

Indianapolis-Marion County  
Public Library

Indianapolis, Indiana

# Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2005

*Prepared By:*

Rebecca L. Dixon, CGFM  
Treasurer of the Board  
Chief Financial Officer

And Staff of the  
Financial Services Area

**INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
INDIANAPOLIS, INDIANA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2005**

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June 30, 2006

To: Citizens of the Library District  
Board Members of the Indianapolis-Marion County Public Library  
and their appointing authorities:  
The City-County Council  
The County Commissioners  
Board of School Commissioners of the Indianapolis Public Schools

We are pleased to present the Comprehensive Annual Financial Report of the Indianapolis-Marion County Public Library (Library) for the fiscal year ended December 31, 2005.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Indiana State Board of Accounts, have issued an unqualified (“clean”) opinion on the Indianapolis-Marion County Public Library’s financial statements for the year ended December 31, 2005. The independent auditor’s report is located at the front of the financial section of this report. The Library is required to undergo an annual single audit of its federal assistance programs in conformity with the provisions of the Single Audit Act of 1984, when federal funds are received. This does not apply for 2005, as the amount of federal assistance received did not require a single audit.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complement this letter of transmittal and should be read in conjunction with it.

***Profile of Reporting Entity***

The Indianapolis-Marion County Public Library is an independent municipal corporation pursuant to Indiana Code 36-12. The Library district includes all of Marion County (including the city of Indianapolis) except for the city of Beech Grove and the town of Speedway, each having their own library district. The Library was formed in 1968 by the merger of the Indianapolis Public Library, a division of the Indianapolis Public Schools, organized in 1873, and the Marion County Public Library, formed in 1966. Cooperative agreements are in place with the Beech Grove and Speedway Libraries.

The Library is governed by a seven member Board appointed by the Indianapolis Public Schools Board of Commissioners (2), Commissioners of Marion County (3) and City-County Council (2) to serve staggered terms of four years each. The Library operates as a separate, financially independent unit, with its appointed officials being directly and separately (from City and County officials) responsible for the financial management, operations, and accountability for fiscal matters. Therefore, the Library is a separate entity for financial reporting purposes in accordance with standards promulgated by the Government Accounting Standards Board.

The Library Board has the authority to adopt the budget, levy a tax rate and approves debt issuance. Effective in 2006, the final approval moves to the City-County Council for the

Operating Fund. The budget serves as the foundation for the Library's financial planning and control. Under Indiana State guidelines, the Board is responsible for adopting a budget for the general fund (operating fund) and the debt service fund (bond and interest redemption fund) by September 20<sup>th</sup> for the next fiscal year. The Library is also financially accountable for a legally separate foundation which is reported separately as a discrete component unit within the Library's financial statements. The Indianapolis-Marion County Public Library Foundation, Inc. has been included based upon criteria established by GAAP. Additional information on the foundation (component unit) can be found in the notes to the financial statements (See note 1.A)

The Board adopts its own resolutions having the effect of local law governing library matters, and issues its own general obligation bonds subject to approval of the Department of Local Government Finance. The present Board Members are listed on page eight (8).

The Indianapolis-Marion County Public Library provides library services to all individuals in order to meet the educational, informational, and recreational interests and needs of the public. Library service includes collecting and organizing books and other library materials including electronic resources and providing reference, loan, and related services to library patrons. These library services are supported by public funds. Use of Indianapolis-Marion County Public Library grew 20% in 2005.

### ***Local Economy***

The Indianapolis-Marion County Public Library falls within the boundaries of the City of Indianapolis which is the capital of the State of Indiana. The unemployment rate for Indianapolis was 4.9 compared to 5.4 for the state of Indiana in 2005. Major industries within the Library's district or in close proximity include pharmaceutical companies, ag-biotech, auto manufacturing, and the health industry.

During 2005, Indianapolis broke ground for a new stadium and an expanded convention center scheduled to open in 2008. The expansion of the convention center will add as many as 28

major conventions and trade shows, creates 2,700 additional jobs, and produces \$165 million in new sales and economic activity per year. The new multi-purpose stadium will serve as the home of the Indianapolis Colts making Indianapolis eligible to bid for the chance to host a Super Bowl. In addition, this new stadium will host both Men's and Women's NCAA regional and 1<sup>st</sup> and 2<sup>nd</sup> round games. The anticipated cost is about \$675 million and will be financed with funds raised jointly by the State of Indiana and the City of Indianapolis with the Colts providing \$100 million.

In addition to the opening of the expanded convention center and the new stadium in 2008, the Library's newly renovated and expanded Central Library is scheduled to open in late 2007. Currently our interim Central location has 2,000 visitors a day and once the new facility opens we anticipate 4,000 visitors a day. The Central Library serves the daytime population of the metropolitan center estimated by the Indianapolis Downtown Inc. to be 100,000 people. This includes people who come downtown to work, to shop, or otherwise make use of available services or facilities. The Central Library also serves the permanent residents of the downtown area who use it as their branch.

Indianapolis continues to be relatively attractive to households and certain types of firms because it is a low-cost area in which to live and do business. Being intermediate in population size, Indianapolis does not have the higher living costs and urban disamenities exhibited by several of the largest metropolitan areas. Businesses reap the rewards of affordable and available office space and utility costs which are, on the average 35% lower than the rates in the nation's twenty largest cities.

The Library is an important factor in the community's quality of life providing spaces to gather, to learn and to share at any age.

### ***Long-term Financial Planning***

Unreserved, undesignated fund balance in the general operating fund (18% of the total general operating fund expenditures) falls within the guidelines set by the Board for budgetary and

planning purposes. The Library Board has made a commitment to maintain the unreserved, undesignated fund balance in the General Operating Fund at a minimum of 10% of the general operating expenditures. The Library Board envisioned the need to increase this percentage to ensure that the necessary funds would be available to cover the increase in operating costs once the newly renovated and expanded Central Library opens in 2007.

### ***Major Initiatives for the Library***

The Library continues to expand services to meet the demands of our patrons. New Sunday hours of services were expanded to three additional branches bringing the total number of branches offering Sunday hours from seven to ten. New collection development procedures helped streamline the processing of materials, resulting in improved accessibility and speedy delivery to patrons. Self-checkout technology was installed at four additional branches in 2005 enabling patrons to check out on their own.

Indianapolis-Marion County Public Library's largest technology effort in 2005 culminated with the launch of the Library's new website. An improvement in organization and design, the new site provides better navigation for visitors to find useful information while continuing to make it easy to review our catalog and reserve or renew materials. The Library increased to 16 the number of branches that provide wireless internet access and plans are to provide wireless access to all 22 branch locations by early 2006.

Thanks to a grant from the Indianapolis Foundation Library Fund, our first digital collection was made available on our website, featuring photographs of 1,000 artifacts from the collection of The Children's Museum.

During 2005, work continued on the renovation and expansion of Central Library scheduled to open in late 2007. Following a long-standing architectural tradition, community representatives and Library staff observed the final beam of steel placed atop the six-story tower of the Transformed Central Library during a special "Topping Out" ceremony. The \$102.7 million Transformed Central Library will result in needed improvements to meet the knowledge

and information needs of the greater Indianapolis throughout the 21<sup>st</sup> Century.

### ***Awards and Acknowledgements***

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Library for its comprehensive annual financial report for the fiscal year ended December 31, 2004. This was the 15<sup>th</sup> consecutive year that the Library has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

We wish to express our appreciation to the Indiana State Board of Accounts for the timely and professional manner in which they have conducted their audit. The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Library's Office. We would also like to express our appreciation to the staff in various city and county offices who provided us with updated information for some of the tables.

Respectfully submitted,

Rebecca Dixon, CGFM  
Treasurer of the Board  
Chief Financial Officer

**INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY**  
**Indianapolis, Indiana**  
**December 31, 2005**

**BOARD MEMBERS**

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*Vice President*

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*Secretary*

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*Member*

GREGORY N. JORDAN

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JESSE B. LYNCH

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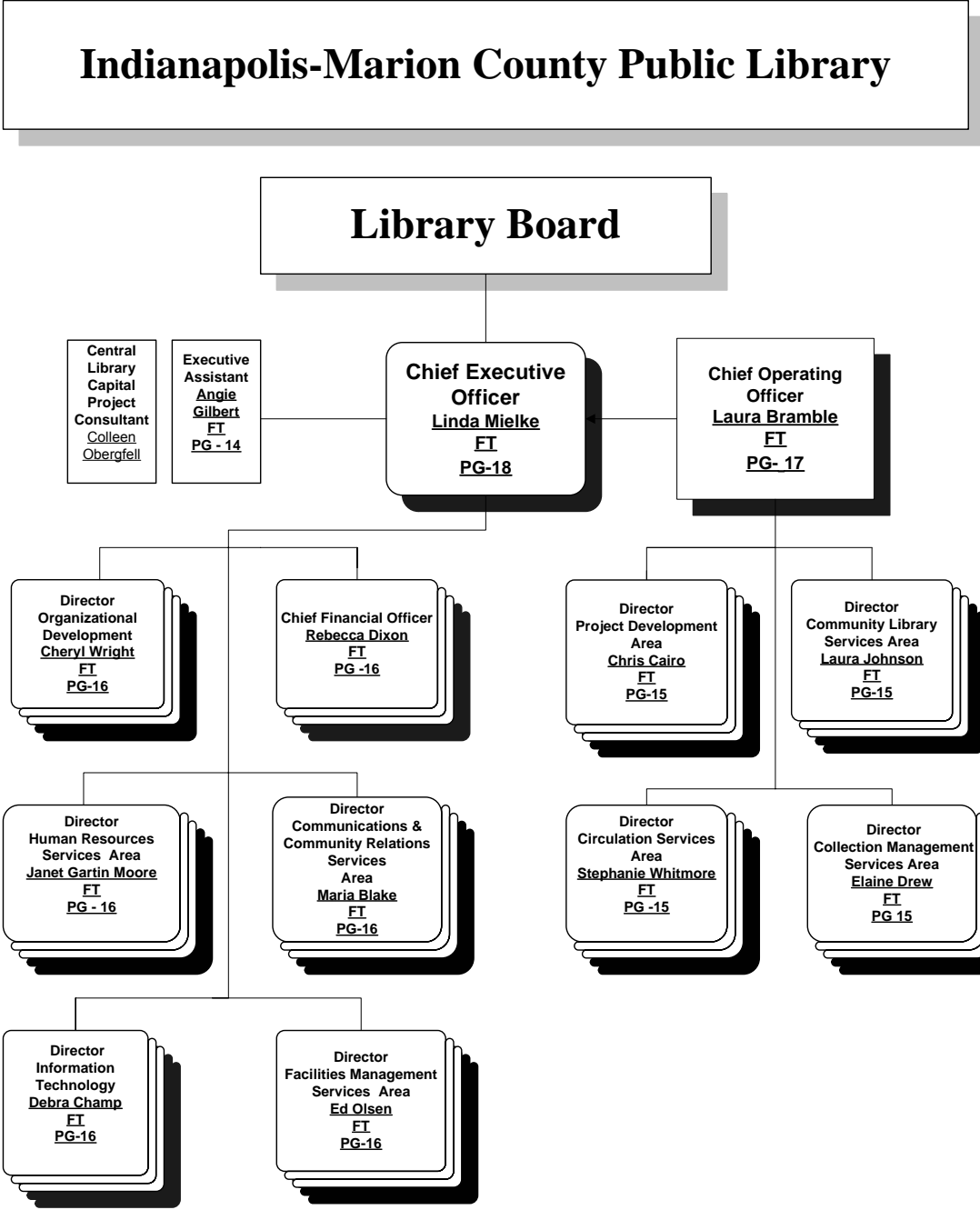


INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY

Indianapolis, Indiana

December 31, 2005

ORGANIZATIONAL CHART



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Indianapolis-Marion County  
Public Library, Indiana

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Carla E. Perry*

President

*Jeffrey R. Emen*

Executive Director

*"The great want of the city,  
the deficiency that is really fatal to its character  
is the want of a public library.  
No community can be respectable without books...  
Without a library  
The best results in scholarship and professional life  
are absolutely unattainable..."*

--Reverend Hanford Edson  
Thanksgiving Day Sermon  
"A Plea for a Public Library"

November 26, 1868

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AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF INDIANAPOLIS-MARION COUNTY  
PUBLIC LIBRARY, MARION COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Indianapolis-Marion County Public Library (Library), as of and for the year ended December 31, 2005, which collectively comprise the Library's basic financial statements. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Indianapolis-Marion County Public Library Foundation, Inc., a component unit, which statements reflect total assets and revenues constituting 100% of the discrete totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the Indianapolis-Marion County Public Library, Inc., is based solely on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Library as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States.

The Management's Discussion and Analysis, Schedule of Funding Progress, and Budgetary Comparison Schedules as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Library's basic financial statements. The introductory section, combining fund financial statements, other budgetary comparison schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and other budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements. The introductory section and statistical table has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

June 7, 2006

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## Management's Discussion and Analysis

As management of the Indianapolis-Marion County Pubic Library, Indiana (the Library), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended December 31, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 5-7 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### Financial Highlights

- The assets of the Library exceeded its liabilities at the close of the most recent fiscal year by \$41,283 (net assets).
- The Library's total net assets increased by \$11,087 in comparison with the prior year (restated beginning balance).
- As of the close of the current fiscal year, the Library's governmental funds reported combined ending fund balances of \$28,928, a decrease of \$893 in comparison with the prior year. Approximately 94% of this total amount, \$27,052 is available for spending at the library's discretion (unreserved fund balance).
- At the end of the current fiscal year, the unreserved fund balance for the general fund was \$5,905 or 19% of total general fund expenditures, excluding transfers out.
- The Library's total bond related debt increased by \$9,091 during the current fiscal year. The increase relates to the sale of bonds in the amount of \$12,000 for the Central Library expansion project.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Library's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The statement of activities presents information showing how the Library's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Library that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Library are culture and recreation.

The government-wide financial statements can be found on pages 24-26 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Library can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in

the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Library maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, bond and interest redemption and construction fund, which are considered to be major funds. Data from four Library governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report. The Library adopts an annual appropriated budget for its general fund and the bond and interest redemption fund. Budgetary comparison schedules have been provided for the general fund in the required supplementary information and for the bond and interest redemption fund subsequent to the combining nonmajor fund information, as other information, to demonstrate compliance with the budget.

