

5/21/2019



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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 20, 2019. They are as follows:

1. The 6-year non-farm personal income factor increased 1.034 in 2019. I am forecasting the factor to only increase to 1.033 in 2019. There will be a high income year (2012) rolling off and being replaced with a lower year. Calendar year 2013 is still being used in the calculation and it was a reported to have only increase .2%, therefore, dragging down the six year average in 2020. The factor has not been certified by the Department of Local Government Finance, but we anticipate the certification in June.
2. The 6-year non-farm personal income factor is also limiting the ability for the library to spend the available revenue and/or cash. The budget cannot increase more than 3.3% without going through a binding review process of the Carmel City Council.
3. There was new legislation passed this year that may affect the future strategy of the Library's cash position. House bill 1343, would allow the Carmel City Council to impose a binding review on the library if the cash balance and revenues exceed 150% of the budget.
4. The library is developing a calendar to see if it is possible to seek approval of the anticipated bond issue and 2020 binding budget review process concurrently. It is anticipated the library will be asking the City Council to approve spending \$10 million from the Rainy Day Fund balance and at least another \$4 million from the General Fund for the construction project.



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. There is legislation that allowed the state to withdraw a half percent (1/2%) of the 2018 LIT distribution from the balance for modernizing a new computer system.
7. In May 2019, Hamilton County was notified there will be a Special LIT Distribution in the amount of \$18,085,401 for 2017. The library's portion of this distribution is \$475,247.
8. New legislation was being considered in the 2019 legislative session to provide another alternative for the allocation of LIT within the county. It did not pass, but there will be a summer study committee formed to study the issues.
9. The General Fund budget has more than sufficient revenue to support the forecasted expenditures through 2023. Overall the library is in a very strong cash position.
10. The assessed valuation has steadily increased 2015 through 2019. Ranging from 3%-4% increase. The fiscal plan reflects the assumption of a 2.75% increase after 2019.
11. If the maximum levy (property tax) increases 3.3% and the assessed valuation grows 2.75%, it will cause the General Fund rate to slightly increase. However, overall the total tax rate is not expected to increase. The debt payments will be structured around no increase in the total rate.

Please call if you have questions or concerns.

Sincerely,

Michael A. Reuter  
President  
Cc:  
Dan Kramer