

Wilmette Public Library District

Tentative Budget & Appropriation Ordinance overview

July 21, 2020

This ordinance is the second step of the Library's annual budget process, following our FY20-21 Budget approval on June 23, 2020, and precedes our annual levy this fall. Additional information about our financial procedures and records of past Board action and documents are posted on our website:

<https://www.wilmettelibrary.info/about/library-trustees/library-finances>

These are our annual financial ordinance procedures:

The Library Director and appropriate Staff generally prepare a tentative operating budget in April for the following fiscal year. This budget is reviewed and/or revised by the Board's Finance Committee before being adopted at the regular meeting of the Board in May or June.

The Library Director and appropriate Staff will generally prepare a tentative Budget and Appropriation Ordinance in a timely fashion so that it may be posted and notice provided prior to public hearing held by the Library Board in accordance with legal requirements. Generally, this hearing will be held in July or August.

The Board of Trustees will normally review and adopt the Budget and Appropriations Ordinance in August. The ordinance is be posted, published, adopted, and filed in accordance with legal requirements. Subsequent changes in the appropriations can be made according to procedures outlined in Illinois Statutes.

The Library Director and appropriate Staff will prepare a tentative Levy Ordinance in a timely fashion in adherence with legal requirements. The levy is reviewed and/or revised by the Board's Finance Committee before Board enacts the Levy Ordinance, typically in November. The Levy Ordinance will be adopted and filed with the County Clerk of Lake County in accordance with legal requirements.

(Additional information can be found in relevant Illinois Statutes such as 75 ILCS 16/30-85 and 75 ILCS 16/30-90.)

Purpose of the Appropriation

By law, all expenses must have an appropriation before the Library may approve expenditures. An appropriation ordinance is approved and filed with the County Clerk during the first quarter of our fiscal year. The appropriation ordinance represents the legal authority to spend money for the purposes designated in the ordinance.

Either a budget ordinance or an appropriation ordinance only authorizes the maximum amounts that the governmental body may spend on particular matters during a fiscal year. In almost all cases, specific approval for the actual amounts to be spent must come through the passage of other motions, resolutions or ordinances.

The Library Board, during the first quarter of each fiscal year, establishes by appropriate ordinances as provided by statute, the amounts of monies to be budgeted, appropriated, and levied for the operation of the Library District.

Reviewing the document

Regarding the **Fund Balances** portion of the ordinance, these figures are derived from our audited financials, of which an official update will be provided with the 2019-2020 Audit this fall. A discussion about appropriate fund levels is forthcoming, and will be further informed and developed following receipt of the Capital Reserve Study (and its impacts on both the General Fund and Special Reserve Fund balances) in the coming weeks.

Because the Library's fiscal year schedule differs from the calendar tax year, we use the 2019 levy (of which we received the final agency report in late June 2020) for calculating **revenues** for the 2020-21 fiscal year.

Regarding the listed **expenditures**, historically our Working Budget and B&A have been identical; the documents and numbers were the same, and the appropriation overage was accounted for as a contingency. At the June 16, 2019, Trustee Orientation meeting with our attorney Roger Ritzman, he explained that appropriations can (and should) range above the Library's working budget to allow the Library the legal authority to responsibly allocate and spend the income it receives in fulfillment of its mission. He explained that there's no magic formula for the appropriation; in some budget lines a Library may appropriate more than others.

Question: Should the amounts appropriated be higher than working budget amounts?

Answer: Yes.