The governmental fund financial statements can be found in pages 27-29 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those are not available to support the Library's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 30-31 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-48 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Library's budget for its major General Fund as well as reconciliation between the budget schedules and fund financial statements. In addition, the Library's progress in funding its obligation to provide pension benefits to certain employees is included as supplementary information. Required supplementary information can be found on pages 49-51 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on budgets. Combining and individual fund statements and schedules can be found on pages 52-54 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of Library's financial position. In the case of the Library, assets exceeded liabilities by \$41,283 at the close of the most recent fiscal year with the Library's net assets increasing by \$11,087 during 2005. This shows that the Library has been able to make sound financial decisions over the past few years leaving them with a solid equity base to build upon.

By far the largest portion, \$23,320 (56%), of the Library's net assets is restricted for capital projects and debt service. These assets cannot be used for any other purpose.



The following table reflects the condensed statement of Library net assets at 2005 and 2004 restated:

**Indianapolis-Marion County Public Library,  
Indiana, Net Assets**

Description	Governmental Activities	
	2005	2004 Restated
Current and Other Assets	\$ 14,789	\$ 15,259
Restricted Assets	28,481	21,840
Capital Assets	97,419	78,759
Total Assets	140,689	123,114
Long-term liabilities outstanding	84,306	76,470
Liabilities payable from restricted assets	8,989	5,685
Other liabilities	6,111	3,416
Total Liabilities	99,406	85,571
Net Assets		
Invested in capital assets, net of related debt	7,573	(1,385)
Restricted	23,321	22,581
Unrestricted	10,389	9,000
Total Net Assets	\$ 41,283	\$ 30,196

An additional portion of the Library's net assets, \$7,573 (18%) reflects the investment in capital assets (e.g., land, buildings, equipment and collections); less any related debt used to acquire those assets that is still outstanding. The Library uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Library's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net assets may be used to meet the Library's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Library is able to report a positive balance in net assets. The same situation held true for the prior fiscal year.

**Governmental Activities**

Governmental activities increased the Library's net assets by \$11,087 during 2005. Key elements of this increase are as follows:

- Property taxes and other governmental taxes increased by \$2,586 (7%) during the year. Most of this relates to an increase in the assessed value of property in Marion County.
- Capital grants and contributions in the amount of \$9,002 were provided by the Indianapolis-Marion County Public Library Foundation Inc., a not-for-profit organization that was incorporated in 1969 for the purpose of promoting the development, expansion, and improvements of library facilities and services in Marion County.

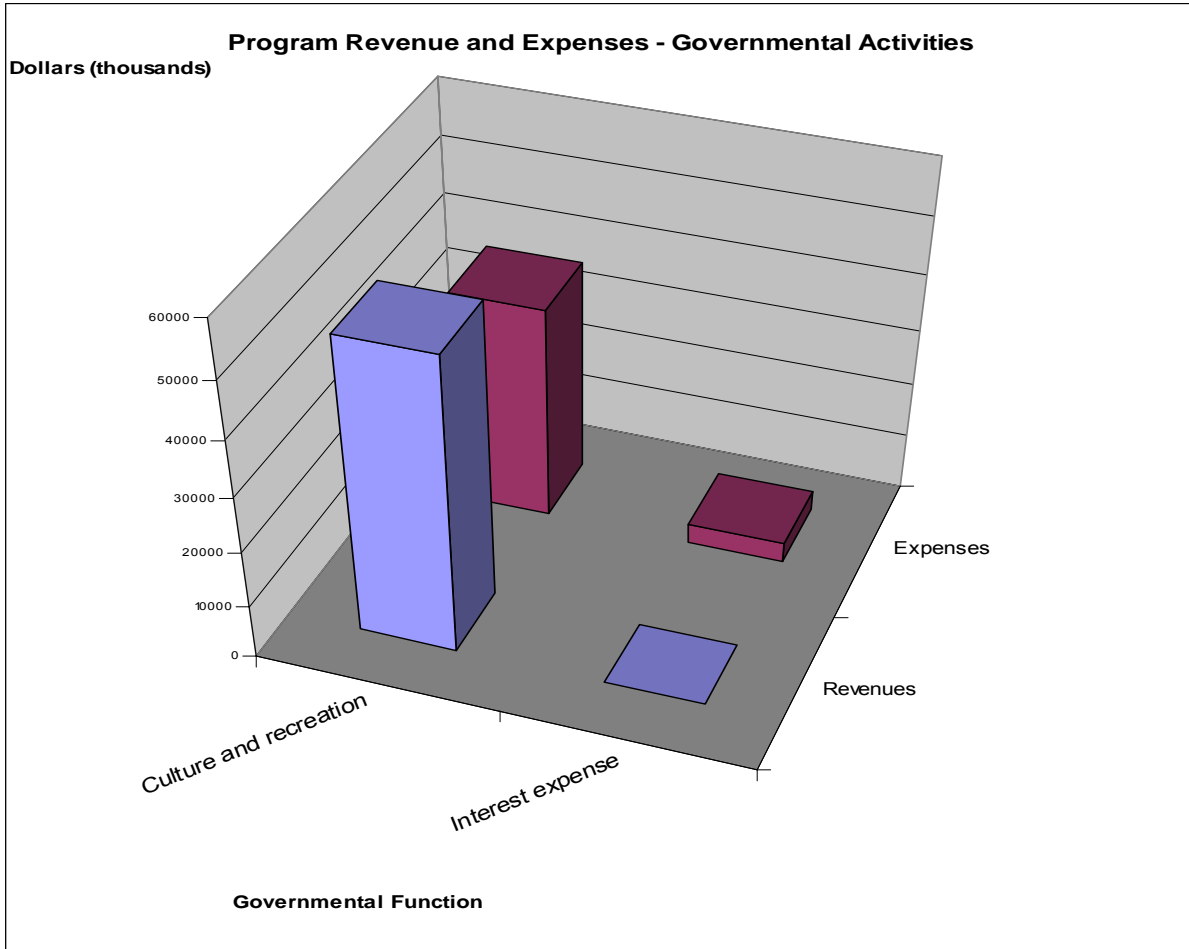
Expenditures on governmental activities increased by \$3,130 in 2005. For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. During 2005, the Library expanded their hours of operations providing additional Sunday hours at seven branches making the total number of branches open on Sunday to ten. In addition, the Library improved the collections to keep up with the 4% increase in circulation.

### Indianapolis-Marion County Public Library - Changes in Net Assets

Description	Governmental Activities	
	2005	2004 Restated
Revenues:		
Program Revenues		
Charges for Services	\$ 2,353	\$ 1,907
Operating Grants and Contributions	24	292
Capital Grants and Contributions	9,002	-
General Revenues		
Property and other taxes	39,529	36,943
State aid	83	89
Grants and Contributions – not restricted	695	683
Other	1,520	1,118
<b>Total Revenues</b>	<b>53,206</b>	<b>41,032</b>
Expenses:		
Culture and Recreation	38,592	35,263
Interest Expense	3,527	3,726
<b>Total Expenses</b>	<b>42,119</b>	<b>38,989</b>
Increase (Decrease) in net assets	11,087	2,043
Net assets at January 1, 2005, restated	30,196	34,829
Prior period adjustment for fund reclassification	-	(91)
Prior period adjustment for pension	-	985
Prior period adjustment for improvements	-	(314)
Effect of change in accounting principal	-	(7,256)
<b>Net assets at December 31, 2005</b>	<b>\$ 41,283</b>	<b>\$ 30,196</b>

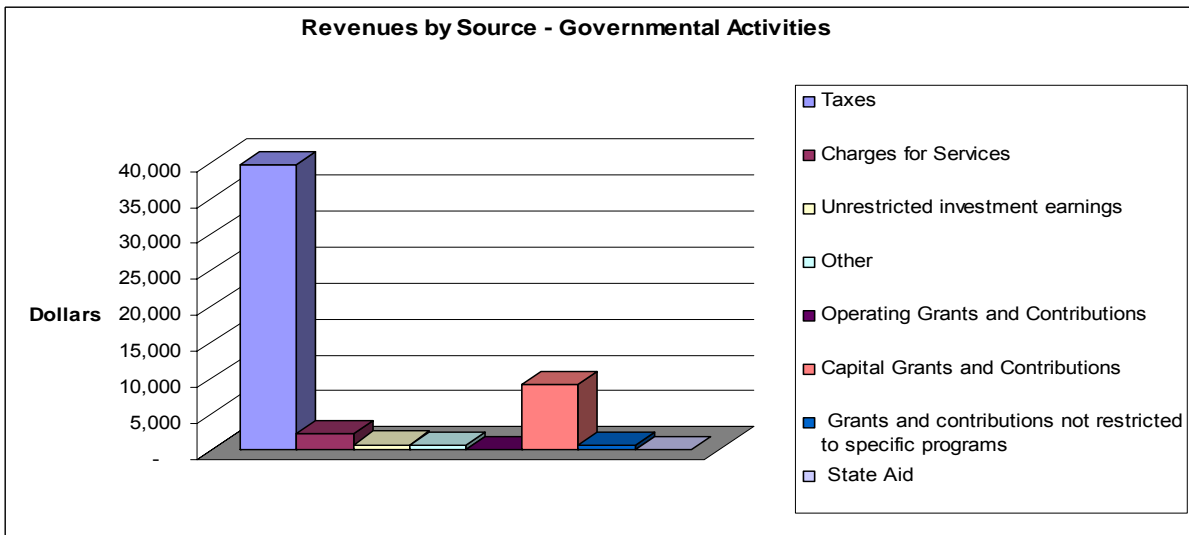
The Library's overall cash and cash equivalents plus investments position, \$36,840 remained very strong in the current economic environment, which posed many challenges.

The following displays the Expenses and Program Revenues of the Library's governmental activities:



Taxes, as in prior years, were the Library's major source of revenue supporting its activities. Other sources of revenue consisted primarily of user fees and grants and contributions.

The following displays the Revenues by Source of the Library's governmental activities:



## Financial Analysis of the Government's Funds

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Library's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Library's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Library's governmental funds reported combined ending fund balances of \$28,928 a decrease of \$893 in comparison with the prior year. Approximately, 94% of this total amount \$27,052 constitutes unreserved fund balance, which is available for spending at the library's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to encumbrances (\$1,875).

The general fund is the chief operating fund of the Library. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5,905 while total fund balance totaled \$7,780. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures of \$31,751, excluding transfers. Unreserved fund balance represents 19% of total general fund expenditures, while total fund balance represents 25% of that same amount.

The fund balance of the Library's general fund, excluding transfers, increased by \$1,869 during the current fiscal year. Key factor in this increase is as follows:

- Property taxes and other governmental taxes increased by \$948 in 2005 due to the increased assessed value of property.
- Fines revenue increased by \$638 by contracting with a collection agency to pursue past due accounts.

The Library also has two other governmental funds which it considers major funds. These are the bond and interest redemption fund and the construction fund.

The fund balance of the Library bond and interest redemption fund increased by \$258 during the current fiscal year. Primary reason for this is as follows:

- Property taxes and other governmental taxes increased by \$1,794 to offset an error from the prior year.

The fund balance of the Library construction fund decreased \$3,099 during the current fiscal year. The reason for this decrease is as follows:

- The final phase of the capital expansion project move forward during the year with a new aggressive completion date.

## General Fund Budgetary Highlights

Differences between the original budget and the final budget resulted in an increase of \$14. This increase along with other adjustments was distributed among the following budget classifications:

- \$568 decrease in personal services due to the retirement of employees, positions were filled in-house.
- \$60 increase in supplies for library cards due to a 19% increase in card holders for 2005.
- \$503 increase in other services and charges for security, snow removal and other contractual agreements.
- \$19 increase in capital outlay for our collections based upon increased circulation.

Actual expenditures were \$6,014 (19%) less than the amended final budget for 2005. Over half of the difference was due to lower spending in personal services from hiring freezes and a higher than normal number of retirements. In addition, 19% less was spent on contractual services than anticipated due to reductions in cataloging and processing of collection materials.

During the year, revenues exceeded expenditures, excluding other financing sources, by \$1,216, resulting in an increase in the fund balance for 2005.

## Capital Asset and Debt Administration

**Capital assets.** The Library's investment in capital assets for its governmental activities as of December 31, 2005 amounts to \$97,419 (net of accumulated depreciation). This investment in capital assets includes land, buildings, artwork, improvements, machinery and equipment, and collections.

The Library's main capital focus for 2005 was the renovation and expansion of the Central Library which is scheduled to open in 2007.

The following table displays the Library's capital assets:

### Indianapolis-Marion County Public Library, Indiana, Capital Assets

	Governmental- type Activities 2005	Governmental- type Activities 2004, Restated
Land	\$ 6,129	\$ 6,129
Construction in Progress	58,108	41,298
Artwork	456	456
Buildings	25,511	25,511
Improvements	485	485
Collections	16,966	15,433
Machinery and Equipment	4,467	4,362
Total Assets	112,122	93,675
Depreciation	(14,703)	(14,916)
Net Assets	<u>\$ 97,419</u>	<u>\$ 78,759</u>

Additional information on the Library's capital assets can be found in Note IV C. on pages 41-42 of this report.

**Long-term debt.** At the end of the current fiscal year, the Library had total long-term debt related liabilities outstanding of \$91,993. General obligation bonds represent \$90,454 or the majority of total debt.

The remainder of the Library's debt of \$1,539 is compensated absences.

The following table reflects the Library's long-term debt:

### Indianapolis-Marion County Public Library, Indiana, Long-term debt

<u>Description</u>	Governmental-type Activities 2005	Governmental-type Activities 2004
General obligation debt	\$ 90,454	\$ 81,363
Compensated absences	1,539	1,467
Subtotal	<u>91,993</u>	<u>82,830</u>
less:		
Short term portion	<u>(7,635)</u>	<u>(6,291)</u>
Total long-term debt	<u>\$ 84,358</u>	<u>\$ 76,539</u>

The Library's total debt increased by \$9,163 during the current fiscal year. The key factor for this increase was the addition of general obligation bonds in the amount of \$12,000 for the final phase of the Central Library project, offset by current year debt payments and an increase in compensated absences.

The Library maintains an “AAA” rating from Fitch IBCA and an “Aa2” rating from Moody’s Investor Service for underlying general obligation debt. Both ratings indicate high quality and strong capacity to pay the Library’s bonds.

