

5/22/2018

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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 May 21, 2018. They are as follows:

1. The total 2016 Local Income Tax (LIT) collections have been reported by the Department of Revenue. Collections are up 6.22%. This lowered compared to the prior year of 7.8%, but not significant.
2. As part of the new legislation the state will be taking a half percent of the 2017 LIT distribution from the balance for a new computer system.
3. In May 2018, Hamilton County was notified there will be a Special LIT Distribution in the amount of \$20,796,168 for 2018. This will be allocated based on the 2016 allocations vs. the current year. This is a change from previous special distributions. The fiscal plan does not reflect this recent change.
4. As we move away from the 2008 recession, the 6-year non-farm personal income factor has increased to increase to 1.04 in 2018. I am forecasting the factor to decrease to 1.037 for 2019. There will be a high year rolling off and being replaced with a lower year. This amount has not been certified by the Department of Local Government Finance, but we are expecting it in June.
5. The General Fund budget has more than sufficient revenue to support the forecasted expenditures through 2022. Overall the library is in a very strong cash position.
6. The assessed valuation declined from 2011 to 2013. It grew in 2014 through 2018. The fiscal plan has a built in assumption of a 2.75% increase after 2018. This is more aggressive than previous years.
7. If the maximum levy (property tax) increases 3.7% and the assessed valuation grows 2.75%, it will cause the General Fund rate to increase slightly.



8. In the fiscal plan I am forecasting a slight increase in the total tax rate in 2019 with adding a \$1,000,000 bond payment in 2019. This increase can be offset by using some General Fund cash. The total rate is expected to decrease significantly in 2020 and 2020 when the debt is paid off. This will be updated when the library finalizes the future capital/debt planning.

Please call if you have questions or concerns.

Sincerely,

Michael A. Reuter
President
Cc:
Dan Kramer