

6/5/2017

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Reuter, Michael

Michael A. Reuter Consulting Services, Inc.

14108 Waterway Blvd.

Fortville, Indiana 46040

Carmel Clay Library

55 4<sup>th</sup> Avenue SE

Carmel, Indiana 46032

Dear Mr. Swanay,

I am providing you a summary of my comments related to the fiscal plan presented on May 22, 2016. They are as follows:

1. The total 2015 COIT collections have been reported by the Department of Revenue. Collections are up 7.8%. This lowered compared to the prior year of 8.5%, but not significant.
2. The Debt Service levy will begin to drop in 2019 and will impact the percentage of COIT the library will receive. Currently, the library is receiving 2.6% of the total county collections. I am forecasting by 2021, the percentage will decrease to 2.1%.
3. As we move away from the 2008 recession, the 6-year non-farm personal income factor has increased to increase to 1.038 in 2017. I am forecasting the factor to increase to 1.04 for 2018. This amount has not been certified by the Department of Local Government Finance.
4. 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.
5. The assessed valuation declined from 2011 to 2013. It grew in 2014 through 2017. The fiscal plan has a built in assumption of a 1.5% increase after 2017. This should be conservative.
6. If the maximum levy (property tax) continues to increase at 4.0% and the assessed valuation grows at 1.5%, it will cause the General Fund rate to increase.
7. In the fiscal plan I am forecasting a slight decrease in the total tax rate in 2018 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.
8. A second fiscal plan was presented using the decreases and increases from the last recession. The General Fund would still be in balance in 2020, but the cash balance would be approximately \$1,000,000 less.

Please call if you have questions or concerns.

Sincerely,

Michael A. Reuter  
President  
Cc:  
Dan Kramer