State statutes limit the amount of general obligation debt that a government entity may issue to 2% of one-third of the total assessed valuation. The current debt limitation for the Indianapolis-Marion County Public Library is \$260,508 which is significantly in excess of the Indianapolis-Marion County Public Library’s outstanding general obligation debt.

Additional information of the Library’s long-term debt can be found in Note IV H pages 44-45 in Notes to the Financial Statements of this report.

#### **Economic Factors and Next Year’s Budgets and Rates**

- The tax rates proposed for 2006 for the Library, decreased from \$0.0982 per \$100 in assessed value in 2005 to \$0.0979 per \$100 in assessed value in 2006.
- Capital projects include the continuation of the Central Library Project which consists of renovations, a parking garage and a new facility that will be attached via an atrium, replacement of aging facilities and additions to the Library’s collections.

All of the above factors were considered in preparing the Library’s budget for the 2006 fiscal year.

#### **Requests for Information**

This financial report is designed to provide a general overview of the Library’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Indianapolis-Marion County Public Library, Administrative Services, P.O. Box 211, Indianapolis, Indiana 46206-0211.

## **BASIC FINANCIAL STATEMENTS**

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
STATEMENT OF NET ASSETS  
December 31, 2005

<u>Assets</u>	<u>Primary Governmental Activities</u>	<u>Component Unit</u>
Cash and cash equivalents	\$ 10,109,395	\$ 487,272
Investments	-	3,506,720
Receivables (net of allowances for uncollectibles):		
Interest	102,455	256,253
Taxes	1,374,328	-
Accounts	3,868	-
Miscellaneous	744,547	-
Promises to give	-	1,987
Notes	-	28,000
Inventories	-	11,090
Prepaid expense	188,380	10,709
Beneficial interest in assets held by others	-	1,531,347
Restricted assets:		
Cash and cash equivalents	12,930,774	9,706,504
Investment in building held for resale	1,750,000	-
Investments	13,800,000	28,602,214
Charitable grants	-	375,785
Promises to give	-	1,463,629
Deferred debits	851,217	-
Capital assets:		
Land, artwork, and construction in progress	64,693,123	-
Other capital assets, net of depreciation	32,726,236	4,127
Net pension asset	<u>1,414,923</u>	<u>-</u>
Total assets	<u>140,689,246</u>	<u>45,985,637</u>

The notes to the financial statements are an integral part of this statement.



INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
STATEMENT OF NET ASSETS  
December 31, 2005  
(Continued)

<u>Liabilities</u>	<u>Primary Governmental Activities</u>	<u>Component Unit</u>
Current liabilities:		
Accounts payable	682,101	2,093
Accrued payroll and withholdings payable	232,968	-
Compensated absences	738,864	-
Contracts payable	4,259,410	-
Unearned revenue	197,735	-
Other current payables	-	64,922
Payable from restricted assets:		
General obligation bonds - due within one year	6,896,000	-
Interest payable	1,739,916	-
Retainage payable	353,079	-
Long-term liabilities:		
General obligation bonds payable, net	83,557,683	-
Compensated absences	800,436	-
Deferral of gain (loss) on refunding	<u>(51,875)</u>	<u>-</u>
 Total liabilities	 <u>99,406,317</u>	 <u>67,015</u>
 <u>Net Assets</u>		
Invested in capital assets, net of related debt	7,573,190	-
Restricted for:		
Capital projects	22,324,338	-
Debt service	996,090	-
Foundation	-	41,141,996
Unrestricted	<u>10,389,311</u>	<u>4,776,626</u>
 Total net assets	 <u>\$ 41,282,929</u>	 <u>\$ 45,918,622</u>

The notes to the financial statements are an integral part of this statement.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit Library Foundation
Primary government:						
Governmental activities:						
Culture and recreation	\$ 38,592,256	\$ 2,352,965	\$ 24,194	\$ 9,001,600	\$ (27,213,497)	\$ -
Interest on long-term debt	<u>3,526,937</u>	-	-	-	<u>(3,526,937)</u>	-
Total governmental activities	<u>42,119,193</u>	<u>2,352,965</u>	<u>24,194</u>	<u>9,001,600</u>	<u>(30,740,434)</u>	-
Total primary government	<u>\$ 42,119,193</u>	<u>\$ 2,352,965</u>	<u>\$ 24,194</u>	<u>\$ 9,001,600</u>	<u>(30,740,434)</u>	-
Component unit:						
Indianapolis-Marion County Public Library Foundation, Inc.	<u>\$ 10,179,792</u>	<u>\$ 292,710</u>	<u>\$ -</u>	<u>\$ 1,437,725</u>	-	<u>(8,449,357)</u>
General revenues:						
Property taxes					35,564,172	-
Other local sources					3,965,410	-
State aid					82,921	-
Grants and contributions - not restricted					695,151	357,275
Other general revenues					748,937	-
Unrestricted investment earnings					<u>770,533</u>	<u>1,280,441</u>
Total general revenues					<u>41,827,124</u>	<u>1,637,716</u>
Change in net assets					<u>11,086,690</u>	<u>(6,811,641)</u>
Net assets - beginning (as restated)					<u>30,196,239</u>	<u>52,730,263</u>
Net assets - ending					<u>\$ 41,282,929</u>	<u>\$ 45,918,622</u>

The notes to the financial statements are an integral part of this statement.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2005

<u>Assets</u>	<u>General</u>	<u>Bond and Interest Redemption</u>	<u>Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 8,241,595	\$ -	\$ -	\$ 1,867,800	\$ 10,109,395
Receivables (net of allowances for uncollectibles):					
Interest	17,028	-	81,676	3,751	102,455
Taxes	1,118,922	255,406	-	-	1,374,328
Accounts	-	-	-	3,868	3,868
Miscellaneous	433,335	-	-	-	433,335
Interfund loans	124,073	-	8,358	-	132,431
Restricted assets:					
Cash and cash equivalents	-	4,355,205	8,575,569	-	12,930,774
Investment in building held for resale	-	-	1,750,000	-	1,750,000
Investments	-	-	13,800,000	-	13,800,000
<b>Total assets</b>	<b><u>\$ 9,934,953</u></b>	<b><u>\$ 4,610,611</u></b>	<b><u>\$ 24,215,603</u></b>	<b><u>\$ 1,875,419</u></b>	<b><u>\$ 40,636,586</u></b>
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 667,228	\$ 2,440	\$ -	\$ 12,433	\$ 682,101
Accrued payroll and withholdings payable	232,968	-	-	-	232,968
Contracts payable	-	-	4,259,410	-	4,259,410
Interest payable	-	1,739,916	-	-	1,739,916
Retainage payable	-	-	353,079	-	353,079
Interfund loans payable	8,310	16	-	124,105	132,431
General obligation bonds payable	-	2,737,000	-	-	2,737,000
Deferred revenue - unearned	1,246,110	293,647	-	32,306	1,572,063
<b>Total liabilities</b>	<b><u>2,154,616</u></b>	<b><u>4,773,019</u></b>	<b><u>4,612,489</u></b>	<b><u>168,844</u></b>	<b><u>11,708,968</u></b>
Fund balances:					
Reserved for:					
Encumbrances	1,875,300	-	-	-	1,875,300
Unreserved, reported in:					
General fund	5,905,037	-	-	-	5,905,037
Special revenue funds	-	-	-	1,114,837	1,114,837
Debt service	-	(162,408)	-	-	(162,408)
Capital projects funds	-	-	19,603,114	591,738	20,194,852
<b>Total fund balances</b>	<b><u>7,780,337</u></b>	<b><u>(162,408)</u></b>	<b><u>19,603,114</u></b>	<b><u>1,706,575</u></b>	<b><u>28,927,618</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 9,934,953</u></b>	<b><u>\$ 4,610,611</u></b>	<b><u>\$ 24,215,603</u></b>	<b><u>\$ 1,875,419</u></b>	
 Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					97,419,359
The pension asset resulting from contributions in excess of the annual required contribution are not financial resources and, therefore, are not reported in the funds (see Note V.D.).					1,414,923
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					2,725,137
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.					<u>(89,204,108)</u>
<b>Net assets of governmental activities</b>					<b><u>\$ 41,282,929</u></b>

The notes to the financial statements are an integral part of this statement.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2005

	General	Bond and Interest Redemption	Construction	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 27,932,132	\$ 8,399,858	\$ -	\$ -	\$ 36,331,990
Intergovernmental	3,034,051	884,800	24,100	113,674	4,056,625
Charges for services	177,868	-	-	308,216	486,084
Fines and forfeits	1,656,256	-	-	-	1,656,256
Other	819,374	17,589	9,551,311	756,101	11,144,375
<b>Total revenues</b>	<b>33,619,681</b>	<b>9,302,247</b>	<b>9,575,411</b>	<b>1,177,991</b>	<b>53,675,330</b>
Expenditures:					
Current:					
Culture and recreation	28,184,062	-	-	300,636	28,484,698
Debt service:					
Principal	-	5,517,000	-	-	5,517,000
Interest and fiscal charges	-	3,526,937	-	-	3,526,937
Capital outlay	3,566,440	-	24,633,198	708,697	28,908,335
<b>Total expenditures</b>	<b>31,750,502</b>	<b>9,043,937</b>	<b>24,633,198</b>	<b>1,009,333</b>	<b>66,436,970</b>
Excess (deficiency) of revenues over (under) expenditures	1,869,179	258,310	(15,057,787)	168,658	(12,761,640)
Other financing sources (uses):					
General obligation bonds issued	-	-	12,000,000	-	12,000,000
Discount on general obligation bonds	-	-	(41,393)	-	(41,393)
Transfers in	-	-	-	198,133	198,133
Transfers out	-	-	-	(198,133)	(198,133)
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>11,958,607</b>	<b>-</b>	<b>11,958,607</b>
Net change in fund balances	1,869,179	258,310	(3,099,180)	168,658	(803,033)
Fund balances - beginning (as restated)	5,911,158	(420,718)	22,702,294	1,537,917	29,730,651
Fund balances - ending	<u>\$ 7,780,337</u>	<u>\$ (162,408)</u>	<u>\$ 19,603,114</u>	<u>\$ 1,706,575</u>	<u>\$ 28,927,618</u>

The notes to the financial statements are an integral part of this statement.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (Statement of Revenues, Expenditures and Changes in Fund Balances)	\$	(803,033)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		18,661,142
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(548,539)
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(6,371,152)
Net pension asset of the general government is not reported as a current expenditure in the funds.		86,175
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>62,097</u>
Change in net assets of governmental activities (statement of activities)	\$	<u><u>11,086,690</u></u>

The notes to the financial statements are an integral part of this statement.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
December 31, 2005

	<u>Private-Purpose Trust (Gift) Fund</u>	<u>Agency Funds</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 81,034	\$ 200,187
Receivables (net of allowance for uncollectibles):		
Accounts receivable	-	934
Total assets	81,034	<u>\$ 201,121</u>
 <u>Liabilities</u>		
Payroll withholdings payable	-	196,193
Accounts payable	-	4,928
Total liabilities	-	<u>\$ 201,121</u>
 <u>Net Assets</u>		
Held in trust for the Indianapolis-Marion County Public Library Foundation, Inc.	\$ 81,034	

The notes to the financial statements are an integral part of this statement.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
December 31, 2005

	<u>Private-Purpose Trust (Gift) Fund</u>
<u>Additions</u>	
Contributions:	
Private donations	\$ 111,965
Investment income:	
Interest	<u>476</u>
Total additions	<u>112,441</u>
 <u>Deductions</u>	
Educational outreach	<u>122,010</u>
Change in net assets	(9,569)
Net assets - beginning (as restricted)	<u>90,603</u>
Net assets - ending	<u>\$ 81,034</u>

The notes to the financial statements are an integral part of this statement.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Indianapolis-Marion County Public Library (primary government) was established under the laws of the State of Indiana. The primary government operates under a Library Board and provides culture and recreation services.

The accompanying financial statements present the activities of the primary government and its significant component unit. The component unit discussed below is included in the primary government government's reporting entity because of the significance of its operational or financial relationship with the primary government. Discretely presented component units are involved in activities of an operational nature independent from the government; their transactions are reported in a separate column in the government-wide financial statements.

Discretely Presented Component Units

The Indianapolis-Marion County Public Library Foundation, Inc. (Foundation) is a significant discretely presented component unit of the primary government. It would be misleading to exclude the Foundation from the primary government's financial statements because of its relationship with the primary government.

The financial statements of the component unit may be obtained from its administrative office as follows:

Indianapolis-Marion County Public Library Foundation, Inc.  
2450 North Meridian Street  
Indianapolis, IN 46208

B. Government-Wide and Fund Financial Statements

Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.



INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the primary government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the primary government receives cash.

The primary government reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The bond and interest redemption fund accounts for all money derived from the taxes levied for the purpose of retiring bonds.

The construction fund accounts for all the money received from the sale of bonds for the purpose of construction, reconstruction or alteration of library buildings.

Additionally, the primary government reports the following fund types:

Agency funds account for the collection and payment of assets held by the primary government for other entities.

The private-purpose trust fund is used to account for the resources legally held in trust for use by a not-for-profit organization devoted to fundraising for the support of educational programs for the public. All resources of the fund, including any earnings on invested resources, may be used to support the organization's activities. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the primary government's policy to use restricted resources first, then unrestricted resources as they are needed.

The discretely presented component unit has adopted Statement of Financial Accounting Standards No. 117, "Financial Statements for Not-For-Profit Organizations." Under this provision, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The primary government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute (IC 5-13-9) authorizes the primary government to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Nonparticipating certificates of deposit, demand deposits and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost.

Debt securities are reported at fair value. Debt securities are defined as securities backed by the full faith and credit of the United States Treasury or fully insured or guaranteed by the United States or any United States government agency.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

Investments of the discretely presented component unit, including U.S. government securities and corporate stock, are carried at fair value, and realized and unrealized gains and losses are reflected in the statement of activity in accordance with FASB 117.

2. Interfund Transactions and Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables" (i.e., the current and noncurrent portion of interfund loans).

3. Component Unit – Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a discount rate commensurate with the risks involved. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the primary government in June and in December. State statute (IC 6-1.1-17-16) require the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the primary government prior to December 31 of the year collected. Delinquent property taxes outstanding at year end for governmental funds, net of allowances for uncollectible accounts, are recorded as a receivable with an offset to unearned revenue since the amounts are not considered available.

5. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide statements.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

6. Beneficial Interest in Assets Held by Others – Component Unit

The Foundation has established four designated endowment funds with Central Indiana Community Foundation, Inc. (CICF). As part of the fund agreements, variance power was transferred to CICF. The purpose of such funds is to provide support to Indianapolis-Marion County Public Library Foundation, Inc. In connection with the agreements establishing the designated funds, CICF has agreed to match funds in the amount of \$1 for every \$2 raised by the Foundation in irrevocable gifts specified for the designated fund.

Annual earnings are allocated to the fund and a portion of the fund balance is available for distribution during the succeeding year in accordance with the spending policy adopted by the CICF Board of Directors. At the time of execution of the agreements, the spending policy provided for 5% of the December 31 fund balance as the portion available for distribution. At December 31, 2005, the fair values of the designated funds were \$816,648 for the Operating Endowment Fund, \$540,464 for the Humanities Fund, \$172,611 for the Lifelong Learning Fund, and \$1,624 for the Childhood Literacy Endowment Fund.

7. Restricted Assets

Certain proceeds of the general obligation bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets balance sheet because their use is limited by applicable bond covenants.

8. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental activities column in the government-wide financial statements.

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 5,000	Straight-line	50 years
Improvements other than buildings	5,000	Straight-line	15 years
Machinery and equipment	2,000	Straight-line	5 to 20 years
Collections	All	Composite	4 years
Land	All	N/A	N/A
Artwork	All	N/A	N/A

N/A = Not applicable

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

For the discretely presented component unit, expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. Depreciation of furnishings and equipment is provided over the estimated useful lives of the respective assets using the straight-line method. Depreciation expense for the year ended December 31, 2005, was \$1,045.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
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9. Compensated Absences

- a. Annual Leave – primary government employees earn leave at the rate of 15 to 30 days per year, based on the length of service, degree qualifications, level of responsibility, and number of hours worked per year. Annual leave may be accumulated up to 480 hours. Unused leave is paid upon separation from service.
- b. Sick Leave – primary government employees earn 10 days of sick leave per year. Unused sick leave may be accumulated up to 10 days. Employees who retire are paid accumulated sick leave at a rate of 1 hour for every 2 hours accumulated in excess of 160 hours.

Annual and sick leave is accrued when incurred. The general fund is typically used to liquidate the liability for compensated absences.

10. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

11. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

12. Other Revenue

Other revenues in the Statement of Revenues, Expenditures and Changes in Fund Balances are as follows:

	Governmental Funds			
	General	Bond and Interest Redemption	Construction	Other Governmental Funds
Interest and dividends	\$ 170,681	\$ 17,589	\$ 537,061	\$ 45,202
Donations and grants	400	-	9,001,600	710,651
Noncurrent period:				
Refunds/reimbursements	565,537	-	-	-
Other	82,756	-	12,650	248
<b>Totals</b>	<b>\$ 819,374</b>	<b>\$ 17,589</b>	<b>\$ 9,551,311</b>	<b>\$ 756,101</b>

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

13. Reclassify Prior Year Data

Certain amounts presented in the prior year have been reclassified in order to be consistent with the current years' presentation.

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets:

Other long-term assets:	
Prepays	\$ 188,380
Other receivables	311,212
Deferred debits	851,217
Deferred revenue	<u>1,374,328</u>
 Total	 <u><u>\$ 2,725,137</u></u>

Long-term liabilities:	
Current bonds payable	\$ (4,159,000)
Long-term bonds payable	(83,321,000)
Deferred premium	(236,683)
Current compensated absences	(738,864)
Long-term compensated absences	(800,437)
Gain on deferral of refunding	<u>51,876</u>
 Total	 <u><u>\$ (89,204,108)</u></u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

Revenues not current financial resources:	
Deferred revenues	\$ (767,819)
Loss on disposal of equipment	(958)
Accounts receivable	(6,106)
Gain on deferred debit	9,613
Other	<u>216,731</u>
 Total	 <u><u>\$ (548,539)</u></u>

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Issuance of long-term debt:	
Bond issuance	\$ (12,000,000)
Bonds payable	5,517,000
Amortization of discount	87,747
Discount on new issuance	41,393
Amortization - advance refunding	<u>(17,292)</u>
Total	<u>\$ (6,371,152)</u>
Other expenses:	
Contracts payable	\$ 398,092
Compensated absences increase	(282,356)
Prepaid expenses	<u>(53,639)</u>
Total	<u>\$ 62,097</u>

III. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted for the General Fund and the Bond and Interest Redemption Fund on the cash basis which is not consistent with accounting principles generally accepted in the United States. The Capital Project Funds have legally adopted project-length budgets. All annual appropriations lapse at fiscal year end.

On or before August 31, the Treasurer submits to the Library Board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the Library Board to obtain taxpayer comments. In September of each year, the Library Board through the passage of an ordinance approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the Treasurer receives approval of the Indiana Department of Local Government Finance.

The primary government's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the Library Board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object within the fund for all budgeted funds.

IV. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits and Investments – Primary Government

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2005, the Library had a deposit balance held by JP Morgan Chase in the amount of \$15,060,946. This balance was used to purchase overnight repurchase agreements collateralized with securities held by the pledging financial institution. Remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which cover all public funds held in approved depositories.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Investment Policies

Indiana Code 5-13-9 authorizes the Library to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the unit to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of or interest in an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the Library and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise; or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of or interest in an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

The Library may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the unit's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Library does not have a formal investment policy for custodial credit risk for investments that are uninsured and 1) uncollateralized, 2) collateralized with securities held by the pledging financial institution, or 3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the government's name. At December 31, 2005, the Library held investments of this type in repurchase agreements in the amount of \$15,060,946. All were held by the JP Morgan Chase but not in the Library's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Library must follow state statute and limit the stated final maturities of the investments to no more than two years.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit ratings of securities purchased as overnight repurchased agreements are unknown.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Library does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The Library does not have a formal policy in regards to foreign currency risk.

2. Deposits and Investments – Component Unit

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Non-Profit Organizations. As such, certain reporting criteria and presentation features are different from GASB reporting criteria and presentation features. No modifications have been made to the Foundation's financial in the Library's financial reporting entity for these differences.

The Foundation's investments and certain cash and cash equivalents are held primarily by national banking and financial services companies and managed by investment advisors in accordance with the terms of investment and advisory agreements.

Investments, at fair value, consist of the following at December 31:

Cash and cash equivalents	\$ 52,204
Certificates of deposit	26,023,029
Equity securities	4,544,270
Corporate bonds	<u>1,489,431</u>
 Total	 <u>\$ 32,108,934</u>

Investment returns consist of the following at December 31:

Dividends and interest	\$ 1,229,313
Realized gains on investments	224,814
Unrealized gains on investments	<u>54,020</u>
 Total	 1,508,147
Investment fees	<u>(35,027)</u>
 Total	 <u>\$ 1,473,120</u>



INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Concentration of Credit Risk

The Foundation has significant investments in equity and debt securities and is therefore subject to concentration risk. Investments are managed by investment advisors. Though the market value of investments is subject to the fluctuations on a year basis, the directors believe that the investment policy is prudent for the long-term welfare of the Foundation.

B. Receivables – Component Unit

The following receivable accounts have timing and credit characteristics different from typical accounts receivable.

Pledges receivable at December 31, 2005, are as follows:

Past due	\$	258,954
Receivable in one year or less		678,194
Receivable in one to five years		578,468
Less: Allowance for doubtful pledges		<u>(50,000)</u>
 Total	 \$	 <u>1,465,616</u>

In 2004, the Foundation received a conditional promise to give from the National Endowment for the Humanities that was not recognized as an asset in the statement of net assets at December 31, 2004. This conditional promise as a \$1 match of up to \$300,000 on every \$3 of funds raised for establishing an endowment for the humanities. To receive the full amount of the challenge grant award, a total of \$900,000 in new nonfederal contributions had to be raised according to the timelines in the grant. The matching funds are available in years 2005-2007, upon the Foundation certifying receipt of gifts in accordance with the schedule set out by the donor. Through December 31, 2005, the Foundation has raised \$600,000 in relation to this challenge grant, resulting in a match of \$200,000 from the grantor, which has been received and recorded as revenue in the statement of activities.

C. Capital Assets

Capital asset activity for the year ended December 31, 2005, was as follows:

<u>Primary Government</u>	Beginning Balance (Restated)	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,128,886	\$ -	\$ -	\$ 6,128,886
Construction in progress	41,298,539	16,809,898	-	58,108,437
Artwork	<u>455,800</u>	<u>-</u>	<u>-</u>	<u>455,800</u>
Total capital assets, not being depreciated	<u>47,883,225</u>	<u>16,809,898</u>	<u>-</u>	<u>64,693,123</u>
Capital assets, being depreciated:				
Buildings	25,510,717	-	-	25,510,717
Improvements other than buildings	484,965	-	-	484,965
Machinery and equipment	4,362,454	567,328	462,673	4,467,109
Collections	<u>15,433,403</u>	<u>6,585,534</u>	<u>5,052,802</u>	<u>16,966,135</u>
Totals	<u>45,791,539</u>	<u>7,152,862</u>	<u>5,515,475</u>	<u>47,428,926</u>

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

<u>Primary Government</u>	<u>Beginning Balance (Restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities (continued):				
Less accumulated depreciation for:				
Buildings	6,911,674	478,469	-	7,390,143
Improvements	340,690	17,767	-	358,457
Machinery and equipment	2,447,860	563,848	461,715	2,549,993
Collections	<u>5,215,365</u>	<u>4,241,534</u>	<u>5,052,802</u>	<u>4,404,097</u>
 Totals	 <u>14,915,589</u>	 <u>5,301,618</u>	 <u>5,514,517</u>	 <u>14,702,690</u>
 Total capital assets, being depreciated, net	 <u>30,875,950</u>	 <u>1,851,244</u>	 <u>958</u>	 <u>32,726,236</u>
 Total governmental activities capital assets, net	 <u>\$ 78,759,175</u>	 <u>\$ 18,661,142</u>	 <u>\$ 958</u>	 <u>\$ 97,419,359</u>
 <u>Discretely Presented Component Unit</u>				
Capital assets, being depreciated:				
Office equipment and furnishings	\$ 11,356	\$ -	\$ -	\$ 11,356
Software	<u>12,411</u>	<u>-</u>	<u>-</u>	<u>12,411</u>
 Totals	 23,767	 -	 -	 23,767
 Less accumulated depreciation	 <u>18,595</u>	 <u>1,045</u>	 <u>-</u>	 <u>19,640</u>
 Total discretely presented component unit capital assets, net	 <u>\$ 5,172</u>	 <u>\$ (1,045)</u>	 <u>\$ -</u>	 <u>\$ 4,127</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Culture and recreation	<u>\$ 5,301,618</u>

D. Construction Commitments

Construction work in progress is composed of the following:

<u>Project</u>	<u>Total Project Authorized</u>	<u>Expended to December 31, 2005</u>	<u>Committed</u>	<u>Required Future Funding</u>
 Branch construction and renovations	 <u>\$ 114,970,783</u>	 <u>\$ 58,108,437</u>	 <u>\$ 56,862,046</u>	 <u>\$ -</u>

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
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E. Interfund Balances and Activity

1. Interfund Receivables and Payables

Due To	Due From			Total
	General Fund	Bond and Interest Redemption	Nonmajor Governmental	
General Fund	\$ -	\$ -	\$ 124,073	\$ 124,073
Construction Fund	8,310	16	32	8,358
Totals	<u>\$ 8,310</u>	<u>\$ 16</u>	<u>\$ 124,105</u>	<u>\$ 132,431</u>

Interfund balances resulted from the time lag between the dates that (1) Interfund loans are repaid, (2) Interfund goods and services are provided or reimbursable expenditures occur, (3) transactions are recorded in the accounting system and (4) payments between funds are made.

2. Interfund Transfers

Interfund transfers at December 31, 2005, were as follows:

Transfer From	Transfer To
	Nonmajor Governmental
Nonmajor governmental	<u>\$ 198,133</u>

The primary government typically uses transfers to establish new funds and to transfer the portion of grant funds to the proper funds.

F. Operating Leases

The primary government has entered into various operating leases having initial or remaining noncancelable terms exceeding one year for a parking lot, buildings, copiers, postage meters, and security radios. Rental expenditures for these leases were \$612,584. The following is a schedule by years of future minimum rental payments as of December 31, 2005:

2006	\$ 607,387
2007	508,443
2008	386,629
2009	334,129
2010	59,629
2011-2015	50,000
2016-2020	50,000
2021-2025	50,000
2026-2029	<u>40,000</u>
Total	<u>\$ 2,086,217</u>

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
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G. Short-Term Liabilities

Tax Anticipation Notes

The primary government issues tax anticipation notes in advance of property tax collections, depositing the proceeds in its general fund. These notes are necessary to help alleviate cash flow problems.

