECIAL BOARD MEETING AGENDA**

November 5, 2015

7:00 PM

Board Room

6960 Oakton Street

Niles, Illinois

ORDER OF BUSINESS

1. Call to Order
2. Pledge of Allegiance
3. Public Comment
4. Discuss Tax Levy of the Niles Public Library for the Fiscal Year Beginning July 1, 2015 and Ending June 30, 2016 3
5. Other
6. Adjournment

2015 Property Tax Levy Discussion

Presented to the Board of Trustees

Niles Public Library District

October 21, 2015

2014 Property Tax Levy

- Levy is collected during calendar 2015
 - First installment is collected during the last half of 2014-2015 fiscal year
 - Second installment is collected during the first half of 2015-2016 fiscal year
 - The collections are net of reductions and refunds paid to property owners
- Final 2014 Property Tax Levy \$5,918,747 (Aggregate Extension is \$6,100,839 when loss % added by the County)
- 2015-2016 fiscal year budget was constructed using the Final 2014 Property Tax Levy of \$5,918,747 for the entire year
 - Done for purpose of analysis only
 - Board's decision to set 2015 Property Tax Levy and therefore property tax revenue for the second half of fiscal year

Considerations for 2015 Property Tax Levy

- Compounded annual growth rate in expenditures over last five budget years is 2.7%
- Need to begin funding Special Revenue Funds as they run out of money
- Creation of TIF District encompassing 5.7% of library district property values may cause lost revenue in the future
- Growth and expansion in current services
- Strategic Planning

General Fund Projection

- For this analysis, revenue in the general fund is consistent from year to year with no increases
- Expenditures grow by the Compounded Annual Growth Rate (CAGR) which is the factor by which expenditures has grown annually on average over the previous five years (2.7%)

General Fund Projection

	General Fund Projection (Revenue Stable Expenditures Grown by 2.7%)					
	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
General Fund Revenue	\$6,061,602	\$6,061,602	\$6,061,602	\$6,061,602	\$6,061,602	\$6,061,602
General Fund Expenditures	\$5,471,173	\$5,618,895	\$5,770,605	\$5,926,411	\$6,086,424	\$6,250,758
Surplus (Deficit)	\$590,429	\$442,707	\$290,997	\$135,191	(\$24,822)	(\$189,156)

Special Revenue Funds

- All Funds except for Liability Insurance run out of money in 2016-2017
 - Liability Insurance runs out of money in 2021-2022
 - Therefore it is added back and excluded from this analysis
- Total annual fund deficit in 2016-2017 is expected to be (\$182,701) growing to (\$329,447) in 2020-2021
 - \$113,444 of fund balance remains at the start of 2017-2018

Special Revenue Funds

	Annual Fund Deficit Grown by 2.7% CAGR					
	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Audit	(\$13,500)	(\$13,865)	(\$14,239)	(\$14,623)	(\$15,018)	(\$15,424)
Liability Insurance	(\$27,544)	(\$28,288)	(\$29,051)	(\$29,836)	(\$30,641)	(\$31,469)
Social Security	(\$30,000)	(\$30,810)	(\$31,642)	(\$32,496)	(\$33,374)	(\$34,275)
Workers' Compensation	(\$20,524)	(\$21,078)	(\$21,647)	(\$22,232)	(\$22,832)	(\$23,448)
Unemployment Compensation	(\$14,000)	(\$14,378)	(\$14,766)	(\$15,165)	(\$15,574)	(\$15,995)
Building & Site	(\$210,335)	(\$216,014)	(\$221,846)	(\$227,836)	(\$233,988)	(\$240,306)
	(\$315,903)	(\$324,432)	(\$333,192)	(\$342,188)	(\$351,427)	(\$360,916)
Less Liability Insurance Fund Balance	\$27,544	\$28,288	\$29,051	\$29,836	\$30,641	\$31,469
Total Annual Net Deficit	(\$288,359)	(\$296,145)	(\$304,141)	(\$312,352)	(\$320,786)	(\$329,447)

Village of Niles Has Created a New TIF

- Comprises approximately \$80Million of NPLD Equalized Assessed Valuation (Total EAV is approximately\$1.4Billion) or 5.7%
- If all property values increase at the same rate, NPLD would not lose any tax revenue to the TIF
- If the TIF values increase and all other values stay constant, it might cost the NPLD up to \$367,000
 - Assumes tax levy does not grow, all improvements achieve maximum value of \$170Million, and all other district property does not increase in value
- It will cost the NPLD but how much how soon is very difficult to determine (TIF has 23 year life)

