

5/23/2016



Reuter, Michael
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14108 Waterway Blvd.
Fortville, Indiana 46040

Carmel Clay Library
55 4th Avenue SE
Carmel, Indiana 46032

Dear Ms. Newport,

I am providing you a summary of my comments related to the fiscal plan presented on May 23, 2016. They are as follows:

1. The total 2014 COIT collections have been reported by the Department of Revenue. Collections are up 8.52%. This high compared to the prior year of 2.3%. However, more consistent with 2011 and 2012. The total COIT collected in 2014 for the county was certified at \$132,886,484. In the 2016 legislative session, a bill was passed to distribute the 2014 COIT balance (\$65,741,335) in a special distribution in 2016. The portion for the library is \$1,763,130. Going forward the state is to only maintain a 15% cash balance and future special distribution are possible depending on the economy.
2. It is good news the library is getting new money, but the library does not have the authority to spend it. The budget increases are limited to the 6-year non-farm personal income factor of the state. After the library has developed an expenditure plan, they will need to have it approved by the Carmel City Council. It was recommend they get it approved through a binding review as a part of the budget process.
3. As we move away from the 2008 recession, the 6-year non-farm personal income factor is expected to increase to 1.037 in 2017. The amount has not been certified by the Department of Local Government Finance.
4. The assessed valuation declined from 2011 to 2013. It grew in 2014, 2015 and 2016. The fiscal plan has a built in assumption of a 1.5% increase after 2016.
5. If the maximum levy (property tax) continues to increase and the assessed valuation remains flat, it will cause the General Fund rate to increase.



6. The fiscal plan assumes no increase in the total rate for 2017 and is expected to decrease significantly in 2019 and 2020 when the debt is paid off. The library should review future capital needs and determine if another bond issue is necessary.
7. The General Fund budget has more than sufficient revenue to support the forecasted expenditures through 2020. Overall the library is in a very strong cash position.

Please call if you have questions or concerns.

Sincerely,

Michael A. Reuter

President

Cc:

Dan Kramer