Short-term debt activity for the year ended December 31, 2005, was as follows:

	Beginning Balance	Issued/ Draws	Redeemed Repayments	Ending Balance
Tax anticipation notes	\$ -	\$ 12,499,198	\$ 12,499,198	\$ -

H. Long-Term Liabilities

1. General Obligation Bonds

The primary government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations and pledge the full faith and credit of the primary government. General obligation bonds currently outstanding at year end are as follows:

Purpose	Interest Rates	Amount
1998 Library branch improvements	4.5% to 4.9%	\$ 4,210,000
2001 Library branch improvements	3.8% to 5.1%	16,805,000
2002 Library branch improvements - refunding	2.8% to 5.0%	14,980,000
2002A Central library project	3.5% to 5.0%	30,925,000
2002B Library branch and technology improvements	2.5%	1,490,000
2003 Central library project	4.2% to 4.8%	8,000,000
2003A Library branch improvements - refunding	4.5% to 5.5%	1,807,000
2005 Central library project	3.25% to 4.0%	12,000,000
Total		<u>\$ 90,217,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
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Year Ended December 31	Governmental Activities		Total
	Principal	Interest	
2006	\$ 6,896,000	\$ 5,562,183	\$ 12,458,183
2007	4,396,000	3,630,715	8,026,715
2008	4,570,000	3,456,457	8,026,457
2009	4,750,000	3,280,605	8,030,605
2010	4,935,000	3,096,086	8,031,086
2011-2015	27,235,000	12,286,354	39,521,354
2016-2020	23,750,000	5,312,030	29,062,030
2021-2022	<u>13,685,000</u>	<u>845,693</u>	<u>14,530,693</u>
Totals	<u>\$ 90,217,000</u>	<u>\$ 37,470,123</u>	<u>\$ 127,687,123</u>

2. Advance Refundings

In prior years, the primary government defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the primary government's financial statements. The following outstanding bonds, at December 31, 2005, were considered defeased:

	Amount
Primary government: 2000 Branch improvements	<u>\$ 14,100,000</u>

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2005, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation	\$ 80,997,000	\$ 12,000,000	\$ 2,780,000	\$ 90,217,000	\$ 6,896,000
Add deferred amount for premiums	<u>365,823</u>	<u>(41,393)</u>	<u>87,747</u>	<u>236,683</u>	<u>-</u>
Total bonds payable	81,362,823	11,958,607	2,867,747	90,453,683	6,896,000
Compensated absences	<u>1,466,866</u>	<u>1,514,886</u>	<u>1,442,452</u>	<u>1,539,300</u>	<u>738,864</u>
Total governmental activities long-term liabilities	<u>\$ 82,829,689</u>	<u>\$ 13,473,493</u>	<u>\$ 4,310,199</u>	<u>\$ 91,992,983</u>	<u>\$ 7,634,864</u>

Compensated absences for governmental activities typically have been liquidated from the general fund. Claims and judgments typically have been liquidated from the general fund.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
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I. Restatements and Reclassifications

For the fiscal year ended December 31, 2005, certain changes have been made to the financial statements to more appropriately reflect financial activity of the Indianapolis-Marion County Public Library. These prior period adjustments and restatements are reflected in the beginning net assets in the government-wide statement of activities.

Prior Period Adjustments

For the government-wide statements, there is a decrease of \$7,256,277 in net assets for capital assets. This was the result of an accounting change made in the capitalization of assets. The Indianapolis-Marion County Public Library increased the threshold to more accurately reflect the guidelines followed by other public entities in Indiana.

Reclassification of Funds

The Gift Fund was reclassified from a special revenue fund to a private purpose trust to more accurately reflect the activities of the fund. The result of this change was a reduction of \$90,603 in the governmental funds in the fund financial statements and the same reduction in the unrestricted net assets in the government-wide statements.

Component Unit

A prior period adjustment was made as of January 1, 2004, to correct prior periods for a previously unrecorded accrued vacation liability. Accordingly, an adjustment totaling \$45,540 was made to decrease unrestricted net assets.

<u>Fund Type</u>	Balance as Reported December 31, 2004	Fund Reclassification	Prior Period Adjustment	Balance as Restated January 1, 2005
<u>Governmental-Wide Statements</u>				
Capital assets, not being depreciated	\$ 47,427,425	\$ -	\$ 455,800	\$ 47,883,225
Capital assets, being depreciated, net	<u>38,588,027</u>	<u>-</u>	<u>(7,712,077)</u>	<u>30,875,950</u>
Total capital assets, net	<u>\$ 86,015,452</u>	<u>\$ -</u>	<u>\$ (7,256,277)</u>	<u>\$ 78,759,175</u>
Net Assets:				
Investment in capital assets, net of related debt	\$ 5,870,992	\$ -	\$ (7,256,277)	\$ (1,385,285)
Restricted for:				
Capital projects	21,661,848	-	-	21,661,848
Debt service	918,956	-	-	918,956
Unrestricted	<u>9,091,322</u>	<u>(90,603)</u>	<u>-</u>	<u>9,000,719</u>
Total net assets	<u>\$ 37,543,118</u>	<u>\$ (90,603)</u>	<u>\$ (7,256,277)</u>	<u>\$ 30,196,238</u>
<u>Fund Financial Statements</u>				
Governmental	\$ 1,628,520	\$ (90,603)	\$ -	\$ 1,537,917
Private purpose trust	-	90,603	-	90,603
<u>Component Unit</u>				
Net assets	\$ 52,775,803	\$ -	\$ (45,540)	\$ 52,730,263

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
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V. Other Information

A. Risk Management

The primary government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Pending Litigation

In 2002, the Library began a \$102 million Central Library expansion project. In March 2004, construction on the project was halted because of cracks in the foundation. Subsequent lawsuits have been filed by and against the Library. The outcome of this litigation cannot be determined.

C. Postemployment Benefits

In addition to the pension benefits described below, the primary government provides postemployment health, dental and vision insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the primary government on or after attaining age 50 with at least 10 years of service to the Library and who have been a member of the Public Employees' Retirement Fund for 15 years. Currently, 56 retirees meet these eligibility requirements. For retirees who maintained full-time status during employment, the primary government and retirees provide 90% and 10%, respectively, for single coverage of these postemployment benefits. For retirees who maintained part-time employment status, the primary government and retirees each provide varying amounts depending on the extent of part-time employment. Expenditures for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2005, expenditures of \$176,370 were recognized for postemployment benefits.

D. Pension Plan

Public Employees' Retirement Fund

Plan Description

The primary government contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the primary government authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

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Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note. The NPO is considered an obligation of the Library as a whole and is reflected in the Statement of Net Assets.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 989,589
Interest on net pension obligation	(96,334)
Adjustment to annual required contribution	109,780
Annual pension cost	1,003,035
Contributions made	1,089,210
Decrease in net pension obligation	(86,175)
Net pension obligation, beginning of year	(1,328,748)
Net pension obligation, end of year	\$ (1,414,923)
Contribution rates:	
Library	6.75%
Plan members	3%
Actuarial valuation date	07-01-05
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	4 year smoothed market

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-03	\$ 1,042,364	103%	\$ (985,053)
	06-30-04	797,761	143%	(1,328,748)
	06-30-05	1,003,035	137%	(1,414,923)



INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 18,952,883	\$ 20,465,584	\$ (1,512,701)	93%	\$ 15,056,923	(10%)
07-01-04	19,369,432	22,522,575	(3,153,143)	86%	16,397,965	(19%)
07-01-05	20,229,895	25,285,691	(5,055,796)	80%	15,942,960	(32%)

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 For The Year Ended December 31, 2005

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 28,854,217	\$ 28,854,217	\$ 28,059,321	\$ (794,896)
Intergovernmental	2,681,898	2,681,898	3,034,051	352,153
Charges for services	105,484	105,484	177,867	72,383
Fines and forfeits	1,022,368	1,022,368	1,501,369	479,001
Other	661,929	661,929	803,829	141,900
<b>Total revenues</b>	<u>33,325,896</u>	<u>33,325,896</u>	<u>33,576,437</u>	<u>250,541</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Culture and recreation:</b>				
Personal services	25,527,522	24,960,148	21,907,622	3,052,526
Supplies	549,281	609,098	537,582	71,516
Other services and charges	6,702,911	7,205,828	6,039,376	1,166,452
Capital outlay	5,580,528	5,598,528	3,875,267	1,723,261
<b>Total culture and recreation</b>	<u>38,360,242</u>	<u>38,373,602</u>	<u>32,359,847</u>	<u>6,013,755</u>
<b>Total expenditures</b>	<u>38,360,242</u>	<u>38,373,602</u>	<u>32,359,847</u>	<u>6,013,755</u>
<b>Other financing sources (uses):</b>				
Temporary loan	-	420,718	420,718	-
Transfer in	-	323,707	323,707	-
Transfer out	-	(24,000)	(24,000)	-
<b>Net change in fund balances</b>	(5,034,346)	(4,327,281)	1,937,015	6,264,296
<b>Fund balances - beginning</b>	<u>6,304,580</u>	<u>6,304,580</u>	<u>6,304,580</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 1,270,234</u>	<u>\$ 1,977,299</u>	<u>\$ 8,241,595</u>	<u>\$ 6,264,296</u>

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGET/GAAP RECONCILIATION  
 GENERAL FUND  
 For The Year Ended December 31, 2005

The major differences between Budgetary (Non-GAAP) basis and GAAP basis are:

- a. Revenues are recorded when received in cash (budgetary) as opposed to susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when the liability is incurred (GAAP).

Adjustments necessary to convert the results of operations at the end of the year on a budgetary basis to a GAAP basis are as follows:

	General
Excess of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ 1,937,015
Adjustments:	
To adjust revenues for accruals	(701,167)
To adjust expenditures for accruals	633,331
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	\$ 1,869,179

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Co-op Projects Fund - This fund is used to account for money received from participating Indianapolis high schools for computerizing, cataloging and processing library materials.

E-Rate Fund – This fund is used to account for money received from a universal service fee charged to companies that provide interstate and/or international telecommunications services and is administered under the direction of the Federal Communications Commission (FCC). The funds collected are distributed to libraries to support telecommunication services, internet access, internal connections, and basic maintenance of internal connections.

Grant Fund – This fund is used to account for money received from grants.

### **CAPITAL PROJECTS FUNDS**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Library Improvement Reserve Fund – This fund is used to accumulate money for the purpose of anticipating necessary future capital expenditures such as the purchase of land, the purchase and construction of buildings or structures, the construction of additions or improvements to existing structures, the purchase of equipment, and all repairs or replacements of buildings or equipment.

### **AGENCY FUNDS**

Agency funds are used to account for resources held by the reporting government in a purely custodial capacity.

Payroll deductions fund – This fund was established to account for the transactions and accumulations of certain payroll withholdings. These withholdings accumulate in this fund until the due date of the obligation for which the monies were withheld from employees' gross pay. The monies so received are disbursed from this fund without appropriation and may be disbursed solely for the purpose for which these obligations create.

Foundation Fund – This fund was established to account for donations and/or sales of merchandise belonging to a private foundation. The funds are collected at each public library branch and then disbursed back to the foundation on a monthly basis.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2005

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Co-op Projects Fund	E-Rate Fund	Grant Fund	Library Improvement Reserve Fund	
<u>Assets</u>					
Cash and cash equivalents	\$ 881,041	\$ 70,344	\$ 325,738	\$ 590,677	\$ 1,867,800
Receivables (net of allowances for uncollectibles):					
Interest	2,658	-	-	1,093	3,751
Accounts	3,868	-	-	-	3,868
Total assets	<u>\$ 887,567</u>	<u>\$ 70,344</u>	<u>\$ 325,738</u>	<u>\$ 591,770</u>	<u>\$ 1,875,419</u>
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 968	\$ 4,224	\$ 7,241	\$ -	\$ 12,433
Interfund payable:					
Interfund loans	124,073	-	-	32	124,105
Deferred revenue - unearned	32,306	-	-	-	32,306
Total liabilities	<u>157,347</u>	<u>4,224</u>	<u>7,241</u>	<u>32</u>	<u>168,844</u>
Fund balances:					
Unreserved, reported in:					
Special revenue funds	730,220	66,120	318,497	-	1,114,837
Capital projects funds	-	-	-	591,738	591,738
Total fund balances	<u>730,220</u>	<u>66,120</u>	<u>318,497</u>	<u>591,738</u>	<u>1,706,575</u>
Total liabilities and fund balances	<u>\$ 887,567</u>	<u>\$ 70,344</u>	<u>\$ 325,738</u>	<u>\$ 591,770</u>	<u>\$ 1,875,419</u>

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Co-op Projects Fund	E-Rate Fund	Grant Fund	Library Improvement Reserve Fund	
Revenues:					
Intergovernmental	\$ 10,877	\$ 101,954	\$ 843	\$ -	\$ 113,674
Charges for services	308,216	-	-	-	308,216
Other	29,441	248	710,651	15,761	756,101
<b>Total revenues</b>	<u>348,534</u>	<u>102,202</u>	<u>711,494</u>	<u>15,761</u>	<u>1,177,991</u>
Expenditures:					
Current:					
Culture and recreation	179,598	36,082	84,924	32	300,636
Capital outlay	133,017	-	575,680	-	708,697
<b>Total expenditures</b>	<u>312,615</u>	<u>36,082</u>	<u>660,604</u>	<u>32</u>	<u>1,009,333</u>
Excess of revenues over expenditures	<u>35,919</u>	<u>66,120</u>	<u>50,890</u>	<u>15,729</u>	<u>168,658</u>
Other financing sources (uses):					
Transfers in	-	-	198,133	-	198,133
Transfers out	(198,133)	-	-	-	(198,133)
<b>Total other financing sources and uses</b>	<u>(198,133)</u>	<u>-</u>	<u>198,133</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(162,214)</u>	<u>66,120</u>	<u>249,023</u>	<u>15,729</u>	<u>168,658</u>
Fund balances - beginning (as restated)	<u>892,434</u>	<u>-</u>	<u>69,474</u>	<u>576,009</u>	<u>1,537,917</u>
<b>Fund balances - ending</b>	<u>\$ 730,220</u>	<u>\$ 66,120</u>	<u>\$ 318,497</u>	<u>\$ 591,738</u>	<u>\$ 1,706,575</u>

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
 BUDGETARY COMPARISON SCHEDULE  
 BOND AND INTEREST REDEMPTION FUND  
 For The Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 8,675,374	\$ 8,675,374	\$ 8,438,099	\$ (237,275)
Intergovernmental	806,345	806,345	884,800	78,455
Other	<u>8,430</u>	<u>8,430</u>	<u>17,320</u>	<u>8,890</u>
Total revenues	<u>9,490,149</u>	<u>9,490,149</u>	<u>9,340,219</u>	<u>(149,930)</u>
Expenditures:				
Debt service:				
Principal	5,517,000	5,517,000	2,780,000	2,737,000
Interest and fiscal charges	<u>3,522,413</u>	<u>3,522,413</u>	<u>1,784,565</u>	<u>1,737,848</u>
Total debt service	<u>9,039,413</u>	<u>9,039,413</u>	<u>4,564,565</u>	<u>4,474,848</u>
Total expenditures	<u>9,039,413</u>	<u>9,039,413</u>	<u>4,564,565</u>	<u>4,474,848</u>
Other financing sources (uses):				
Transfer in	-	269	269	-
Temporary loan	<u>-</u>	<u>(420,718)</u>	<u>(420,718)</u>	<u>-</u>
Net change in fund balances	450,736	30,287	4,355,205	4,324,918
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ 450,736</u>	<u>\$ 30,287</u>	<u>\$ 4,355,205</u>	<u>\$ 4,324,918</u>

The major differences between Budgetary (Non-GAAP) basis and GAAP basis are:

- a. Revenues are recorded when received in cash (budgetary) as opposed to susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when the liability is incurred (GAAP).