Growth and Expansion in Current Services

- Tours of newly opened Creative Studio and Wonder Ground spaces generated comments regarding growth of allocated spaces
 - Difficult to predict how new spaces will be accepted and used by patrons
 - Smash Box Weekend was a great success as well as green screen Cubs promotion most recently
 - Successes may generate demands for more services and lead to growth opportunities

Strategic Plans

- Previous strategic plan called for a service point in the northwestern area of the district
 - Depending on the approach, this could result in a vending machine type presence at one or more locations or a branch with additional programming, staff and collection.
- NPLD is getting ready to embark on a new strategic planning cycle which may result in additional expansion in the district.

Summary of Considerations

- General Fund surplus of approximately \$600,000 will turn to a deficit in five years
- Special Revenue Funds will need annual funding of over \$300,000 annually
 - If combined with General Fund the combination will result in a deficit in two years
- TIF will reduce tax revenue by some amount when improvements start
- Strategic planning and service expansion will likely result in higher costs

NPLD Current Finances

- NPLD has the following fund balances as of June 30, 2015:
 - General \$6.2Million (a little more than 100% of annual budget)
 - \$1.6Million in the current tax collection account leaving \$4.6Million actually in reserve
 - Special Reserve \$1.8Million (restricted for capital projects)
 - Special Revenue \$700,000 (restricted for special expenditures)
- How much should NPLD have in reserve?
 - Our auditors think that 100% of budget is appropriate

Limitations for 2015 Property Tax Levy

- Increases to the Tax Levy (“Aggregate Extension”) are generally limited to the lesser of 5% or increase in the Consumer Price Index (“CPI”) whichever is less in a given year applied to the prior year’s Aggregate Extension Base which is equal to the Tax Levy plus a 3% allowance for losses by the county
 - The CPI increase for the 2015 Property Tax Levy is 0.8% (Source: State of Illinois)
 - Therefore, the 2015 Aggregate Extension (or Levy) would generally be limited to \$6,149,646 ($\$6,100,839 \times 1.008$)

However....

Limitations for 2015 Property Tax Levy (Con'd)

- However, in a year following a year when a taxing district had a decreased extension, the Aggregate Extension Base is the highest extension in the last three preceding years (source: Property Tax Extension Limitation Law-A Technical Manual; State of Illinois Department of Revenue)
 - In this case the extension base is the 2012 property tax levy or \$7,150,238
- Therefore, the limitation for the 2015 Property Tax Levy is \$7,207,440 ($\$7,150,238 \times 1.008$) which is \$1,106,601 greater than the 2014 Aggregate Extension

Limitations for 2015 Property Tax Levy (Con'd)

Operation of 2015 Aggregate Extension Base Determination

Tax Levy Year	Aggregate Extension
2010	\$ 6,817,843
2011	\$ 6,924,664
2012	\$ 7,150,238
2013	\$ 6,323,538
2014	\$ 6,100,839
2015	?

The 2015 Aggregate Extension Base for the 2015 Levy is \$7,150,238 and not \$6,100,839.

The 2014 Levy is decreased by \$222,699 when compared to the 2013 Levy. Therefore, the Aggregate Extension Base for the purpose of limiting the 2015 Levy is equal to the highest of the three previous years' levies (2012, 2013, 2014).

2015 Property Tax Levy is what is under discussion.

Possible Strategy Choices For 2015 Levy

Strategies	Further Reduction	Zero Change	Slight Increase	Significant Increase
Future Tax Levies	-NPLD will only be able to increase taxes in the future by the lesser of 5% or increase in CPI -This year's CPI increase is 0.8% -NPLD will lose ground if it continues to grow expenses at 2.7% -Can reduce levy in the future			
Deficits	One year	Two years	Four years	No Deficits
Unknowns	-Many unknowns which are not being addressed by these Strategies including TIF revenue reduction, strategic planning, public service expansion			
Future Considerations	Severely limits strategic choices	Limits strategic choices	Limited freedom to consider strategic choices	Most freedom to consider strategic choices

