

Finance Committee Meeting

Tuesday, September 17, 2024 6:00 PM

Addison Public Library - Large Meeting Room 1st floor, 4 Friendship Plaza,
Addison, IL 60101

1. Call to Order

1.A. Roll Call/Establishment of Quorum

2. Comments from the Public

3. Discussion Item: Tax Levy

4. Additional Discussion

5. Adjournment



**September 2024
Tax Levy Overview**

Property taxes are the primary source of income for the library. Property taxes in Illinois are local taxes imposed or levied by units of local government (school districts, municipalities, park districts, libraries, etc.). We levy taxes annually, and the revenue generated from our tax levy typically represents 95% or more of all revenue received by the library each year.

The levy itself is a formal document, submitted by us to the Village and by the Village to the County, which asks the County to collect taxes on our behalf. The library portion is a separate tax and the revenue from it comes back directly to the library even though the request is submitted by the Village on our behalf and appended to its own levy request.

We request a specific dollar amount, and the County determines the percentage rate needed to collect that amount, distributing the burden among all property owners based on the equalized assessed value (EAV) of their property.

Equalized Assessed Value or EAV is determined by the Township and County assessors and used for determining and allocating taxes paid by individual property owners. In Illinois, counties are required to “equalize” property tax assessments so that the median level of assessment is at 33% of its fair market value. Property is reassessed every 3 years. If the average sales price in the overall market is either higher or lower than 33% of the current assessment, these assessed values will be increased or decreased to what is determined to be the correct level.

The total extension is the product of total EAV, less any exemptions that local property owners qualify for, multiplied by a calculated tax rate and is equal to the dollar amount of the library’s levy for that year. The County Clerk calculates the tax rate needed to raise the dollar amount requested in our levy each year.

$$(EAV - \text{exemptions}) \times \text{Tax Rate} = \text{Taxes Due}$$

This year I am recommending a 3% increase over last year's extension. Does that mean a property owner’s tax bill will go up by 3%? No. Changes in EAV, qualifying exemptions, new development in town, and changes in zoning can all impact the change in an individual property owner’s tax bill.

In actual dollars, a 3% increase amounts to an increase of \$178,746.90 in additional revenue for the library.

In addition to the increase in prices across the board that we are seeing in today’s economy, I am particularly focused on a couple areas that we need to be financially prepared for.

First, is the cost of employee health insurance. Due to a number of sizable claims last year and general medical inflation, Blue Cross Blue Shield of Illinois initially proposed a 24% increase in premiums for 2025. The Village's insurance broker was able to negotiate this down to 7%, but we've been warned that there is no more room for additional negotiation, and so we should expect a greater increase next year, especially if we have significant utilization of benefits again this year.

Our health insurance renewal is January – December. This means that our rates will increase by 7% on January 1, 2025. And we should expect another increase on January 1, 2026. The tax levy covers parts of both time periods.

We should also have completed our staffing study and be ready to move forward with recommendations in terms of staffing level adjustments for the FY26 budget cycle. The revenue from this levy will be coming in while our building is under renovation and with the added service point (drive-up window) in Guest Services and the expanded makerspace, we may be looking at a need for additional staffing.

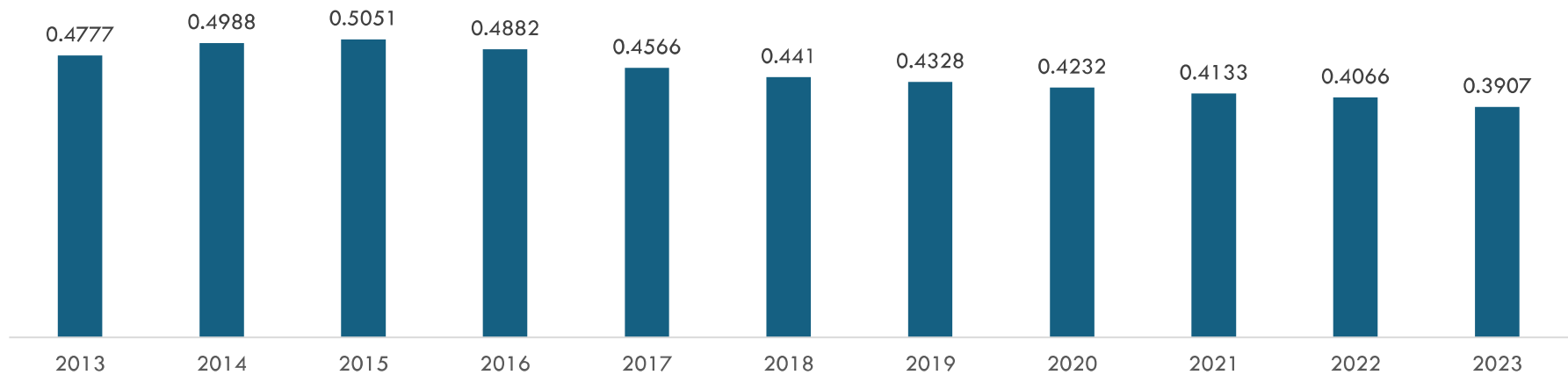
Reducing our levy or even maintaining our current levy amount without increase will almost certainly require us to cut our budget and/or reduce library hours or services. Many areas of our budget cannot be reduced. While we strive to operate efficiently and find the best pricing possible, we do not set the rates for things like insurance and utilities and the professional service fees for our accountants, auditors, and attorneys. If we do need to reduce spending, it would most likely happen in areas such as:

- Materials – reducing the amount we spend on books and other items for our collection.
- Programming – reducing the number of programs offered throughout the year.
- PR/Marketing – reducing or eliminating things such as the newsletter, our participation in events like Rock 'n Wheels and the community parade, and the elimination of other outreach services and promotional materials.
- Staffing – reducing wages, benefits, or the level of staffing. Cuts to staffing will force reductions in areas such as programming and collection development, as we will have fewer staff available to deliver programs and services to the community.

Reductions in any of these areas will be felt by library users and will undercut the Library's ability to deliver our core services and to fulfill our mission to the community.

APL Tax Levy Rate 2013 – 2023

$(\text{EAV} - \text{exemptions}) \times \text{library tax rate} = \text{taxes due}$



APL Tax Levy Rate 2013 – 2023

percentage increase

