

**Carmel Clay Public Library  
Minutes of the Board of Trustees Meeting  
May 19, 2014**

**Board Room  
5:00 pm**

Present: President Jack Stafford; Vice President Bill Wiebenga; Treasurer Ranjit Puthran; Secretary Patti Napier; Members Jim Garretson, Jim Hehner, Jane Herndon; Library Director Wendy Phillips; Assistant Director Nancy Newport; Foundation Director Ruth Nisenshal; Managers Hope Baugh, Beth Jenneman, Katherine Kersey, Christine Owens, Christy Walker, Cindy Wenz; Administrative Assistant Becky Bryenton.

Absent: Business Manager Ron Brockett; Managers Lisa Dick, Renee' Kilpatrick, Peter Konshak.

Guest: Financial Consultant Mike Reuter.

**CALL TO ORDER/WELCOME**

President J. Stafford called the meeting to order at 5:00 p.m. All in attendance were welcomed.

**AGENDA**

J. Hehner moved to adopt the agenda, seconded by P. Napier, and the motion carried.

**MINUTES**

B. Wiebenga moved to accept the April 28 minutes with a correction under Building and Grounds that he did not present the list of surplus items. J. Hehner seconded, with the correction, and the motion carried.

**FINANCIAL CONSULTANT MIKE REUTER – 2014 FISCAL PLAN**

Mike Reuter presented the updated Fiscal Plan with the 2013 actual revenues and expenditures and the State approved budget (1782 Notice and Budget Order) and a new forecast through the year 2018. Included in the report are the last 5 years of actual revenues and expenditures, the current budget year and a forecast for the next four years.

**COIT**

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The last known year of collections is 2012 with just under \$120 million collected county-wide. This tax has fluctuated and is up 11.2% in 2014. In 2012 the state acknowledged an error in underreporting collected receipts to the state and gave the library a special distribution and adjusted our regular distribution. Using a 1% assumption going forward you can see that our collections would be \$122 million but only \$117 million is being distributed. We have gone from a negative \$35 million balance to a positive \$50 million balance in the state's bank account. When COIT was first adopted, the state said they would maintain a 50% balance and after several changes it is a 50% cash balance again.

The state enlisted the help of an independent accounting firm to review their records. COIT has more than doubled since 2011.

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The Six Year Non-Farm Personal Income Factor is used to calculate how much property tax the library will receive. The last known year is 2014. The 2013 factor drives the 2014 maximum levy of 2.6%. Once the bad year of 2009 is gone, the treasury will recover and the levy will increase by 4%.

The Assessed Valuation from Clay Township has been low for the last three years. Using 0% going forward the assessed valuation of CCPL is \$6.5 billion and it takes a lot of growth to make that grow 4%.

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If maximum levies grow at 4% and the AV is not growing at 4%, you will continue to have tax increases and the higher your tax rate the more pressure on the Circuit Breaker. The higher the tax rate, the more people hit the Circuit Breaker and stop paying, impacting CCPL, the schools and the community.

**General Fund, Page 1**

CCPL is in a strong cash position finishing the year at \$4.8 million in the GF. The Operating balance has increased partly due to the 2012 distribution and distributions going forward were also adjusted. If you were to collect the maximum levy going forward it is being forecasted you would continue to collect more than your expenses. If the tax rate is cut, the COIT distribution which is distributed on your prior year's property tax levy and your prior year COIT distribution will be impacted. When you lower the property tax amount, you lower the COIT in the future.

This will happen when the debt is paid off. The \$4.8 million in the General Fund is generating almost \$3 million in COIT in 2014. When the levy goes down we can issue new debt, but it will not count any longer because debt issued after July 1, 2005 no longer adds to the COIT distribution. The projection of the ending Operating Balance going forward may be slightly larger than what it in fact will be in the Operating Fund because each year transfers are made to the Rainy Day Fund making the Operating balance smaller than this projection. Implementation of the Capital Projects Fund generated a higher cash balance in the Operating. A turning point for the library was issuance of the Capital Projects Fund. Assuming we are to collect the maximum levy in the future, we will continue to collect more than our expenses.

Total property tax collected in 2013 was approximately \$4.9 million split between the Operating Fund of \$3.2 million and the debt service levy of \$1.6 million. Approximately 1/3 of property tax is used for debt.

Using a 1% growth in COIT is very conservative going forward in 2016. It will not be until 2020 that the effects of the debt ceiling levy will be seen. About \$.65 of every dollar you collect in property tax you are receiving in COIT. Take \$1.6 million away. Over time it could erode approximately \$900,000 to a million dollars of your future revenue. This will phase out and you will feel most of the effect by 2023.