Modeling Assumptions

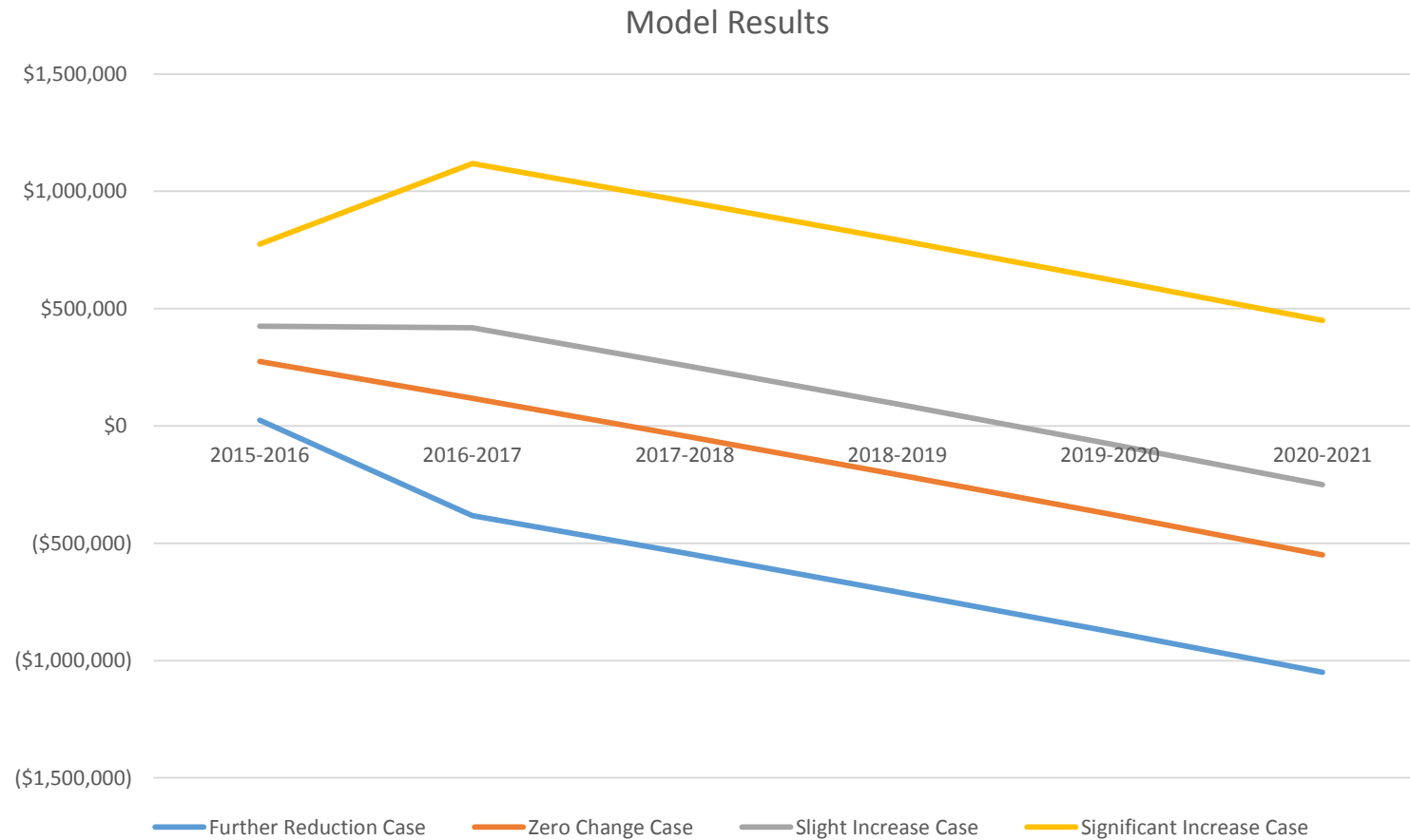
Strategies	Further Reduction	Zero Change	Slight Increase	Significant Increase
2015 Property Taxes	(\$500,000)	No Change	\$300,000	\$1,000,000
Future Property Taxes	2016 and thereafter equal to 2015			
Expenditures	Continue to grow at compounded annual growth rate of 2.7%			

Modeling Results Surplus (Deficit)

