

Monroe County Public Library Board of Finance Meeting
January 18, 2023, Immediately Following the Board of Trustees Meeting, approximately 6:00 pm
Downtown Library Meeting Room 1B/C
Join Zoom meeting:

AGENDA

1. Call to Order – Christine Harrison
2. Election of President and Secretary of Board of Finance – Christine Harrison
3. Review Investment Report and Policy -- Gary Lettelleir (page 1-7)
4. Adjournment

View the Board Packet on the Library's website: <https://mcpl.info/library-trustees/meetings>

MONROE COUNTY PUBLIC LIBRARY BOARD OF TRUSTEES PUBLIC COMMENT POLICY

The Library Board of Trustees shall have a time providing for public comment during all public meetings. Comments should be relevant to Library matters, excluding personnel issues. Individual speakers are asked to limit their remarks to three–five minutes. The chair shall be allowed to limit the time for individual speakers and to limit the total time for public comment.

Public comment time is provided for the public to express their opinions or concerns about matters over which the Board of Trustees has authority or responsibility. Comments are intended to be statements from speakers; speakers may not engage the Board in a question & answer exchange during public comments. Questions relating to Library or administrative procedures which could be addressed outside of a Library board meeting should be referred to the appropriate Library staff at other times. Expressions of opinion about these matters are appropriate for the public comment time on the agenda.

Approved by the Library Board of Trustees July 17, 2019

MONROE COUNTY PUBLIC LIBRARY
FINANCE AND INVESTMENT REPORT
CALENDAR YEAR ENDING DECEMBER 2022

2023 is a big year for MCPL as we get ready for the opening of the SW Branch.

We were projecting an operating surplus for 2022 of about \$800,000. The actual 2022 operating surplus is \$1,047,389. That's the good news.

Due to the operating fund budget penalty in 2023, the revenue from the tax levy for the library will remain at the 2022 level. To make up for the reduction to the original plan for the 2023 revenue, a portion of the 2022 operating surplus can be carried over in the operating fund to 2023 and be used to offset the penalty and fund increases in cost related to branch operations. The balance of the 2022 operating surplus which will be about \$240,000 can be transferred to the Rainy Day fund. This will cover recent cost additions from change orders and it will cover any surprise cost adjustments that may come up as the new branch is completed.

Increased interest rates will have a positive impact on the Library's revenue. After some discussion with our bank the earnings rate which was at Six tenths of a percent (.6%) will increase to 3.2%. The new rater is over 5 times the old rate. I am estimating that this will produce an increase of about \$200,000 in investment income for 2023

Looking ahead to 2023 and beyond we will see the rest of the cash paid out for the branch construction and we will see operation costs rise as the new branch goes into operation in May. To help track changes in revenue and spending as we go forward and get an accurate picture of how the new branch will impact the operating fund surplus, I have prepared the operating surplus analysis report. The operating surplus report included as an attachment shows that for 2023 we have built in cost estimates for wage increases related to the compensation study and hiring additional staff for the new branch. The report also shows to the carry-over of \$800,000 from the 2022 operating surplus to be used if needed in 2023.

For 2024 library tax levy is projected to include the 2023 tax levy increase that was calculated along with the 2024 tax levy increase. If the growth quotient for 2024 were to be 4%, it would mean the tax levy would increase in 2024 by about \$814,000 over the 2023 operating fund tax levy.

We are in a period of rapid growth in terms of assessed value and statewide personal income. The question is – once the branch is in operation, what will the library's level of operating surplus be?

The following reports are included after this page:

Balance Sheet

The Operating Surplus Analysis

The New Branch Project report
The MCPL Investment policy – no change this year

MCPL Cash and Fund Balances

As of 12/31/2022

	Bank Name -->	Old National 06300	German American 06400	First Financial Checking 06600	First Financial Money Market 06610	SW Branch Escrow Account 06530
	<u>Fund Name</u>					
003	Clearing	-				
100	Operating	3,183,599.27	31,471.18	91,841.58	(1,297,443.14)	4,357,729.65
201	rainy day	3,932,205.74			265,019.55	3,667,186.19
234	gift unrestricted	8,823.51	525.11		8,298.40	
236	gift restricted	22,075.36	9,450.00		12,625.36	
239	gift FOL	217,184.76	4,055.17		213,129.59	
250	CATS special rev	1,274,961.58	4,512.25		390,449.33	880,000.00
260	Jail	1,500.00	1,542.14		(42.14)	
280	ARPA	-				
300	debt	105,473.62			105,473.62	
319	bond 2019	-				
321	6m branch bond	1,340,321.27			434,379.84	104,017.43
322	2m bond 2021	2,036,810.95			536,827.95	1,499,983.00
400	LIRF	1,014,687.66			5,499.10	1,009,188.56
800	plac - clearing	597.15	1,021.50	8,450.00	(8,874.35)	
		13,138,240.87	52,577.35	100,291.58	665,343.11	11,518,104.83
						801,924.00