Explanation: The appropriation ordinance serves as a limit on what a public entity may spend during the current fiscal year. It is, in effect, a statement of the maximum amount that the municipality could conceivably spend if sufficient funds were available. Municipalities may not expend funds or enter into contracts . . . unless the expenditure is contained within the appropriation ordinance. Consequently, in drafting this ordinance, officials must anticipate all possible expenditures during the coming year. Because of this reality, the appropriation should always exceed the amounts which actually will be received and spent. This necessary inflation of line items may often be difficult to explain to residents of the municipality who are not familiar with the process. It may be very helpful to explain the differences between an appropriation, an internal budget and a tax levy at the beginning of the hearing on the appropriation ordinance. (emphasis added)

Illinois Municipal Handbook, Ancel Glink, et al., pp. 298-299 (2014)

Additional background on the budgeting process can be found in the appended article, *Library Law: Budgeting, Appropriating, and Levying* by Gerard E. Dempsey and Janet N. Petsche.

Calculations

Last year we used a flat 10% buffer to each line of the budget to arrive at our tentative B&A numbers. We selected 10% as this is typically the amount +/- that our budget lines may vary by year end. We've applied this method to this year's tentative B&A as well, and the two budget lines that deviated from this formula last year remain aberrations this year:

1. Budget line *I. L. Grant Expense* is intentionally set significantly higher in the event we apply for/receive a grant.
2. After reviewing our year-end financials, we recommend appropriating 10% over the actual expenditures for line *II. H. Employee Health Insurance* this past year (\$620,952). Trending suggests that employee health insurance costs will continue to rise; our next increase could be 7-10% when we're up for renewal in January 2021. This past year, our expenses in this line rose as some eligible employees added dependent coverage.

Transfer to Special Reserve Fund

While the Library has not received the final audited financials for FY19-20, we do anticipate a nominal surplus which would be eligible for transfer. That transfer would require Board authorization at a future meeting. Including this detail here provides the Library the opportunity to transfer, but does not obligate us to do so. Again, further discussion of reserves and fund balances will be explored in subsequent meetings.

Special Reserve Fund Expenditures

The items and estimated costs listed here are all derived from our Resolution Amending a Plan, approved at the June 18, 2019 Board meeting. The forthcoming Capital Reserve Study will help us to better estimate our long range commitments and maintenance plans, and will inform this year's Resolution Amending a Plan (aka the Special Reserve Fund Plan). As before, the Board would need to separately approve any of the plans or expenditures associated with the projects listed in these categories; these are potential projects that the Library may plan, and if the Board ultimately approves any of these projects, the funding would need to be appropriated in order for the funds to be expended.

Comparative Budget & Appropriation Procedure Calendar

ACTION	FISCAL YEAR 2019-20 (July 1, 2019 – June 30, 2020)	FISCAL YEAR 2020-21 (July 1, 2020 – June 30, 2021)
Schedule Finance Committee meeting to review budget & tentative B&AO	March 19, 2019 Board meeting action item; meeting date established via email	April 21, 2020 Board meeting action item; meeting date established via email
Post meeting notice on legal bb, web page, Metra station, Village Hall at least 2 days prior to meeting	April 11, 2019	May 6, 2020
Conduct Finance Committee meeting to review budget & tentative B&AO	April 15, 2019 before Board meeting	May 11, 2020 before Board meeting
Approve budget & tentative B&AO as separate action items; B&AO includes public hearing date	Budget approved at June 18, 2019 Board meeting	Budget to be approved at June 23, 2020 Board meeting
Send approved tentative B&AO to attorney for review	After July 2019 meeting	After July 2020 meeting
Post tentative B&AO on legal bb & web page	After attorney review	After attorney review
Publish public hearing notice in legal section of newspaper at least 30 days before public hearing	Wilmette Beacon, July 18, 2019	Sun Times, July 17, 2020
Post public hearing notices on legal bb, web page, Metra station, Village Hall at least 30 days before hearing	July 18, 2019	July 17, 2020
Conduct public hearing 15 minutes before meeting	August 20, 2019 Board meeting	August 18, 2020 Board meeting
Approve final B&AO as action item	August 20, 2019 Board meeting	August 18, 2020 Board meeting
Send final B&AO to attorney	After August 2019 meeting	After August 2020 meeting
Publish final B&AO in legal section of newspaper	Wilmette Beacon, August 2019	Sun Times, August 2020
Post final B&AO on legal bb & web page	After August 2019 meeting	After August 2020 meeting
File final B&AO with County Clerk within 30 days of approval	After August 2019 meeting	After August 2020 meeting