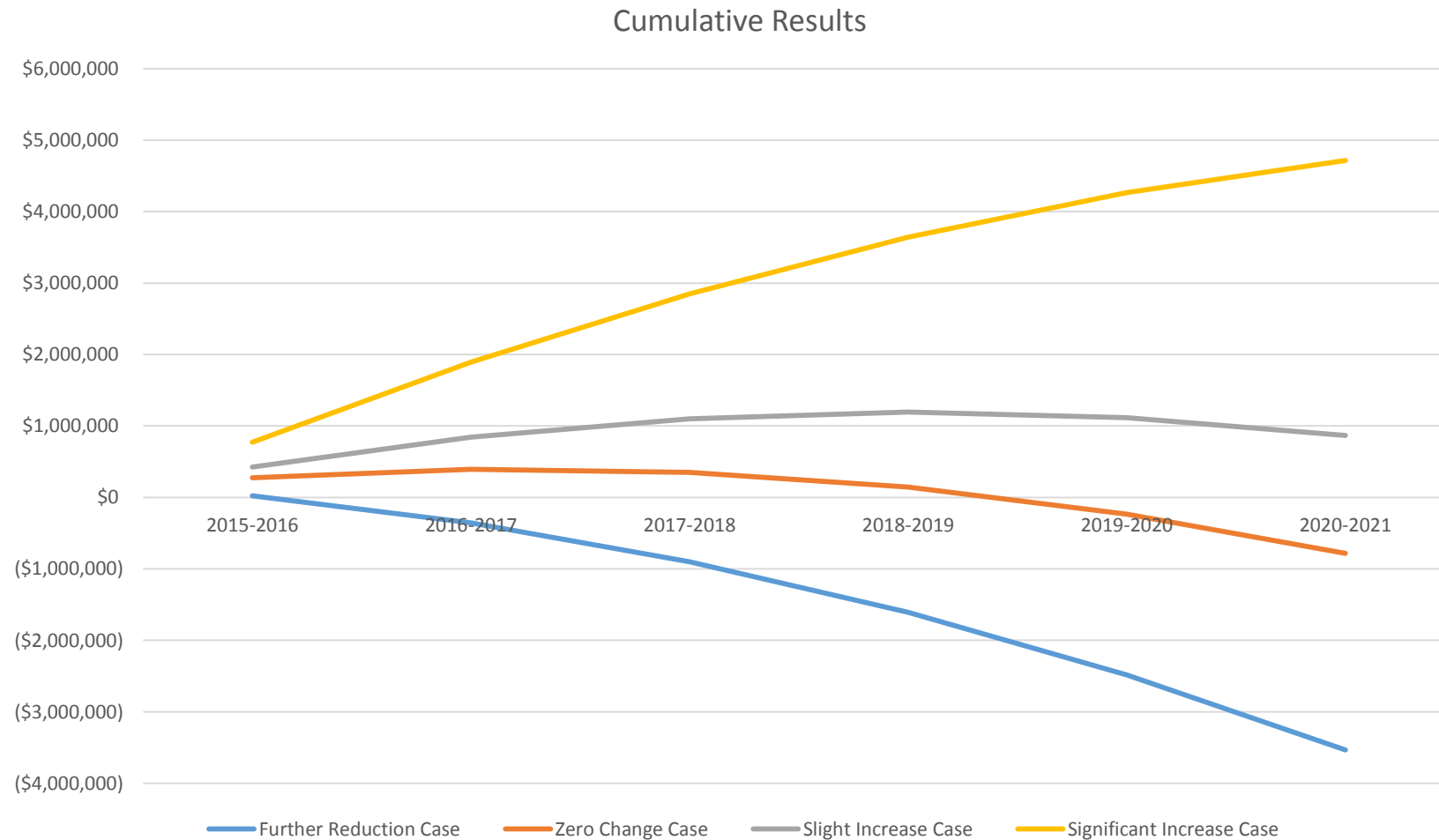
Projected Surplus (Deficit) for Each Case Through 2020-2021

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
General Fund	\$590,429	\$442,707	\$290,997	\$135,191	(\$24,822)	(\$189,156)
Special Revenue Funds	(\$315,903)	(\$324,432)	(\$333,192)	(\$342,188)	(\$351,427)	(\$360,916)
Zero Change Case	\$274,526	\$118,275	(\$42,195)	(\$206,997)	(\$376,250)	(\$550,072)
	(\$250,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
Further Reduction Case	\$24,526	(\$381,725)	(\$542,195)	(\$706,997)	(\$876,250)	(\$1,050,072)
	\$150,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Slight Increase Case	\$424,526	\$418,275	\$257,805	\$93,003	(\$76,250)	(\$250,072)
	\$500,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Significant Increase Case	\$774,526	\$1,118,275	\$957,805	\$793,003	\$623,750	\$449,928

Annual Results of Four Strategies



Cumulative Results of Four Strategies



Strategic Planning Horizon at \$2.5Million