MCPL
Operating Surplus Analysis

Dec 2022

		2024	estimate 2023	actual 2022	actual 2021	actual 2020	actual 2019	actual 2018	actual 2017
Assessed Value	Actual		9,864,126,056	8,360,378,009	7,883,285,120	7,388,883,663	7,115,729,204	6,857,203,560	6,718,593,869
Assessed Value	estimate	10,000,000,000							
Tax Rate per \$100 Assesed Value			7.83	9.25	9.42	9.70	9.73	9.80	9.70
Property Tax Levy	Actual	7,659,886	6,845,703	7,014,548	6,834,385	6,457,265	6,233,379	6,030,073	5,799,004
Growth Quotient		4.0%	5.0%	4.3%	4.2%	3.5%	3.4%	4.0%	3.8%
Levy increase from previous year		814,183	(168,845)	180,163	377,120	223,886	203,306	231,069	217,352
			Budget penalty reduced tax levy for 2023						
Carry over portion of operating surplus from 2022 - offset budget p			800,000						
Other Operating Revenue	Actual		3,600,000	3,435,386	3,525,224	3,410,864	3,437,487	3,121,153	2,862,479
Increase (decrease) from previous year				(89,838)	114,360	(26,623)	316,334	258,674	175,399
Total Operating Revenue	Actual		11,245,703	10,449,934	10,359,609	9,868,129	9,670,866	9,151,226	8,661,483
Increase (decrease) from previous year			795,769	90,325	491,480	197,263	519,640	489,743	392,751
Salaries	Actual		4,600,000	4,767,729	4,469,781	4,549,840	4,453,334	4,341,399	4,223,426
Increase (decrease) from previous year				297,948	(80,059)	96,506	111,935	117,973	188,530
Compensation study increase			400,000						
branch increase estimate			550,000						
Benefits	Actual		1,750,000	1,530,004	1,518,962	1,482,352	1,487,558	1,447,491	1,340,676
Increase (decrease) from previous year					36,610	(5,206)	40,067	106,815	(1,750)
Total Salary & Benefits	Actual		7,300,000	6,297,733	5,988,743	6,032,192	5,940,892	5,788,890	5,564,102
Increase (decrease) from previous year			1,002,267	308,990	(43,449)	91,300	152,002	224,788	186,780
Other Operating Expense	Actual		3,529,812	3,104,812	2,529,841	2,420,895	2,517,196	2,359,200	2,324,216
Increase (decrease) from previous year			425,000	574,971	108,946	(96,301)	157,996	34,984	126,000
Total Operating Expense	Actual		10,829,812	9,402,545	8,518,584	8,453,087	8,458,088	8,148,090	7,888,318
Increase (decrease) from previous year			1,427,267	883,961	65,497	(5,001)	309,998	259,772	312,780
Rainy Day Transfer	Actual		1,376,210	1,176,781	1,129,000	1,091,000	1,003,136		
LIRF Transfer	Actual							500,191	1,356,978
Total Operating Expense and Transfers			12,206,022	10,579,326	9,647,584	9,544,087	9,461,224	8,648,281	9,245,296
Operating Surplus			415,891	1,047,389	1,841,025	1,415,042	1,212,778	1,003,136	773,165

SW Branch Financial Report

12/31/2022	Actual Spending to date	Total Revenue and Funds Allocated	Change in Revenue Estimate	Actual	Estimated
Available Funds					
2022 Operating Surplus transfer		240,000.00	240,000.00	240,000.00	
Bond sale proceeds		6,083,341	83,341	6,083,341	6,000,000
less issuance cost	86,968	(100,000)	200,000	(100,000)	(300,000)
2021 Month End LIRF Balance less 1 mil reserve		1,092,073	-	1,092,073	1,092,073
2021 Month End Rainy Day Balance less 1 mil reserve		3,987,570	-	3,987,570	3,987,570
2019 Bond - Branch Allocation		619,742	301,342	619,742	318,400
2021 Friends Pledge		100,000	(550,000)	100,000	650,000
Grant Funds - Teaching Kitchen		40,760	40,760	40,760	
Pre-2021 operating fund surplus		471,966	471,966	471,966	-
2021 Operating Surplus (\$1,176,781 transferred to Rainy Day - Balance left in Operating Fu		1,841,025	141,025	1,841,025	1,700,000
Funds Available		14,376,477	928,434	14,376,477	13,448,043

