

Present: Vice President B. Wiebenga; Secretary Patti Napier; Members Jim Garretson, Jim Hehner, Ranj Puthran; Library Director Wendy Phillips; Assistant Director Nancy Newport; Business Manager Ron Brockett; Foundation Director Ruth Nisenshal; Managers Hope Baugh, Lisa Dick, Katherine Kersey, Renee' Kilpatrick, Peter Konshak, Christine Owens, Beth Smietana, Christy Walker; Administrative Assistant Becky Bryenton.

Absent: President Jack Stafford and member Jane Herndon joined the meeting via a conference call; Manager Cindy Wenz.

CALL TO ORDER/WELCOME

Vice President B. Wiebenga called the meeting to order at 5:00 p.m. All in attendance were welcomed.

FINANCIAL CONSULTANT MIKE REUTER – 2013 FISCAL PLAN

The 2013 fiscal plan has been updated for 2012 revenues and expenditures. It includes the results from the 2012 budget hearings and Form 1782 Notice from the State of tax rates, budget levies and rates and the latest COIT information.

Page 17 – COIT

COIT includes the tax rate and what it generates and special distributions made to the county and certified by the state. The last known collection year is 2011. COIT grew 6.9% and was close to the 2010 amount.

The State over distributed in 2011. All of these problems have been updated and are reflected in the collections shown.

COIT collections for 2011 show \$107 million. The library's Capital Projects Plan was implemented at this time.

A 1% increase in collections is being forecast over the next several years. If the library's collections increase 1%, that will put its collection number at \$108 million. A special distribution of \$17 million was made to the County in 2012; but the regular distribution was \$93 million, which still leaves a positive balance of \$22 million. If you continue to forecast a 1% increase, beginning in 2014 we will again see special distributions to the counties because the collections are coming in higher than anticipated.

Page 9 Six Year Non Farm Personal Income

Regarding Property Tax, the library's maximum levy for the General Fund is driven by the state's Six Year Non Farm Personal Income factor. That number has dropped down to 2.8% this year from 4% in 2006. Another drop is forecasted resulting in only a 2% increase.

Page 8 Assessed Valuation

A lack of assessed valuation growth presents a struggle for the library. In 2010 its assessed valuation grew .4%. In 2011 it decreased .7%, in 2012 it dropped 1.7% and in 2013 it dropped 3.8%. If the general fund levy increases by 2.8% based on the growth quotient, and our assessed valuation does not increase, the result is a tax rate increase. A 0% growth was used in assessed valuation for this document.

Page 7 Property Tax Rates

The Library's tax rate is low so very little movement can cause a large percent change with minimal impact. In 2010 and 2011 we tried to manage that rate and not increase it and we have been doing that with the debt fund also. In 2012 the rate increase was 3.81% because the General Fund's money was increasing faster than the growth in our assessed valuation, causing a rate increase.

This year the debt levy had to increase to fund the debt payments, so the debt rate rose. There was another increase in the General Fund rate. The levies are being forecast to go up with no growth. In 2014 we will see about a 3.66% increase in the overall tax rate, making a total tax rate of .0793.

Page 1 General Fund

The beginning cash balance for 2013 was \$3.8 million. The Rainy Day fund received a transfer from the General Fund of \$600,000. The state made corrections in 2011 and 2012 enabling CCPL to move \$600,000 into its Rainy Day Fund.

In 2013 the forecast is an increase in the cash balance of \$400,000, depending on capital expenses.

An appropriate cash balance in the General Fund is 50% of the future year's property tax, which is collected twice during the year. When you get above 50% of your budget, a Rainy Day transfer should be considered. Ten percent of the operating budget has been used in the past, which is about \$600,000.

When the debt service on the building is paid off, COIT and property tax will decrease. Any new debt issued after July 1, 2005 no longer becomes part of the COIT formula, which is the prior year's property tax levy plus the prior year's COIT less any new debt issued after July 1, 2005. This formula stops entities from going into new debt to receive more COIT.

When the assessed valuation and the levy are consistent, there is no tax increase. The Six Year Non Farm Personal Income is the levy for the General Fund. The rate is going up because the assessed valuation is going down. The forecast will use 0% growth in assessed value.

The fiscal plan reflects a larger capital number in 2014, with several capital projects planned. More capital needs are shown in 2014 than 2015, 2016 and 2017.

Page 2 – Lease Rental Fund

Expenses dropped in 2012 because the General Fund was used to make one of the debt service payments in an effort to use some of the cash balance. About \$1.6 million needs to be levied to make a \$1,788,000 payment, which gets the amount back to an operating balance of \$900,000.