THE BOARD OF LIBRARY TRUSTEES OF THE
WILMETTE PUBLIC LIBRARY DISTRICT
COOK COUNTY, ILLINOIS

ORDINANCE NO. 2020/21-197

TENTATIVE
COMBINED ANNUAL BUDGET AND APPROPRIATION ORDINANCE
FOR LIBRARY PURPOSES FOR THE FISCAL YEAR 2020-2021

WHEREAS, the Illinois Municipal Budget Law, ILCS, Chap. 50, Sec. 330/1, et seq., as amended, requires all Illinois Municipal corporations to adopt a combined annual budget and appropriation ordinance specifying the objects and purposes of expenditures; and the Illinois Public Library District Act, ILCS, Chap. 75, Secs. 16/35-5 and 16/30-85, provides procedures for the passage of a budget and appropriation ordinance and a tax levy ordinance; and

WHEREAS, pursuant to the above and other statutes, an ordinance has been prepared in tentative form and made available for public inspection at least thirty (30) days prior to the adoption thereof, and a public hearing on said budget and appropriation ordinance has been held prior to final action hereon, and notice of said hearing was published at least thirty (30) days prior to said hearing in a newspaper published within the District;

NOW, THEREFORE, BE IT ORDAINED by the Board of Library Trustees of the Wilmette Public Library District, Cook County, Illinois, as follows:

Section 1. The following budget containing an estimate of all receipts of said Library District, and of the expenditures therefrom, be and the same hereby is adopted as the budget for said District for the fiscal year beginning July 1, 2020 and ending June 30, 2021, and the same sums are hereby appropriated as necessary to defray said expenses and liabilities of the Library District, for the objects and purposes indicated for the said fiscal year:

TENTATIVE Budget & Appropriation Ordinance for Fiscal Year 2020-21 (page 2)			
FUND BALANCES, estimated July 1, 2020			
General Fund Balance		8,626,327	
Municipal Retirement & Social Security		368,596	
Audit		6,259	
Liability Insurance		43,459	
Wilmette Public Library Endowment Fund		37,578	
Special Reserve Fund		6,154,905	
			15,237,124
ESTIMATE OF REVENUE EXPECTED TO BE RECEIVED DURING FISCAL YEAR			
1. Tax Income-Current Levy Receipts*		5,428,251	
2. Other General Fund Income (Fines, Donations, Per Capita Grant, etc.)		451,859	
TOTAL ESTIMATE OF REVENUE			5,880,110
* Item 1 is based totally on levy, as filed. Amount indicated may not be fully collected.			
ESTIMATE OF EXPENDITURES			
I. PATRON MATERIALS/SERVICES - GENERAL FUND			
A. Books/Continuations		302,500	
B. Library of Things		0	
C. Audio Visual Materials		110,000	
D. Periodicals		49,500	
E. Electronic Resources - AS & YS		550,000	
F. Computer Software		11,000	
G. Electronic Service Providers		134,200	
H. Programming		49,500	
I. Interlibrary Loan		1,500	
J. Newsletter		38,500	
K. Promotion		11,000	
L. Grant Expense		5,000	
M. Rutherford Trust		9,900	
N. Friends Purchases		33,000	
II. PERSONNEL - GENERAL FUND			
A. Librarian Salaries		1,910,232	
B. Non-Librarian Salaries		1,733,867	
C. Custodial Salaries		232,201	
D. Professional Memberships		7,150	
E. Continuing Education Registration		11,000	
F. Travel/Mileage		11,000	
G. Staff Development		16,500	
H. Employee Health Insurance		683,047	

