

**TREASURER’S REPORT**  
**THE NYACK LIBRARY**  
**April 30, 2017**

**Property Tax Revenues:** On April 20, the Library received \$442,423 in additional property tax revenues. This is the last of three property tax inflows for FY 2017.

October 31, 2016	84% of tax levy	\$2,477,569	Received
November 23, 2016	1% of tax levy	\$ 29,495	Received
April 20, 2017	15% of tax levy	\$ 442,423	Received

The Library’s total property tax levy for FY 2017 is \$2,949,487.

**Bonds Status:** As of April 30, the Library had \$9,965,000 in outstanding bonds. Interest payments of \$252,628 will be due on June 1, 2017.

**Line of Credit:** The \$450,000 line of credit with Sterling Bank was renewed in April. The Board of Trustees authorized the line’s renewal at its December 12, 2016 meeting.

**Replacement Financing:** To advance the refinancing of the Series A bonds, the Treasurer held discussions during April with the following:

Janney Capital	Prospective placement agent
Sterling Bank, Provident Bank, and TD Bank	Prospective bond buyers
McManimon Scotland & Baumann	Prospective bond counsel
Wisconsin Public Finance Authority	Prospective conduit
Norton Rose Fulbright	Library’s counsel

Using information gained from those discussions, the Treasurer prepared a spreadsheet summarizing the frontend costs of issuing the replacement tax-exempt bonds. Several alternative paths exist for issuing those bonds, some of which offer significant cost savings.

On April 19, the Finance Committee met with Janney Capital to refine the role of placement agent and review the status of discussions with prospective bank purchasers of the replacement tax-exempt bonds, bond counsel, and conduits. The minutes of that meeting were distributed to all Trustees.

**Key Financial Metrics for the Replacement Tax-Exempt Bonds:** The Finance Committee continues to monitor the yield on the 10-year US Treasury Note. In April, Treasury yields retreated below November levels. Fears about North Korea’s nuclear ambitions resulted in investor flight to the safety of US Treasury bills, driving down yields. In addition, Congress’s failure to repeal and replace Obamacare has delayed any legislation aimed at a reduction in corporate tax rates. In all likelihood, no Congressional action on corporate tax rates will occur in 2017. This will suppress economic growth and credit demand.

The Federal Reserve announced that it will shrink its \$4.5 trillion balance sheet to \$1.5 trillion by terminating purchases of new Treasury bills. The Fed will allow currently held Treasury securities to mature, but will not sell its inventory of treasury securities. This gradual withdrawal of Fed influence on the market for Treasury securities is also stabilizing yields on Treasury securities.

The table below summarizes recent trend in 10-year US Treasury rates.

September 30, 2016	1.60%
October 31, 2016	1.81%
November 30, 2016	2.37%
December 30, 2016	2.45%
January 31, 2017	2.49%
February 28, 2017	2.36%
March 31, 2017	2.35%
April 28, 2017	2.28%

**Cash:** On April 30, cash balances in the Library's accounts totaled \$1,039,895.

An additional \$953,958 in cash is held by the Bond Trustee, BONY Mellon, in the Library's Debt Service Reserve account. This Debt Service Reserve account is required to satisfy covenants on the Library's outstanding bonds and is not available for expense coverage. These Debt Reserve funds are invested in a ladder of FDIC-insured CDs.

**Disbursements:** The Board of Trustees will be asked to approve \$198,493 in disbursements for the month of April 2017. Half of those disbursements were for payroll, and the remaining half were for RCLS services, utilities, library materials, insurances, and miscellaneous expenses.

Among the disbursements was \$15,000 to open the Vanguard endowment account arising from the Kurz Foundation grant (see below) and approximately \$5 thousand in repairs to the Carnegie Room that are subject to reimbursement through a grant from The New York State Thruway Authority under The New NY Bridge Community Benefits Program.

**Operations and Budget Performance:** For the first four months of FY 2017, the Library realized a \$76,900 cash surplus from all of its enterprises.

Library operations accounted for \$111,398 or 140% of that cash surplus. Most of that cash surplus was the result of favorable workforce and library materials / programming variances from the Budget.

Through April, DePew House operated at a \$48,624 cash deficit. DePew is now forecast to suffer a cash loss of \$60 thousand in FY 2017, \$14 thousand worse than budget.

Through April, Stevenson House produced a \$14,127 cash surplus and is now forecast to deliver a cash surplus of \$17 thousand in FY 2017, \$4 thousand worse than budget.

**Kurz Endowment:** The Kurz Family Foundation provided a \$38,000 grant to the Library to establish the Kurz Business Corner. The trustee of the Foundation wants the Library to invest the funds so that they generate returns sufficient to cover the annual operating costs of the Business Corner.

At its March 13, 2017 meeting, the Board of Trustees authorized the Treasurer to establish an account with the Vanguard Group and invest the Kurz Endowment funds with the Wellington Fund. The Treasurer completed the application for the Vanguard account, and submitted it to Vanguard. The Vanguard account has been opened.

**Short Term Financial Remedies:** The Buildings and Property Committee completed its work on the revised property boundaries between the Library building and the adjoining rental properties. All necessary drawings were filed with the County and Village of Nyack. The Library must grieve the current tax assessment by May 23 for DePew and Stevenson to obtain property tax abatement.

The Treasurer suggested that the Director file two separate property tax grievances: one for the DePew property based on the new independent appraisal and one for Stevenson based on a calculation of the land ceded to the Library for its 2010 physical expansion.

Stephen R. Beck