Senate Bill 517 takes away the ability to take any loss of the circuit breaker in the debt fund. This does not affect CCPL significantly because we do not have much loss with Circuit Breaker. They are considering reducing the Operating Balance to 25%. Currently a 50% operating balance is allowed.

LIRF Fund - The LIRF Fund decreased from the budgeted amount of \$1.5 million when \$428,000 was spent. The budget reflects a balance of \$500,000. If it is spent, it will leave a balance of \$575,000 in the LIRF Fund. COIT distributions and transfers from the General Fund have been deposited in the Rainy Day Fund, yielding a balance of \$3.9 million by the end of 2012. COIT distributions are predicted. The question is what should the General Fund cash balance be and should some of it be transferred to the Rainy Day Fund.

Combined cash flow grew \$700,000 due to special COIT distributions in 2012. About \$300,000 could be attributed to 2011 and \$162,000 was from 2012. The regular distribution was adjusted mid-year, totaling \$600,000.

For the third time, this is due to an accounting problem in the State. The Department of Revenue wasn't reporting the correct revenues.

Mike was thanked for his financial direction and planning.

AGENDA

J. Hehner moved to adopt the Agenda, seconded by R. Puthran, and the motion carried.

MINUTES

P. Napier moved approval of the March 25, 2013 minutes, seconded by R. Puthran, and the motion carried.

TREASURER'S REPORT

J. Hehner moved receipt of the March Financial Report, seconded by R. Puthran, and the motion carried. B. Wiebenga requested future motions to approve the financial report come from someone other than the Treasurer.

Of note on the Bills List was a payment to Carmel based business MediaSauce for their redesign of the Library's website. J. Hehner moved approval of the Bills List, seconded by P. Napier, and the motion carried.

COMMITTEE REPORTS

Building & Grounds: No report.

Finance: No report.

Legislative: B. Wiebenga reported the Legislative Committee met at the same time a Senate committee was voting to remove the mandatory requirement for fiscal review of library budgets. The requirement was replaced by the appointment of a study committee to review library funding.

Nominating: Following discussion about membership on the Nominating Committee, J. Garretson moved the committee will include the current president and the previous two past presidents. The 2013 Nominating Committee includes J. Stafford, J. Hehner and B. Wiebenga.

Personnel & Policy: No report.

Strategic Planning: The Steering Committee met on April 16. The teams are accomplishing their tasks in the time outlined. B. Wiebenga thanked the team leaders for their enthusiasm and for taking ownership of the plan. W. Phillips thanked the Trustees for their support and help participating on the teams.

J. Gareis will attend a Board meeting quarterly and will submit documents of achievement from the teams the months she is not present.

J. Stafford suggested planning begin for the cost of carrying out the strategic plans. We will have to estimate the cost of those plans so the amount can be incorporated into the 2014 budget. The Library Capital spending plan includes Strategic Planning estimates.

TRUSTEE LIAISON REPORTS

Foundation: R. Nisenshal reported the Foundation has received a donation of \$100,000 over a four year period from Jim and Joyce Winner. This donation will launch the campaign for the 100th anniversary of the opening of the Carnegie Library in 2014. The money is not designated for anything specific and will be part of the Foundation's Endowment.

The Foundation is also the recipient of a \$5,000 donation from the Junior League of Indianapolis.

The direct mail appeal went out Friday, April 19.

Friends: P. Napier reported the Friends spring book sale begins Thursday evening, April 25 at 6:00 p.m.

Telecommunications: No report.

DIRECTOR'S REPORT

Trustees were shown four new library cards for children that will be issued beginning May 1.

A copy of the Volunteer Reception program and staff recipe book created for the event was given to the Trustees. Summer reading bags and "grab and go bags" for children and for teens were displayed. Each of the grab and go bags has been pre-packed with books of a specific theme and are recommended reading to encourage families to read together. These bags are made possible by sponsors who donated a minimum of \$1,000 in cash or in retail products.

B. Wiebenga requested a letter of thanks and congratulations be written from the Trustees to Ann Mozina for the remarkable work she has done for the library and for winning the Friends Scholarship. J. Garretson so moved, seconded by P. Napier, who will write the letter, and the motion carried.

It was also agreed that P. Napier will write a letter of thanks to Jim and Joyce Winner from the Trustees for their generous donation to the Library.

Ranj inquired about the heating and cooling system. Plans will be coordinated so a new chiller may be installed this coming fall.

J. Garretson moved to accept the Director's report, seconded by J. Hehner, and the motion carried.

OLD BUSINESS

No old business was discussed.

NEW BUSINESS

No new business was discussed.

ADJOURN

J. Hehner moved to adjourn, seconded by P. Napier, and the motion carried. The meeting adjourned at 6:34 p.m.

Patricia A. Napier, Secretary
Board of Trustees
/bb