

8/26/2019



Reuter, Michael
Michael A. Reuter Consulting Services, Inc.
14108 Waterway Blvd.
Fortville, Indiana 46040

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

Dear Mr. Swanay,

I am providing you a summary of my comments related to the fiscal plan presented on August 26, 2019. They are as follows:

1. This is an unusual budget year. Because the library is requesting a budget increase above the 3.5% growth quotient for 2020 they will be subject to a binding review by the City of Carmel. The library board is going through an informal public hearing and budget adoption. The City of Carmel will conduct the official public hearing and adopt the budget for the library board.
2. The 2020 revenue forecast is solid. The property tax, LIT distribution and Assessed Valuation have all been certified.
3. The 6-year non-farm personal income factor increased 1.035 in 2020. I had been forecasting 1.033. The factor has been certified by the Department of Local Government Finance.
4. The 6-year non-farm personal income factor is limiting the ability for the library to spend the available revenue and/or cash. The budget cannot increase more than 3.5% without going through a binding review process of the Carmel City Council.
5. The total 2017 Local Income Tax (LIT) collections have been reported by the Department of Revenue. The calendar year collections increased 6.36%. This consistent with the previous year increase of 6.2%.
6. The 2020 LIT Distribution has been certified and has increased 8.6%. In May I was forecasting an increase of 7.9%.
7. Carmel Clay Library's portion of LIT has decreased from 2.6% to 2.3% in 2020 due to the old debt payment rolling out of the LIT formula.
8. The Library intends to spend \$6 million in cash balance from the General Fund on the capital project and \$8 million from the Rainy-Day Fund.



9. The General Fund budget has more than enough revenue to support the forecasted expenditures through 2023. Overall the General Fund will remain in a very strong cash position.
10. The Rainy-Day fund will be drawn down in 2020 and the library may want to consider transferring more cash balance from the General Fund at the end of 2019 to rebuild some of the reserves.
11. The assessed valuation has steadily increased 2015 through 2019. Ranging from 3%-4% increase. The 2020 assessed valuation was certified and increased 4.41%. The assumption of 2.75% is being used thereafter.
12. The maximum levy (property tax) increased 3.5% and the assessed valuation increased 4.41%, it will cause the General Fund rate to decrease slightly in 2020. However, overall the total tax rate is not expected to increase. The debt payments will be structured around no increase in the total 2020 tax rate.

Please call if you have questions or concerns.

Sincerely,

Michael A. Reuter
President
Cc:
Dan Kramer