Adjustments necessary to convert the results of operations at the end of the year on a budgetary basis to a GAAP basis are as follows:

Excess of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ 4,355,205
Adjustments:	
To adjust revenues for accruals	(38,241)
To adjust expenditures for accruals	<u>(4,058,654)</u>
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	<u>\$ 258,310</u>

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
For The Year Ended December 31, 2005

	Payroll Deductions	Foundation Fund	Total Agency Funds
<b>Assets:</b>			
Cash and cash equivalents, January 1	\$ 63,999	\$ -	\$ 63,999
Additions	5,234,433	16,572	5,251,005
Deductions	(5,103,173)	(11,644)	(5,114,817)
Cash and cash equivalents, December 31	195,259	4,928	200,187
Accounts receivable, January 1	-	-	-
Additions	934	-	934
Deductions	-	-	-
Accounts receivable, December 31	934	-	934
<b>Total assets, December 31</b>	<b>\$ 196,193</b>	<b>\$ 4,928</b>	<b>\$ 201,121</b>
<b>Liabilities:</b>			
Payroll withholdings payable, January 1	\$ 63,999	\$ -	\$ 63,999
Additions	5,235,367	-	5,235,367
Deductions	(5,103,173)	-	(5,103,173)
Payroll withholdings payable, December 31	196,193	-	196,193
Accounts payable, January 1	-	-	-
Additions	-	16,572	16,572
Deductions	-	(11,644)	(11,644)
Accounts payable, December 31	-	4,928	4,928
<b>Total liabilities, December 31</b>	<b>\$ 196,193</b>	<b>\$ 4,928</b>	<b>\$ 201,121</b>



**Indianapolis-Marion County Public Library  
Net Assets by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(amounts expressed in thousands)**

	<u>2003</u>	<b>Fiscal Year</b> <u>2004*</u>	<u>2005</u>
Governmental Activities			
Invested in capital assets, net of related debt	\$ 7,714	\$ (1,385)	\$ 7,573
Restricted	20,721	22,581	23,321
Unrestricted	<u>6,394</u>	<u>9,000</u>	<u>10,389</u>
Total primary government net assets	<u>\$ 34,829</u>	<u>\$ 30,196</u>	<u>\$ 41,283</u>

Effective January, 2003, GASB statement 34 was implemented. Prior years' data is not available

\*2004 Restated

**Indianapolis-Marion County Public Library**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

<b>Expenses</b>	<b>Fiscal Year</b>		
	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>
Governmental Activities:			
Culture and recreation	\$ 49,847	\$ 35,263	\$ 38,592
Interest on long-term debt	3,680	3,726	3,527
Total primary government expenses	<u>\$ 53,527</u>	<u>\$ 38,989</u>	<u>\$ 42,119</u>
<b>Program Revenues</b>			
Governmental Activities:			
Charges for Services	\$ 1,288	\$ 1,908	\$ 2,353
Operating Grants and Contributions	1,070	292	24
Capital Grants and Contributions	-	-	9,002
Total primary government program revenues	<u>\$ 2,358</u>	<u>\$ 2,200</u>	<u>\$ 11,379</u>
Net (expense)/revenue			
Primary government	<u>\$(51,169)</u>	<u>\$ (36,789)</u>	<u>\$ (30,740)</u>
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental Activities:			
Property taxes	\$ 44,062	\$ 33,371	\$ 35,564
Other local sources		3,571	3,965
State aid		89	83
Unrestricted grants and contributions		683	695
Other	57	496	749
Investment earnings	688	622	771
Total primary government	<u>\$ 44,807</u>	<u>\$ 38,832</u>	<u>\$ 41,827</u>
<b>Changes in Net Assets</b>			
Primary government	<u>\$ (6,362)</u>	<u>\$ 2,043</u>	<u>\$ 11,087</u>

Effective January, 2003, GASB statement 34 was implemented. Prior years' data is not available

**Indianapolis-Marion County Public Library  
Governmental Activities Tax Revenue By Source  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Property Tax</b>
2003	\$ 44,061
2004 <sup>1</sup>	33,371
2005	35,564

Effective January, 2003, GASB statement 34 was implemented. Prior years' data is not available

<sup>1</sup>Beginning in 2004 certain taxes were reclassified as intergovernmental

**Indianapolis-Marion County Public Library  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(amounts expressed in thousands)**

	Fiscal Year									
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004*</u>	<u>2005</u>
General Fund										
Reserved	\$ 2,674	\$ 1,560	\$ 2,235	\$ 2,462	\$ 1,945	\$ 2,466	\$ 3,068	\$ 2,337	\$ 1,876	\$ 1,875
Unreserved	101	1,014	1,260	3,527	4,799	4,565	4,283	1,493	4,035	5,905
Total general fund	<u>\$ 2,775</u>	<u>\$ 2,574</u>	<u>\$ 3,495</u>	<u>\$ 5,989</u>	<u>\$ 6,744</u>	<u>\$ 7,031</u>	<u>\$ 7,351</u>	<u>\$ 3,830</u>	<u>\$ 5,911</u>	<u>\$ 7,780</u>
All other governmental funds										
Reserved	\$ 455	\$ 448	\$ 585	\$ 36	\$ 213	\$ 85	\$ 319	\$ 1,090	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	143	289	585	750	1,053	1,157	1,336	1,369	962	1,115
Debt service	-	-	-	-	-	-	-	-	(421)	(162)
Capital projects fund	1,454	843	11,458	4,435	9,981	20,923	55,341	40,104	23,278	20,195
Total all other governmental funds	<u>\$ 2,052</u>	<u>\$ 1,580</u>	<u>\$ 12,628</u>	<u>\$ 5,221</u>	<u>\$ 11,247</u>	<u>\$ 22,165</u>	<u>\$ 56,996</u>	<u>\$ 42,563</u>	<u>\$ 23,819</u>	<u>\$ 21,148</u>

\*2004 Restated

**Indianapolis-Marion County Public Library**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Revenues</b>										
Taxes <sup>1</sup>	\$ 26,255	\$ 26,487	\$ 27,579	\$ 32,780	\$ 32,938	\$ 34,017	\$ 34,696	\$ 42,915	\$ 33,849	\$ 36,332
Intergovernmental	329	304	437	659	471	361	848	22	3,661	4,057
Charges for services	179	467	352	171	336	435	298	319	370	486
Fines and forfeits	896	977	1,045	889	847	884	1,280	936	1,018	1,656
Other	548	526	1,673	2,396	3,239	2,136	674	1,845	2,392	11,144
Total revenues	<u>28,207</u>	<u>28,761</u>	<u>31,086</u>	<u>36,895</u>	<u>37,831</u>	<u>37,833</u>	<u>37,796</u>	<u>46,037</u>	<u>41,290</u>	<u>53,675</u>
<b>Expenditures</b>										
Culture and recreation	25,638	26,963	27,478	29,406	32,725	32,789	31,297	31,963	28,532	28,485
Capital outlay	594	1,199	2,557	7,506	9,510	8,853	10,229	30,956	20,323	28,908
Debt service										
Principal	605	650	715	1,465	3,720	1,925	2,650	7,269	5,281	5,517
Interest	715	622	541	3,432	900	2,154	2,155	3,583	3,725	3,527
Other charges	-	-	74	-	-	-	-	66	-	-
Total expenditures	<u>27,552</u>	<u>29,434</u>	<u>31,365</u>	<u>41,809</u>	<u>46,855</u>	<u>45,721</u>	<u>46,331</u>	<u>73,837</u>	<u>57,861</u>	<u>66,437</u>
Excess of revenues over (under) expenditures	655	(673)	(279)	(4,914)	(9,024)	(7,888)	(8,535)	(27,800)	(16,571)	(12,762)
<b>Other financing sources (uses)</b>										
Transfers in	200	-	-	318	1,319	400	-	-	105	198
Transfers out	(200)	-	-	(318)	(1,319)	(400)	-	-	(105)	(198)
Refunding bonds issued	-	-	-	-	-	-	-	3,058	-	-
Payment on refunded bond escrow agent	-	-	-	-	-	-	(16,173)	(3,024)	-	-
General obligation bonds issued	-	-	12,250	-	15,805	18,952	59,861	8,000	-	12,000
Discount on general obligation debt	-	-	-	-	-	-	-	(24)	-	(41)
Capital lease	31	-	-	-	-	-	-	-	-	-
Proceeds from sale of property	-	-	-	-	-	-	-	86	-	-
Total other financing sources (uses)	<u>31</u>	<u>-</u>	<u>12,250</u>	<u>-</u>	<u>15,805</u>	<u>18,952</u>	<u>43,688</u>	<u>8,096</u>	<u>-</u>	<u>11,959</u>
Net changes in fund balances	<u>\$ 686</u>	<u>\$ (673)</u>	<u>\$ 11,971</u>	<u>\$ (4,914)</u>	<u>\$ 6,781</u>	<u>\$ 11,064</u>	<u>\$ 35,153</u>	<u>\$ (19,704)</u>	<u>\$ (16,571)</u>	<u>\$ (803)</u>
Debt service as a percentage of noncapital expenditures	5.0%	4.6%	4.7%	14.9%	13.7%	11.7%	14.4%	30.7%	27.9%	28.3%

<sup>1</sup>Beginning in 2004 certain taxes were reclassified as intergovernmental

**Indianapolis-Marion County Public Library  
 General Governmental Tax Revenue By Source  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 (amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Property Tax</b>
1996	\$ 26,255
1997	26,487
1998	27,579
1999	32,780
2000	32,938
2001	34,017
2002	34,696
2003	42,915
2004 <sup>1</sup>	33,849
2005	36,332

<sup>1</sup>Beginning in 2004 certain taxes were reclassified as intergovernmental

**Indianapolis-Marion County Public Library  
Marion County (A)  
Assessed and True Tax Actual Value of Taxable Property - County-Wide (B)  
Last Ten Years (in thousands)**

YEAR	REAL PROPERTY		PERSONAL PROPERTY		TOTAL	
	Assessed Value (C) (D)	True Tax Value	Assessed Value (C) (D)	True Tax Value	Assessed Value (C) (D)	True Tax Value
2005	\$ 32,400,972	\$ 32,400,972	\$ 7,229,661	\$ 7,229,661	39,630,633	39,630,633
2004	34,606,376	34,606,376	5,323,754	5,323,754	39,930,130	39,930,130
2003	32,982,779	32,982,779	8,845,067	8,845,067	41,827,846	41,827,846
2002	20,820,046	20,820,046	8,162,071	8,162,071	28,982,117	28,982,117
2001	6,839,830	20,519,489	2,653,315	7,959,945	9,493,145	28,479,434
2000	6,636,936	19,910,808	2,574,548	7,723,644	9,211,484	27,634,452
1999	6,553,357	19,660,071	2,550,800	7,652,400	8,855,890	26,567,669
1998	6,425,243	19,275,729	2,430,647	7,291,940	8,715,533	26,146,609
1997	6,424,300	19,272,910	2,291,233	6,873,698	8,384,463	25,153,388
1996	6,227,500	18,682,501	2,156,962	6,470,887	7,460,584	22,389,419

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- (A) This Table includes information for all of Marion County. Since other public library districts exist in Marion County, a portion of the property values do not relate to the Indianapolis-Marion County Public Library. Information by individual library districts within Marion County is not available.
- (B) Taxable Property is assessed at 33-1/3% of the True Tax Value for 1996 through 2001. It is assessed at 100% for 2002 and beyond.
- (C) Represents the assessment (Marion County Auditor's "certified abstract") on March 1 of the prior year for taxes due and payable in the year indicated.
- (D) Data presented is per the Marion County Auditor's Office.

**Indianapolis-Marion County Public Library  
Property Tax Rates  
Direct and Overlapping <sup>1</sup> Governments  
Last Ten Fiscal Years**

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<u>Indianapolis-Marion County Public Library</u>				<u>Overlapping Rates</u>						<b>Total Direct &amp; Overlapping Rates</b>
<b>Fiscal Year</b>	<b><u>Operating</u></b>	<b><u>Debt Service</u></b>	<b><u>Total Library</u></b>	<b><u>Total State</u></b>	<b><u>Total City</u></b>	<b><u>Total County</u></b>	<b><u>Total School</u></b>	<b><u>Total Municipal Corporations</u></b>	<b><u>Total Other</u></b>	
1996	0.2885	0.0128	0.3013	0.0100	3.8054	1.5970	5.5294	1.2052	0.5391	12.4483
1997	0.2888	0.0125	0.3013	0.0100	3.8033	1.4179	5.5778	1.2042	0.5380	12.3145
1998	0.2848	0.0124	0.2972	0.0100	3.7968	1.4021	5.3888	1.1989	0.3952	12.0938
1999	0.3014	0.0451	0.3465	0.0100	3.7948	1.4042	5.8477	1.2486	0.3281	12.6518
2000	0.2986	0.0479	0.3465	0.0100	3.7825	1.4038	5.9552	1.2491	0.2756	12.7471
2001	0.3080	0.0385	0.3465	0.0100	3.7670	1.4043	5.9811	1.2497	0.2599	12.7586
2002	0.0983	0.0167	0.1150	0.0033	1.2254	0.5354	1.9594	0.4309	0.0799	4.2694
2003	0.0732	0.0272	0.1004	0.0033	0.9603	0.4443	1.5503	0.3555	0.1403	3.4141
2004	0.0723	0.0181	0.0904	0.0024	0.9485	0.4129	1.7827	0.3442	0.0607	3.5811
2005	0.0755	0.0227	0.0982	0.0024	0.9532	0.4163	1.6744	0.3650	0.0637	3.5095

<sup>1</sup>Overlapping rates are those of local and county governments that apply to property owners within Marion County. Not all overlapping rates apply to all Marion County property owners.

Property was assessed at one third of true value until 2002. Real property was reassessed at 100% of true tax value in 2002 payable in 2003.

Note: For Marion County, tax rates are calculated at \$100 of assessed property value.