TENTATIVE Budget & Appropriation Ordinance for Fiscal Year 2020-21 (page 3)

III. OPERATION - GENERAL FUND

A. Fees (p/r, bank, credit card)	16,500	
B. Professional Fees	38,500	
C. Library Supplies	33,000	
D. Office Supplies	44,000	
E. Copiers	30,800	
F. Printing	5,500	
G. Postage/Shipping	6,600	
H. Telephone	16,500	
I. Equipment/Furnishings/Computers	137,500	
J. Equipment/Computer/Security System Maintenance	94,600	
K. Property/Casualty Insurance	27,500	
L. Building/Grounds Improvement	22,000	
M. Building Supplies	30,800	
N. Building Maintenance	93,500	
O. Building Maintenance Contracts	110,000	
P. Grounds Maintenance	44,000	
Q. Parking Lot Rent	14,300	
R. Utilities	24,200	
S. Sales and Use Tax	110	
T. Library Vehicle Maintenance	4,400	
TOTAL ESTIMATE OF GENERAL FUND EXPENDITURES		6,704,907

IV. CONTINGENCY - GENERAL FUND

	200,000	200,000
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V. TRANSFER TO SPECIAL RESERVE FUND FROM GENERAL FUND

Specific fund for library site, building, equipment accumulated according to ordinance pursuant to 75 ILCS 16/40-50	200,000	200,000
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VI. SPECIAL RESERVE FUND - CAPITAL IMPROVEMENTS

A. Renovate Interior Space & Update Furnishings (D, I*)	3,300,000	
B. Upgrade Computer Network, Materials Handling & Signage (A, B, F*)	700,000	
C. Improve and/or Maintain Building & Parking (C, E, H*)	1,000,000	
D. Update Hardscape and/or Landscape (G*)	1,000,000	
* See Resolution 2017/18-192, Amending a Plan & Estimating Costs		6,000,000

VII. SPECIAL FUNDS LEVIABLE IN ADDITION TO GENERAL FUND

A. Municipal Retirement-Social Security pursuant to 40 ILCS 5/7 - 171		
1. Municipal Retirement	295,000	
2. Social Security	220,000	
B. Audit Expense pursuant to 50 ILCS 310/9	11,000	
C. Liability Insurance, including Worker's Compensation and Unemployment Insurance pursuant to 745 ILCS 10/9 - 107	44,000	

TOTAL SPECIAL FUNDS LEVIABLE IN ADDITION TO GENERAL FUND

		570,000
AGGREGATE TOTAL APPROPRIATED		13,674,907

Section 2. There is hereby appropriated from the taxes to be levied for the fiscal year and other sources of income in the sum of

THIRTEEN MILLION SIX HUNDRED SEVENTY-FOUR THOUSAND AND NINE HUNDRED SEVEN DOLLARS

among the several corporate objects and purposes herein above specified for said District purposes for the Fiscal Year 2020-21.

Section 3. All unexpended balances of proceeds received annually from public library taxes not in excess of statutory limits may be transferred to the Special Reserve Fund, heretofore established according to ILCS, Chap. 75, Sec. 16/40-50, pursuant to plans developed and adopted by this Board, and said unexpended balances shall be accumulated in this Fund for the purpose of erecting or purchasing a new library building, purchasing a site for the same, or building an addition thereto, or furnishing necessary equipment therefor.

Section 4. Except as otherwise provided by law, no further appropriations shall be made at any other time within such fiscal year provided that this Board may from time to time make transfers between the various items in any Fund, or appropriations in excess of those authorized by the budget in order to meet an immediate and unforeseen emergency, by two-thirds (2/3) vote of all the trustees, as provided by ILCS, Chap. 75, Sec. 16/30-90, et seq., and this Board may amend this budget and appropriation ordinance, from time to time by the same procedure as prescribed by statute for the original adoption of a budget and appropriation ordinance; provided that nothing in this Section shall be construed to permit transfer between Funds required by law to be kept separate. Any remaining balances after the close of the fiscal year shall be available until August 30th for the authorization of the payment of obligations incurred prior to the close of the fiscal year, and until September 30th for the payment of such obligations or for the transfer of un-expendable balances thereof to be accumulated, as provided by ILCS, Chap. 75, Sec. 16/30-90.

