

**BOARD OF FINANCE MEETING
Ellettsville Branch Meeting Room B**

January 15, 2020

Immediately following Board of Trustees Meeting, approximately 6:15 pm

AGENDA

1. Call to Order – John Walsh
2. Election of President and Secretary of Board of Finance -- John Walsh
3. Review Investment Report -- Gary Lettelleir (page 1-5)
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 2019**

We were projecting an operating surplus for 2019 of about \$800,000. The actual surplus is a little over \$1.2 million which will go towards construction of the new Southwest Branch. Some reasons for the good results include:

- A relatively high growth quotient which is based on personal income for Indiana residents.
- Investment income this year is about \$150,000. This will not continue after we use the cash we have been accumulating to build the new Southwest Branch. Interest rates got up to about 3% in late 2018 before settling back to the 1.6% to 1.8% range.
- Local Income Tax windfall of about \$200,000. These unexpected local sales tax windfalls could go away if the economy sours.
- Low tax cap credit. This is related to Assessed Value for the county rising. A higher growth quotient means an increase in tax dollars for the library but not necessarily an increase in tax rates for property owners. The recent increases in A.V. are helping to offset tax dollar increases so the tax rate does not rise as fast which keeps more people from hitting the tax cap.

The following information summarizes the plan for financing the construction of the new Southwest Branch.

Branch Bond planning 12-31-19				
Project Cost Estimates				
Building Construction 21,000 sq. ft.	6,237,000			
Land cost estimate	200,000			
Site Development	1,176,400			
Furnishings and Equipment	1,081,500			
Other costs	705,000			
5% contingency	469,995			
Total	9,869,895			
2020-2021 Branch Bond Planning and Future Revenue and Expense Scenarios for new Branch Planning				
The Current MCPL tax rate for debt levy is about 1 penny per \$100 of assessed value.				
Starting with the 2020 branch bond about half of the penny will be allocated to the branch bond				
and half will be for the renewal of the G.O. bond for equipment and facility needs other than the new branch.				
2020 Branch Bond proceeds after bond related expenses would be around \$4,600,000.				

The following page shows our current cash available in LIRF and Rainy Day funds along with the plan for issuing the Branch Bond.

	LIRF	Rainy Day			
Dec 31, 2019 balance	2,092,072	2,954,997			
2019 net receipts operations		1,212,778			
12/31/19 balance	\$ 2,092,072	\$ 4,167,775			
less reserve balance	\$ (1,000,000)	\$ (1,000,000)			
250,000 in 2020 for 27th pay		\$ (250,000)			
Project balance	\$ 1,092,072	\$ 2,917,775			
Bond Planning Scenario					
Future Bond planning maintains current tax rates and includes both a six year GOB in 2022 for existing facility maintenance and equipment, and a long-term construction bond in 2020-2021 for new branch building costs.					
Year	Proceeds from GOB	Facility Bond	Equipment & IT	Facility Maint & Impr.	New Branch Allocation
2019-2021	\$ 1,900,000		\$ 1,131,900	\$ 449,700	\$318,400
2021 -2040*		\$ 4,600,000			\$ 4,600,000
2022-2027	\$ 1,900,000		\$ 950,000	\$ 950,000	
*date of issuance based on current architect timeline June 2020 to October 2020					
Funds Available for New Branch Project with these Scenarios					
2019 year end LIRF balance				\$ 1,092,072	
2019 year end Rainy Day balance				\$ 2,917,775	
2019-2021 bond estimated branch allocation				\$ 318,400	
2020 Branch Bond				\$ 4,600,000	
2020 Net Operating receipts				\$ 700,000	
2021 Net Operating receipts	some branch staff hired			\$ 350,000	
FUNDS AVAILABLE				\$ 9,978,247	

Interest revenue for 2019 was \$148,889. Investment earnings for the previous six years were:

investment earnings	
12-31-2018	\$ 106,584
12-31-2017	\$ 66,396
12-31-2016	\$ 33,264
12-31-2015	\$ 16,789
12-31-2014	\$ 25,152
12-31-2013	\$ 13,268

The following worksheet shows a detailed breakdown of investments and earning rates at 12-31-19:

Bank	Investment type	Earnings	Investment Balance	
		Rate	12-31-19	12-31-18
Raymond James	C.D. - matures October 2020	1.80%	\$ 250,000	
Raymond James	C.D. - matures May 2020	1.80%	\$ 225,000	
Raymond James	C.D. - matures August 2020	1.85%	\$ 225,000	
Raymond James	C.D. - matures June 2020	3.00%	\$ 250,000	\$ 250,000
Jackson County	C.D. - matures May 2020	2.90%	\$ 250,000	\$ 250,000
Jackson County	C.D. - matures Jan 2020	2.82%	\$ 250,000	\$ 250,000
Jackson County	C.D. - matures October 2019	2.69%		\$ 250,000
Raymond James	C.D. - matures March 2020	2.60%	\$ 250,000	\$ 250,000
Raymond James	C.D. - matures March 2020	2.60%	\$ 250,000	\$ 250,000
Raymond James	C.D. - matures August 2019	2.10%		\$ 250,000
Raymond James	C.D. - matures August 2019	2.00%		\$ 225,000
Raymond James	C.D. - matures July 2019	2.00%		\$ 225,000
MainSource	money market savings	1.65%	\$ 8,103,473	\$ 7,175,001
			\$ 10,053,473	\$ 9,375,001

Monroe County Public Library 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 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 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 of 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 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 Board of Finance may contract with a state designated depository for the operation of an investment cash management system. (IC 5-13-9-4)
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)

Proposed to the Library Board of Trustees January 15, 2020