Source: Marion County Auditor



**Indianapolis-Marion County Public Library  
Principal Property Taxpayers  
December 31, 2005  
(amounts expressed in thousands)**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004</u>	
		<u>Taxable Assessed Value<sup>1</sup></u>	<u>Rank</u>
Eli Lilly and Company	Manufacturing - Pharmaceuticals	\$ 962,470 <sup>2</sup>	1
South Western Bell	Utility	395,354 <sup>2</sup>	2
General Motors Corporation	Manufacturing - Automotive	383,445 <sup>2</sup>	3
Indianapolis Power and Light	Utility	355,511	4
Simon Property Group, Inc.	Real Estate - Shopping Malls	244,214	5
Citizen's Gas & Coke Utility	Utility	183,662	6
International Truck and Engine	Manufacturing - Automotive	185,425 <sup>2</sup>	7
Federal Express Corp.	Shipping	153,801 <sup>2</sup>	8
Visteon Corporation	Manufacturing - Automotive	141,448	9
American United Life Insurance Co.	Insurance	120,204	10
Dugan Realty, LLC	Real Estate	112,277 <sup>2</sup>	11
Kroger	Retail - Grocery	105,218	12
Rolls-Royce	Manufacturing - Automotive	101,861 <sup>2</sup>	13
Roche Diagnostics Corp.	Manufacturing - Pharmaceuticals	93,107	14
Marsh Supermarkets, Inc.	Retail - Grocery	91,517	15
Totals		<u>\$ 3,629,514</u>	

<sup>1</sup>Represents the March, 2004 valuations for taxes due and payable in 2005 as represented by the taxpayer. The principal taxpayers are located in different taxing districts, therefore percentage of total assessed valuation is not applicable.

<sup>2</sup>Net assessed valuation was determined using public records from the Marion County's Treasurer's Office  
Source: City Controller's Office

**Indianapolis-Marion County Public Library  
Property Tax Levies and Collections<sup>1</sup>  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

<b>Fiscal Year Ended December 31</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date<sup>2</sup></b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
1996	\$23,266,050	\$23,827,726	102.4	\$745,193	\$24,572,919	105.6
1997	24,158,308	24,645,353	102.0	910,269	25,555,622	105.8
1998	25,015,381	23,656,573	94.6	945,541	24,602,114	98.3
1999	29,694,039	28,185,111	94.9	1,094,361	29,279,472	98.6
2000	30,367,396	28,882,246	95.1	1,082,820	29,965,066	98.7
2001	30,637,990	29,472,574	96.2	1,073,749	30,546,323	99.7
2002	31,485,737	31,232,764	99.2	1,142,932	32,375,696	102.8
2003	38,003,007	37,577,088	98.9	1,429,986	39,007,074	102.6
2004	34,601,188	33,848,850	97.8	1,256,023	35,104,873	101.5
2005	37,376,721	36,331,990	97.2	1,356,775	37,688,765	100.8

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<sup>1</sup>Includes General, Debt Service

<sup>2</sup>Collections shown are on a cash basis

Source: Marion County Auditor

**Indianapolis-Marion County Public Library  
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita  
Last Ten Fiscal Years**

<u>YEAR</u> <sup>1</sup>	<u>SERVICE AREA POPULATION</u> <sup>2</sup>	<u>ASSESSED VALUE</u> <sup>3</sup>	<u>GROSS BONDED DEBT</u> <sup>4,5</sup>	<u>DEBT SERVICE MONIES AVAILABLE</u>	<u>NET BONDED DEBT</u>	<u>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</u>	<u>NET BONDED DEBT PER CAPITA</u>
2005	836,341	\$39,076,218,596	\$90,453,683	\$0	\$90,453,683	.23 : 1	\$108.15
2004	836,790	\$38,217,505,811	\$81,362,823	\$0	\$81,362,823	.21 : 1	\$97.23
2003	836,119	\$38,275,649,835	\$86,731,570	\$1,089,671	\$85,641,899	.23 : 1	\$102.43
2002	835,088	\$37,851,600,704	\$86,249,789	\$319,423	\$85,430,577	.23 : 1	\$102.32
2001	835,876	\$8,842,132,901	\$43,215,000	\$84,992	\$43,130,008	.49 : 1	\$51.59
2000	832,765	\$8,764,039,168	\$26,140,000	\$213,267	\$25,926,733	.31 : 1	\$31.13
1999	810,946	\$8,569,708,291	\$15,930,000	\$36,119	\$15,893,881	.20 : 1	\$19.60
1998	813,405	\$8,417,019,389	\$17,100,000	\$585,249	\$16,514,751	.20 : 1	\$20.30
1997	814,286	\$8,018,024,433	\$5,860,000	\$447,601	\$5,412,399	.07 : 1	\$6.65
1996	814,957	\$7,721,888,360	\$6,510,000	\$454,619	\$6,055,381	.08 : 1	\$7.43

<sup>1</sup> Year indicates when taxes are due and payable for assessments as of March 1 of the prior year.

<sup>2</sup> The Indianapolis-Marion County Public Library service area is all of Marion County except for the City of Beech Grove and the Town of Speedway.

<sup>3</sup> Taxable property is assessed at 33 1/3% of the true cash value until 2002.

<sup>4</sup> Bonding limit is 2% of assessed value.

<sup>5</sup> Effective 2003, includes the deferred amount for issuance premiums

**Indianapolis-Marion County Public Library  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2005  
(amounts expressed in thousands)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: Marion County	\$ 1,982,545	97.01%	\$ 1,923,226
Subtotal, overlapping debt			<u>1,923,226</u>
Indianapolis-Marion County Public Library direct debt			<u>90,217</u>
Total direct and overlapping deb			<u>\$ 2,013,443</u>

Source: Marion County Auditor

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Indianapolis-Marion County Public Library. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

<sup>1</sup>The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of Marion County's taxable assessed value that is within the Indianapolis-Marion County Public Library's boundaries and dividing it by Marion County's total taxable assessed value.

**Indianapolis-Marion County Public Library  
Legal Debt Margin Information  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Debt Limit	\$ 154,438	\$ 160,360	\$ 168,340	\$ 171,394	\$ 175,281	\$ 176,843	\$ 181,880	\$ 252,344	\$ 254,783	\$ 257,581
Total net debt applicable to limit	<u>6,489</u>	<u>5,860</u>	<u>17,100</u>	<u>15,930</u>	<u>26,140</u>	<u>43,215</u>	<u>86,250</u>	<u>86,732</u>	<u>81,363</u>	<u>90,454</u>
Legal debt margin	<u>\$ 147,949</u>	<u>\$ 154,500</u>	<u>\$ 151,240</u>	<u>\$ 155,464</u>	<u>\$ 149,141</u>	<u>\$ 133,628</u>	<u>\$ 95,630</u>	<u>\$ 165,612</u>	<u>\$ 173,420</u>	<u>\$ 167,127</u>
Total net debt applicable to the limit as the percentage of debt limit	4.20%	3.65%	10.16%	9.29%	14.91%	24.44%	47.42%	34.37%	31.93%	35.12%

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**Legal Debt Margin Calculation for Fiscal Year 2005**

Assessed value	\$ 39,076,219
Debt Limit (2% of one third of assessed value)	260,508
Debt applicable to limit:	
General obligation bonds	<u>90,454</u>
Legal debt margin	<u>\$ 170,054</u>

Note: Under state finance law, the Indianapolis-Marion County Public Library's outstanding general obligation debt should not exceed 2 percent of one third of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

**Indianapolis-Marion County Public Library**  
**Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures**  
**Last Ten Fiscal Years**

<u>YEAR</u>	<u>DEBT SERVICE REQUIREMENTS</u> <sup>1</sup>			<u>TOTAL GENERAL EXPENDITURES</u> <sup>2</sup>	<u>RATIO OF DEBT SERVICE TO GENERAL EXPENDITURES</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>		
<b>2005</b>	\$5,517,000	\$3,526,937	\$9,043,937	\$66,436,970	.136 : 1
<b>2004</b>	\$5,281,000	\$3,725,484	\$9,006,484	\$57,860,824	.156 : 1
<b>2003</b>	\$7,269,000	\$3,582,737	\$10,851,737	\$73,836,880	.147 : 1
<b>2002</b>	\$2,650,000	\$2,155,490	\$4,805,490	\$46,331,493	.104 : 1
<b>2001</b>	\$1,925,000	\$2,083,190	\$4,008,190	\$45,720,759	.088 : 1
<b>2000</b>	\$3,720,000	\$696,278	\$4,416,278	\$46,854,845	.095 : 1
<b>1999</b>	\$1,465,000	\$1,044,053	\$2,509,053	\$41,809,071	.060 : 1
<b>1998</b>	\$715,000	\$413,786	\$1,128,786	\$31,365,419	.036 : 1
<b>1997</b>	\$665,000	\$457,263	\$1,122,263	\$29,434,077	.038 : 1
<b>1996</b>	\$625,000	\$506,513	\$1,131,513	\$27,553,070	.041 : 1
<b>1995</b>	\$555,000	\$549,988	\$1,104,988	\$26,213,869	.042 : 1

<sup>1</sup> Source: Indianapolis-Marion County Public Library Annual Audit

<sup>2</sup> Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

**INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
 DEMOGRAPHIC STATISTICS - MARION COUNTY, INDIANA  
 PERSONAL INCOME OF HOUSEHOLDS <sup>1</sup>  
 LAST TEN FISCAL YEARS**

<u>INCOME LEVELS</u>	<u>%</u>	<u>2005</u>		<u>2004</u>		<u>2003</u>	
		<u>HOUSEHOLDS</u>	<u>%</u>	<u>HOUSEHOLDS</u>	<u>%</u>	<u>HOUSEHOLDS</u>	<u>%</u>
Under \$20,000	21.2	75,557	22.3	79,254	21.8	78,153	
\$20,000-\$34,999	24.8	88,387	25.9	92,048	25.2	90,342	
\$35,000-\$49,999	19.9	70,924	19.6	69,658	20.2	72,417	
\$50,000 & Over	34.1	121,532	32.2	114,440	32.8	117,588	
<b>Total</b>	<b><u>0.0</u></b>	<b><u>356.400</u></b>	<b><u>100.0</u></b>	<b><u>355.400</u></b>	<b><u>100.0</u></b>	<b><u>358.500</u></b>	

<u>INCOME LEVELS</u>	<u>%</u>	<u>2002</u>		<u>2001</u>		<u>2000</u>	
		<u>HOUSEHOLDS</u>	<u>%</u>	<u>HOUSEHOLDS</u>	<u>%</u>	<u>HOUSEHOLDS</u>	<u>%</u>
Under \$20,000	19.6	69,600	23.2	82,847	23.9	79,970	
\$20,000-\$34,999	23.7	84,159	22.4	79,990	22.7	75,954	
\$35,000-\$49,999	19.7	69,955	18.0	64,278	18.7	62,570	
\$50,000 & Over	37.0	131,387	36.4	129,984	34.6	116,106	
<b>Total</b>	<b><u>100.0</u></b>	<b><u>355.100</u></b>	<b><u>100.0</u></b>	<b><u>357.099</u></b>	<b><u>100.0</u></b>	<b><u>334.600</u></b>	

<u>INCOME LEVELS</u>	<u>%</u>	<u>1999</u>		<u>1997</u>		<u>1996</u>	
		<u>HOUSEHOLDS</u>	<u>%</u>	<u>HOUSEHOLDS</u>	<u>%</u>	<u>HOUSEHOLDS</u>	<u>%</u>
Under \$20,000	25.3	84,502	25.3	85,352	26.5	88,137	
\$20,000-\$34,999	23.5	78,490	23.5	79,040	24.5	81,485	
\$35,000-\$49,999	19.0	63,460	19.0	63,101	19.1	63,525	
\$50,000 & Over	32.2	107,548	32.2	104,617	29.9	99,445	
<b>Total</b>	<b><u>100.0</u></b>	<b><u>334.000</u></b>	<b><u>100.0</u></b>	<b><u>332.110</u></b>	<b><u>100.0</u></b>	<b><u>332.592</u></b>	

<sup>1</sup>Sources:

1993 - 1995 - *Sales & Marketing Management* "Survey of Buying Power".

1996 - 1999 - Marion County Auditor; 1998 information not available.

2000 - 2005 - *Sales & Marketing Management* "Survey of Buying Power".

**INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
 DEMOGRAPHIC STATISTICS  
 POPULATION BY AGE <sup>1,2</sup>**

<u>AGE RANGE</u> <sup>3</sup>	<u>2000 POPULATION</u>	<u>PERCENT OF TOTAL</u>	<u>AGE RANGE</u> <sup>3</sup>	<u>1990 POPULATION</u>	<u>PERCENT OF TOTAL</u>
0-17	225,569	26.6%	0-17	197,763	26%
18-44	333,917	39.3%	18-44	349,322	45
45-64	189,415	22.3%	45-64	135,552	18
65 & over	<u>99,806</u>	11.8%	65 & over	<u>88,047</u>	<u>11</u>
<b>Total</b>	848,707	100%	<b>Total</b>	770,684	100%

<u>AGE RANGE</u> <sup>3</sup>	<u>1980 POPULATION</u>	<u>PERCENT OF TOTAL</u>	<u>AGE RANGE</u> <sup>3</sup>	<u>1970 POPULATION</u>	<u>PERCENT OF TOTAL</u>
0-19	237,392	32%	0-19	281,857	39%
20-44	281,079	38	20-44	228,535	32
45-64	145,205	20	45-64	143,099	20
65 & over	<u>75,720</u>	<u>10</u>	65 & over	<u>62,689</u>	<u>9</u>
<b>Total</b>	739,396	100%	<b>Total</b>	716,180	100%

<u>AGE RANGE</u> <sup>3</sup>	<u>1960 POPULATION</u>	<u>PERCENT OF TOTAL</u>	<u>AGE RANGE</u> <sup>3</sup>	<u>1950 POPULATION</u>	<u>PERCENT OF TOTAL</u>
0-19	257,420	38%	0-19	166,033	31%
20-44	224,847	33	20-44	213,691	40
45-64	136,613	20	45-64	115,939	21
65 & over	<u>58,090</u>	<u>9</u>	65 & over	<u>44,280</u>	<u>8</u>
<b>Total</b>	676,970	100%	<b>Total</b>	539,943	100%

<sup>1</sup> Population is for the Indianapolis-Marion County Public Library service area, which is all of Marion County except for the City of Beech Grove and the Town of Speedway.

<sup>2</sup> Source: U.S. Department of Commerce, Bureau of Census.