Section 5. A copy of this ordinance in tentative form has been available for public inspection at the Library for thirty (30) days, and notice of said hearing has been given by posting for thirty (30) days, and by publication in a newspaper published within this District in substantially the following form:

THE BOARD OF LIBRARY TRUSTEES OF THE
WILMETTE PUBLIC LIBRARY DISTRICT, COOK COUNTY, ILLINOIS

Public notice is hereby given that a public hearing will be held on the proposed annual budget and appropriation ordinance for the fiscal year July 1, 2020 to June 30, 2021 at the following place and time: Wilmette Public Library, 1242 Wilmette Avenue, Wilmette, Illinois, at 5:45 p.m., on the 18th day of August, 2020. The said ordinance shall be available for public inspection for at least thirty (30) days prior thereto at said Library during regular library hours.

Dated this 16th day of July, 2020

/s/ Jan Barshis
Secretary

Section 6. This ordinance is passed pursuant to statutory authority and the Illinois Public Library District Act, ILCS, Chap. 75, Sec. 16/35-5, et seq., and Sec. 16/40-50; and the Illinois Revenue Code, ILCS, Chap. 35, Sec. 205/157, et seq., and other statutes appertaining thereto.

Section 7. This ordinance shall be in full force and effect from and after its passage and approval according to law, and any resolutions or ordinances in conflict therewith are hereby repealed; and should any part of this ordinance be adjudged invalid or unconstitutional, such adjudication shall affect only that part of this act specifically covered thereby, and shall not affect any other provision or parts of this act, which shall be severable therefrom.

Library Law: Budgeting, Appropriating, and Levying

By Gerard E. Dempsey and Janet N. Petsche

June 6, 2007

The first lesson learned by new library trustees and library administrators should be that a library cannot survive without a real estate tax levy. The second lesson should be that without appropriating for the expenditure of the taxes collected, they cannot be spent. This article will review the budgeting, appropriating and levying procedures for both local libraries and library districts.

Budgeting

There are no statutory directions for the preparation of a basic budget for either local libraries or library districts. A budget may be prepared by the library director or administrator, the library's accountant, a committee of the board of library trustees, the board's treasurer or the entire board, but what is produced has to be a document showing reasonable estimates of the dollars that will be spent in the coming fiscal year and reasonably specific descriptions of the costs and expenses that will be paid for. Most libraries separate expenditures into categories covering salaries, benefits, materials, equipment, utilities, consultant services, capital expenditures *etc* . Although the dollar amounts listed are estimates, they generally reflect past experience of annual increases in costs. However, appropriations can be an expression of what would be spent if sufficient funds become available.

Local libraries and library districts may use the same method in preparing a budget, but Illinois statutes require that they take different steps in order to appropriate funds and impose a tax levy.

Appropriating and Levying for Local Libraries

The Illinois Local Library Act requires that within 30 days after the expiration of their municipality's fiscal year, local libraries must present a report to the city council, village board of trustees or board of town trustees (the "corporate authorities") that states the amounts the library wants the corporate authorities to include for library purposes in the municipality's appropriations for the ensuing fiscal year.^[1] The report must also be sent to the Illinois State Library.

When listing appropriation amounts, board members and administrators should be aware that a local library's appropriations are allowed to exceed budgeted amounts and may include non-budgeted items, so if unexpected income is received by the Library, those funds can be expended. In this way, if the library

receives unexpected donations or the real estate tax collection unexpectedly increases for any reason, including the passage of a referendum, the library would be able to expend the additional funds.