COSTS	Actual Spending to date	Total Contract and project allocation costs with changes	Changes in cost after contract (change orders, larger expense than allocated, etc.)	Sept 2021 Bid/contracted Project Allocation Amount	Final Pre-Bid Project Estimate (after Design Development)
Construction					
Land cost estimate	137,961	137,500		137,500	137,500
Site Development		-		-	956,888
Building Construction 21,000 sq. ft.	7,217,645	10,846,914	432,914	10,414,000	7,949,936
Construction Contingency 5%		-		-	445,341
Alt 1 Ampitheater		174,000		174,000	
Alt 2 Labyrinth		41,400		41,400	
Alt 3 Garage Paint		11,600		11,600	
Furnishings and Equipment - allocated project costs					
Tech Eq	172,817	410,000		410,000	410,000
Furniture	293,175	600,000	400,000	200,000	200,000
Teaching Kitchen - deposit march 2021 - 11,173	11,173	40,760		40,760	40,760
Shelving		454,697	115,697	339,000	339,000
Collection		221,000	(629,000)	850,000	850,000
Collection adjustment July		366,000			
Other costs					
Legal & other fees		25,000		25,000	25,000
Architect fees	657,469	725,184	132,184	593,000	593,000
Prof fees, architect - Furn		25,000		25,000	25,000
Survey and soil testing	9,650	30,000		30,000	30,000
Commissioned Art - FOL		100,000	100,000		
Reimbursable Expenses		15,000		15,000	15,000
Total costs	8,586,858	14,224,055	551,795	13,306,260	12,017,425
Available funds balance		152,423		1,070,217	1,430,618

Note - One Million Dollars surplus in LIRF, Rainy Day, and Operating are not included in available funds

Finance and Investment Policy

Board of Finance

The duly appointed members of the Monroe County Public Library Board of Trustees are the fiscal body of the Library and thus constitute "The Board of Finance". The members serve without compensation. (IC 5-13-7-5), (IC 36-1-2-6)

Annual Meeting

The Monroe County Public Library Board of Finance shall meet annually immediately following the January Board of Trustees Meeting to elect a president and secretary, review the written report of the Library's investments during the previous calendar year and review the Library's investment policy. (IC 5-13-7-6), (IC 5-13-7-7)

Fiscal Officer

The duly elected treasurer of the Monroe County Public Library Board is the fiscal officer of the Library. (IC 36-12-2-22) The Treasurer shall serve without compensation.

Deposits

All funds received by the Library shall be deposited in one or more designated depositories not later than the business day following receipt and shall be deposited in the same form in which they were received. (IC 5-13-6-1)

Investments

The Treasurer is authorized to invest Library funds in the following (IC 5-13-9);

1. United States Government Securities or discount notes backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by:
 1. The United States Treasury;
 2. a federal agency;
 3. federal instrumentality
 4. a federal government sponsored enterprise.
2. Repurchase Agreements (including standing repurchase agreements, commonly known as sweep accounts):
 1. With depositories designated by the State Board of Finance as depositories for state investments under IC 5-13-9.5; and
 2. Involving the political subdivision's purchase and guaranteed resale of any interest-bearing obligations issued; or fully insured or guaranteed; by the United States, a United States government agency, an instrumentality of the United States, or a federal government sponsored enterprise.
3. Money Market Mutual Funds in the form of securities of or interests in an open-end, no-load, management-type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940, as amended (15 U.S.C. 80a et seq.) These investments shall be made in depositories designated by state board of finance as depositories under IC 5-13-9.5.

Investments made by the Library's fiscal officer must have a stated final maturity of not more than two (2) years after the date of purchase or entry into a repurchase agreement (IC 5-13-9-5.6) except for investments with a final maturity more than (2) years but not more than (5) years which may not exceed 25% of the total portfolio as permitted by (IC 5-13-9-5.7).

Interest Earnings

All interest earnings derived from an investment by the Library's fiscal officer shall be receipted to the Operating Fund.

Depositories

All public funds of the Monroe County Public Library shall be deposited in the designated depositories located in the territorial limits of the Library District. (IC 5-13-8-9)

Investment Cash Management

The Monroe County Public Library Board of Finance may contract with a state designated depository for the operation of an investment cash management system. (IC 5-13-9-4) Investment decisions and record keeping shall follow IC 5-13-9-4.

Transaction Accounts

The fiscal officer of the Library shall maintain deposits that are invested or reinvested in at least two (2) of the Library's designated depositories. (IC 5-13-9-4)

Electronic Transfer of Library Funds

The following type of transactions may be conducted by electronic transfer between financial institutions in order to expedite the transfer of funds as well as maximize interest earnings:

1. Transfer to cover expenditures for payroll for library employees.
2. Transfer to pay debt service payments.
3. Other transfers with the approval of the Library director.

The fiscal officer will maintain appropriate documentation of the transactions so these may be audited as required by statute. (IC 36-12-3-16.5)

Reviewed by the Library Board of Trustees January 18, 2023