<sup>3</sup> In the 1990 Census, the age level compilations changed to age ranges 0-17 and 18-44. In all years prior to 1990, the age ranges were 0-19 and 20-44.



**INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
DEMOGRAPHIC STATISTICS - MARION COUNTY  
PER CAPITA INCOME - MEDIAN AGE - SCHOOL ENROLLMENT  
LAST 10 FISCAL YEARS**

<u>YEAR</u>	<u>PER CAPITA</u>		<u>SCHOOL ENROLLMENT K-12</u> <sup>3</sup>		
	<u>INCOME</u> <sup>1</sup>	<u>MEDIAN AGE</u> <sup>2</sup>	<u>PUBLIC</u>	<u>NON-PUBLIC</u>	<u>TOTAL</u>
<b>2005</b>	\$ 23,837	34.8	131,754	25,911	157,665
<b>2004</b>	\$ 26,345	34.4	133,529	26,066	159,595
<b>2003</b>	\$ 25,894	34.5	130,950	26,315	157,265
<b>2002</b>	\$ 24,565	33.9	131,245	26,647	157,892
<b>2001</b>	\$ 25,710	33.6	129,525	24,528	154,053
<b>2000</b>	\$ 24,113	34.3	128,050	24,465	152,515
<b>1999</b>	\$ 23,748	34.1	124,191	22,956	147,147
<b>1998</b>	\$ 23,387	33.7	125,194	26,811	152,005
<b>1997</b>	\$ 22,114	33.5	125,504	24,791	150,295
<b>1996</b>	\$ 21,723	33.5	125,399	22,075	147,474

<sup>1</sup> 1995-2005 Editor and Publisher Market Guide

<sup>2</sup> Donnelly Demographics Corp.; State Data Center; 1997-2005 Demographics, USA, County Edition.  
Formula ((# males/total Marion Co. pop) x age male) + ((# females/total Marion Co. pop) x age female)

<sup>3</sup> For enrollment, the calendar year represents the first semester of the corresponding school year.

Eg. 1999 calendar-year enrollment of 125,194 is from the 1999-2000 school year.

Prior to 2005: Indiana Department of Education; the Indiana Farm Bureau School Statistical Report;  
MDR's School Directory: Indiana; Archdiocese of Indianapolis, Catholic Education Office.

2005 MDRs School Directory: Indiana (Desk Ref.379.772).

**INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
AVERAGE UNEMPLOYMENT RATES<sup>1</sup>**

<u>FISCAL</u> <u>YEAR</u>	<u>MARION</u> <u>COUNTY</u> <sup>2</sup>	<u>STATE OF</u> <u>INDIANA</u> <sup>3</sup>	<u>UNITED</u> <u>STATES</u> <sup>3</sup>
<b>2005</b>	5.5%	5.4%	5.1%
<b>2004</b>	5.6%	5.2%	5.5%
<b>2003</b>	5.4%	5.1%	6.0%
<b>2002</b>	5.3%	5.1%	5.8%
<b>2001</b>	3.8%	3.2%	4.8%
<b>2000</b>	2.9%	3.2%	4.0%
<b>1999</b>	2.6%	2.9%	4.1%
<b>1998</b>	2.8%	3.1%	4.5%
<b>1997</b>	3.2%	3.5%	4.9%
<b>1996</b>	3.6%	4.1%	5.4%

<sup>1</sup>Source: Indiana Department of Workforce Development, Indiana Labor Market Information, "Civilian Labor Force Estimates" <http://www.dwd.state.in.us/>

<sup>2</sup> 2004 & 2005 Marion County data from <http://www.bls.gov/lau/home.htm>, "create customized maps"  
Note: 2005 average not yet available. Computed by adding monthly figures and dividing by 12.

<sup>3</sup> 2004 & 2005 data from <http://www.bls.gov/news.release/srgune.htm> (2005 slightly diff address)

**INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
DEMOGRAPHIC STATISTICS  
POPULATION TRENDS  
LAST TEN FISCAL YEARS**

<u>YEAR</u>	<u>METROPOLITAN STATISTICAL AREA</u> <sup>1</sup>	<u>TOTAL MARION COUNTY</u> <sup>2</sup>	<u>I-MCPL SERVICE AREA</u> <sup>3</sup>		<u>I-MCPL PERCENT CHANGE</u>	<u>BEECH GROVE</u> <sup>3</sup>		<u>SPEEDWAY</u> <sup>3</sup>	
<b>2005</b>	1,718,892	863,133	836,341	<i>est</i>	-0.05%	14,228	<i>est</i>	12,563	<i>est</i>
<b>2004</b>	1,694,058	863,596	836,790		0.08%	14,236		12,570	
<b>2003</b>	1,693,381	863,251	836,119		0.12%	14,403		12,729	
<b>2002</b>	1,619,983	862,499	835,088		-0.09%	14,573		12,838	
<b>2001</b>	1,597,336	863,368	835,876		0.37%	14,786		12,706	
<b>2000</b>	1,548,100	860,454	832,765		2.69%	14,852		12,837	
<b>1999</b>	1,573,568	810,946	810,946		-0.30%				
<b>1998</b>	1,519,194	813,405	813,405		-0.11%				
<b>1997</b>	1,504,451	814,286	814,286		-0.08%				
<b>1996</b>	1,492,300	814,957	814,957		100.00%				

<sup>1</sup> Sources:

1996 and prior-- Department of Commerce, U.S. Census Bureau. Current Population Reports P-26. Local Population Estimates, Editor and Publisher Market Guide, and Rand McNally Commercial Atlas & Marketing Guide.  
2001 - 2002 From U.S. Census Bureau. (People, 2002 Data Profiles--ACS (American Community Survey), Choose state, Indianapolis, IN MSA, Tabular (2001 was available from the left side of select state.)  
2005 Stats Indiana, region and MSA.

<sup>2</sup> Indiana University School of Business, Indiana Business Research Center [www.ibrc.indiana.edu](http://www.ibrc.indiana.edu)

(References data tables from the U.S. Census Bureau/U.S. Bureau of Commerce.)  
2004- Current: <http://www.census.gov/popest/counties/tables/CO-EST2004-01-18.xls> "Table 1 Annual estimates of the population for counties of Indiana Ap 1, 2000 to July 1, 2004." (863,596 is as of July 1, 2004). For 2005, change year in address or (see below)  
2005 [http://www.stats.indiana.edu/population/popTotals/2005\\_cntyest.html](http://www.stats.indiana.edu/population/popTotals/2005_cntyest.html)

<sup>3</sup> The Indianapolis-Marion County Public Library service area is all of Marion County except for the City of Beech Grove and the Town of Speedway.

1999--U.S. Census Bureau.  
2000-2004: Beech Grove and Speedway from <http://www.census.gov/popest/cities/tables/SUB-EST2004-04-18.xls> (Rev. in 2005)  
2005 Est. from percent of pop change for Marion County from 2004 to 2005. Change is .00054

**Indianapolis-Marion County Public Library  
Marion County (A)  
Property Value, Construction, and Deposits In Banks and Savings and Loans  
Last Ten Years (In Thousands)**

Year	Estimated Actual Property Value (D)	Construction (B)		Bank Deposits (C)	Savings and Loan Deposits (B)
		Number of Permits Issued	Value of Buildings		
2005	\$ 39,630,633	30	\$ 2,190,514.00	\$ 14,726,000.00	\$ 2,491,000.00
2004	39,498,979	26	3,315,578.00	13,863,000.00	2,532,000.00
2003	41,827,846	31	1,851,021.00	13,962,000.00	2,389,000.00
2002	28,892,117	36	1,760,318.00	12,659,000.00	1,273,000.00
2001	28,479,434	41	1,932,731.00	11,520,000.00	2,392,000.00
2000	27,634,452	37	2,363,510.00	10,433,000.00	2,075,000.00
1999	27,312,472	40	1,948,287.00	11,301,000.00	1,903,000.00
1998	26,567,669	38	1,845,018.00	11,277,000.00	1,780,000.00
1997	26,146,609	39	1,199,898.00	9,771,643.00	1,472,507.00
1996	25,153,388	38	1,070,886.00	9,804,723.00	1,498,840.00

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- (A) This Table includes information for all of Marion County. Since other public library districts exist in Marion County, a portion of the deposits and property values do not relate to the Indianapolis-Marion County Public Library. A breakdown of the above information by individual library districts within Marion County is unavailable.
- (B) Source: City of Indianapolis, Department of Metropolitan Development.
- (C) Source: Sheshunoff Information Services for 1992 through 1996; FDIC Homepage for 1997 through 2004. Numbers taken from the FDIC are as of June 30.
- (D) Source: Marion County Auditor's Office.

**INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
MISCELLANEOUS LIBRARY STATISTICS  
LAST TEN FISCAL YEARS**

<u>YEAR</u>	<u>CIRCULATION</u>	<u>VOLUMES OWNED</u>	<u>REGISTERED BORROWERS</u> <sup>1</sup>	<u>NUMBER OF EMPLOYEES (FTE)</u> <sup>2</sup>
<b>2005</b>	12,201,665	1,987,493	400,834	369
<b>2004</b>	11,693,669	1,989,026	337,373	538
<b>2003</b>	13,476,589	2,304,196	647,897	458
<b>2002</b>	12,644,394	2,380,284	653,246	464
<b>2001</b>	11,444,749	2,123,350	629,143	479
<b>2000</b>	9,725,789	1,846,314	589,490	479
<b>1999</b>	9,014,900	1,829,282	550,518	451
<b>1998</b>	9,506,576	1,786,562	544,551	451
<b>1997</b>	8,779,536	1,748,965	521,986	446
<b>1996</b>	8,275,441	1,951,804	544,151	450

<sup>1</sup> Borrowers, who have not used their borrowers card within the last three years, are removed from the active file annually.

<sup>2</sup> Number of Employees is the official fulltime equivalent (FTE) staff as of January 1 of each year.

**INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
SCHEDULE OF INSURANCE IN FORCE  
December 31, 2005**

<u>NAME OF COMPANY</u>	<u>TYPE OF COVERAGE DESCRIPTION</u>	<u>POLICY NUMBER</u>	<u>POLICY PERIOD</u>		<u>LIABILITY LIMITS</u>	<u>ANNUAL PREMIUM</u>
			<u>FROM</u>	<u>TO</u>		
1. Indiana Insurance Company	Package Policy Property Blanket & CGL	CPB9333348	8/1/2005	8/1/2006		
(A)	Blanket building and property, machinery & equipment, inventory/stock (including Bookmobiles' and in-transit library paraphernalia), improvements and betterments, other personal property, furniture/fixtures, building ordinance, earthquake.				\$93,832,220 general aggregate	\$55,579
(B)	Inland Marine --(EDP) Electronic Data Processing - Blanket Limit - Computer Equip. (Hardware) - Denka Lift.				\$3,647,105	\$12,334
(C)	General liability				\$2,000,000	\$38,451
(D)	Cincinnati Insurance Co. Boiler	BEP2663864			\$2,000,000	\$13,212
2. Indiana Insurance Company	Automobile Liability and Physical Damage	BA9322586	8/1/2005	8/1/2006	\$1,000,000 per accident	\$23,171
3. Indiana Insurance Company	Workers' Compensation and Employers Liability	WC9334539	8/1/2005	8/1/2006	\$500,000 Statutory	\$77,055
	Covers benefits payable to employees as required by statute, employers liability, and voluntary compensation.					
4. Indiana Insurance Company	Umbrella	CU9334763	8/1/2005	8/1/2006	\$10,000,000	\$13,230
	Additional liability insurance beyond the limits of the primary policy. Included coverages with separate sublimits: --Retention Amount (including defense)					
					\$10,000	
5. Executive Risk Indemnity, Inc.	Directors and Officers Liability	81648857	1/1/2005	1/1/2006	\$2,000,000	\$10,150
	Coverage for all directors, officers, trustees, and employees; entity coverage; employment practices coverage; duty to defend; defense expenses outside of the limits of liability; prior acts coverage.					
6. Fidelity Deposit Company of Maryland	Public Official Bond	POB8475414	3/21/2005	11/8/2006	\$300,000	\$1,035
	Coverage for Rebecca Dixon, Treasurer					
7. Hartford Insurance	Crime	36BPEAH2040	8/1/2005	8/1/2006	\$100,000	\$1,374
8. Hartford Insurance	Builder's Risk	36MSRF306936	12/31/2005	12/31/2006	0	\$102,788
	Coverage for Builder's Risk and related materials, supplies and associated risks, except liability claims.					

B27744

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

AUDIT REPORT  
OF

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
BANK ACCOUNT RECONCILIATIONS  
MARION COUNTY, INDIANA

January 1, 2005 to December 31, 2005



**FILED**  
08/28/2006



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LIBRARY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chief Financial Officer and Treasurer	Louis Mahern Gary Meyer Rebecca L. Dixon	01-01-05 to 01-20-05 01-21-05 to 04-21-05 04-22-05 to 12-31-06
Chief Executive Officer	Linda Mielke	01-01-05 to 12-31-06
President of the Library Board	Louis Mahern	01-01-05 to 12-31-06



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Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE INDIANAPOLIS-MARION COUNTY  
PUBLIC LIBRARY, MARION COUNTY, INDIANA

We have audited the records of the Indianapolis-Marion County Public Library for the period from January 1, 2005 to December 31, 2005, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Result and Comment. The financial transactions of this office are reflected in the Comprehensive Annual Financial Report of Indianapolis-Marion County Public Library for the year 2005.

STATE BOARD OF ACCOUNTS

August 15, 2006

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
BANK ACCOUNT RECONCILIATIONS  
MARION COUNTY  
AUDIT RESULT AND COMMENT

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were presented for audit but the payroll portion was inaccurate. Some posting errors had occurred which were not recognized by the balancing process in place. The result totaled \$13,803.56 in undetected errors. An error in September 2005 involved an overpayment of \$13,862.90, when a retiree was paid twice. The errors have been investigated subsequent to our audit and are being corrected.

Indiana Code 5-13-6-1(e) states, in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
BANK ACCOUNT RECONCILIATIONS  
MARION COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 15, 2006, with Linda Mielke, Chief Executive Officer; Louis Mahern, President of the Library Board; and Rebecca L. Dixon, Chief Financial Officer and Treasurer. The officials concurred with our audit finding.