In the same report in which the local library lists its appropriations, it should report, among many other required items, the amount the library board believes it will be necessary for the corporate authorities to levy for library purposes in the municipality's next annual levy ordinance. Because a municipality's levy ordinance must be filed with the county clerk on or before the last Tuesday in December each year, some library boards confirm the levy by adopting a resolution closer to the date that the levy ordinance is to be adopted. After its adoption, the library is to forward a certified copy of the resolution to the corporate authorities, advising them to include the library's levy amount in the municipality's levy ordinance.

While the law requires the corporate authorities to levy the amount requested by a local library, without diminution,^[2] the county clerk will, if requested in writing by the corporate authorities of non-home rule villages (as opposed to cities and towns), be required to impose a separate limiting rate under the Property Extension Limitation Law ("PTELL") directly on the library's requested levy.^[3] If the corporate authorities in these non-home rule villages do not make such a request, the library's levy amount will be subject only to the limits imposed by PTELL, proportionally distributed among all of the funds of the municipality.

Appropriating and Levying for Library Districts

The law requires that a library district adopt an ordinance combining budget and appropriations, including a statement of cash on hand, an estimate of cash to be received from all sources during the fiscal year, an estimate of expected expenditures and a statement of the estimated cash expected to be on hand at the end of that year.^[4] The library's ordinance must be adopted within the first quarter of the fiscal year, but no later than the fourth Tuesday of September.^[5]

At least 30 days before adoption, a tentative budget and appropriation ordinance must be posted at the library and notice of a public hearing on the budget and appropriations must be published. The notice should state the time and place of the meeting and where copies of the tentative ordinance can be obtained. Within 30 days after the budget and appropriation ordinance is adopted, the library must file a certified copy with the county clerk. A certified copy of the ordinance must also be published after its adoption.

Administrators and board members should note that the law allows the transfer from one appropriation to another appropriation so long as the amount transferred does not affect the total amount appropriated and does not exceed 10% of the total appropriation in the fund.^[6] The transfer may be made by adopting an ordinance with the approval of 2/3ds of all of the library trustees present and voting at any meeting of the library board.

If a budget and appropriation ordinance must be amended, the procedure to adopt the original document must be followed. In other words, notice of a public hearing must be published, a tentative amended ordinance must be posted and a public hearing must be held before adoption of the amendment.

After publication of the budget and appropriation ordinance, a library district must adopt its levy ordinance on or before the first Tuesday in December. Before adoption of the tax levy ordinance, the library board must determine if it must hold a public hearing pursuant to the Truth in Taxation Act that requires such a hearing if the amount levied increases or decreases the prior year's extension by more than 5%.^[7] Notice of such hearing, in the form dictated by that Act, must be published not less than 7 and not more than 14 days before the hearing is held. Upon adoption of the levy ordinance, the library must file a certified copy of the levy ordinance with the county clerk, on or before the last Tuesday in December.

The importance of following these procedures for appropriating and levying is clear when it is understood that a county clerk may refuse to levy taxes if appropriate deadlines are not met and that even a minor deviation from the required procedures can be the basis for a tax rate objection brought by taxpayers, seeking a refund of collected taxes.

Library administrators and board members should make every effort to schedule adoption of the required documents, allowing enough time to meet deadlines, even if faced with unexpected contingencies.

About the Authors

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Footnotes

^[1] 75 ILCS 5/4-10.

[2] See *Rockford v. Gill*, 75 Ill.2d 334 (1979).

[3] 35 ILCS 200/18-195.

[4] 50 ILCS 330/3 (Library Districts must follow the dictates of the Illinois Municipal Budget Law as well as the directions in the Illinois Public Library District Act of 1991 (75 ILCS 16/1-1 *et seq.*)).

[5] 75 ILCS 16/30-85.

[6] 50 ILCS 330/3.

[7] 35 ILCS 200/18-80 *et seq.* .

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