**Circuit Breaker**

In 2014 approximately \$120,000 is the estimated loss in the Operating Fund due to the Circuit Breaker. Senate Bill 517 that was passed in 2013 session said you are not going to take a loss of the Circuit Breaker in your debt fund any longer. You have to take it in your remaining funds and in your case it is the General Fund where your Circuit Breaker loss is. If tax rates as a community rise and there is more circuit breaker loss, it will hurt the library's General Fund.

At the end of 2014 the debt payment is about \$1.8 million, ending the year with \$912,000. You are back to the 50% cash balance in the debt fund. For several years you lowered the debt service levy, lowering the operating balance and eventually making one payment out of the Operating Fund to spend down some of the cash until the levy was increased.

**Page 3 LIRF**

There is approximately \$1 million in LIRF. There is \$500,000 budgeted. The plan is to spend down the General Fund and use LIRF if needed. This has been done for several years to avoid an additional appropriation.

**Capital Projects Fund**

This fund is dormant. The cash remains in this account and can be left alone for the present.

**Rainy Day Fund**

Funds can be transferred to this fund yet this year from the General Fund. There is approximately \$4 million in this fund.

Looking at the forecast assumes you will collect a 50% cash balance in our debt fund and collect the maximum levy in the General Fund. Should you not do one of those, it will lessen the impact of one or the other. Lowering the debt tax rate and paying part of the debt out of the Operating fund is a consideration.

The biggest caution the library has is paying off the debt in 2019 when it will face the loss of COIT. Technically you can issue more debt for your capital needs and take these Capital funds out of your General Fund.

It is always best to appropriate the maximum amount of the tax levy. The debt service fund could be used to begin bringing down the tax rate incrementally.

M. Reuter was thanked for his hard work and good report.

**TREASURER'S REPORT**

April Financial Report: Treasurer R. Puthran presented the April financial report noting receipt of property taxes will be reported in the latter part of May. J. Hehner moved to receive the April Financial report, seconded by P. Napier, and the motion carried.

Bills List: R. Puthran referred to page 5 noting the 2<sup>nd</sup> payment for the chiller; a payment for the Freegal subscription and a payment to Jazz It Up for summer reading bags. J. Hehner moved approval of the Bills List, seconded by J. Herndon, and the motion carried.

**COMMITTEE REPORTS**

Nominating Committee: B. Wiebenga proposed retaining the same slate of officers for 2014 – 2015. J. Garretson moved to approve the slate of officers, seconded by J. Herndon, and the motion carried. The Slate of Officers is as follows: President Jack Stafford; Vice President Bill Wiebenga; Treasurer Ranjit Puthran; Secretary Patti Napier. Committee members and liaisons will be addressed in the future.

Personnel & Policy: B. Wiebenga brought a recommendation from the committee to create a new position of Finance Manager. He then moved to create the new position, seconded by J. Garretson. Discussion followed regarding the salary range for level 8. The position will be level 8 and full-time. The motion carried. The salary range of approximately \$48,000 to \$80,000 is thought to be competitive.

Strategic Planning: The update from Judy Gareis was discussed. The Steering committee meets May 20.

An article appeared in the newspaper introducing the Little Free Libraries that have been placed around the city. The *Carmel Magazine* will have an article in the June issue. The libraries also have the support of Carmel Clay Parks & Recreation Director Mark Westermeier.

**TRUSTEE LIAISON REPORTS**

Foundation: R. Nisenshal referred to Foundation information in the Director's report. The student art event was very enjoyable and moving forward it set a precedent to have this event again to raise funds.

The Donor Recognition event is Tuesday, June 10 from 5:30 to 7:00 p.m. The Radloff Endowment public program will follow at 7:00 p.m. Both will feature an Andrew Carnegie re-enactor.

Friends: Included in the Directors report.

Legislative: The next meeting is Tuesday, June 3.

Telecommunications: There has been no meeting due to the illness of Mr. Winston Long.

**DIRECTORS REPORT**

In addition to her written report, W. Phillips reported the appointment of Ranjit Puthran to a second term on the Library Board is on the May 27 agenda of the Clay Township Board.

J. Hehner moved to receive the Directors report, seconded by J. Herndon and the motion carried.

**OLD BUSINESS**

There was no old business discussed.

**NEW BUSINESS**

Trustees were reminded of the June 16 Board meeting scheduled in the Program Room at 5:30 p.m., immediately prior to the annual Joint Board meeting at 6:00 p.m.

**ADJOURN**

The meeting adjourned at 6:25 p.m.

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Patricia A. Napier, Secretary  
Board of Trustees

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