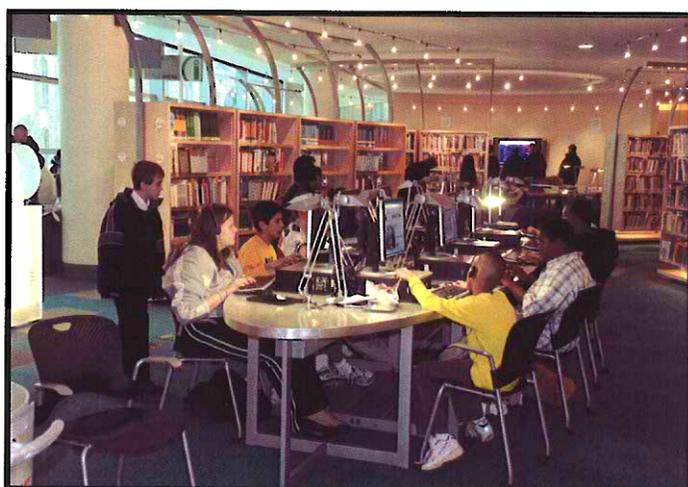


**the**

**CAFR**

***Comprehensive Annual Financial Report***  
*For the year ending December 31, 2007*

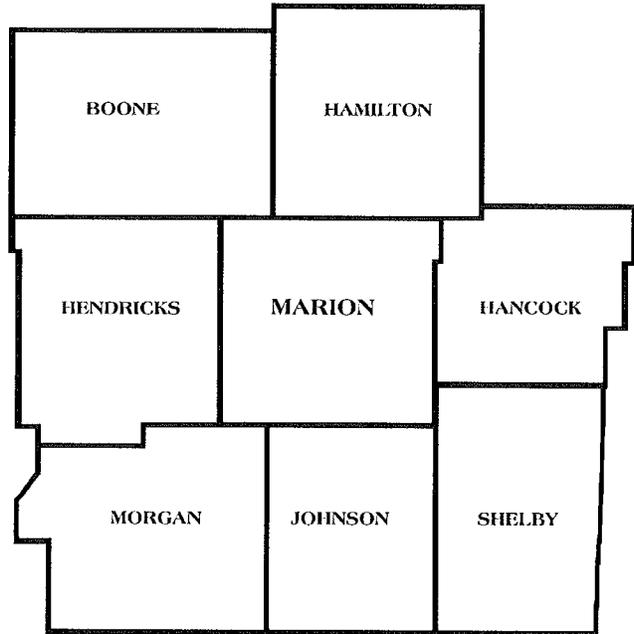


***Indianapolis-Marion County Public Library***  
***Indianapolis, Indiana***

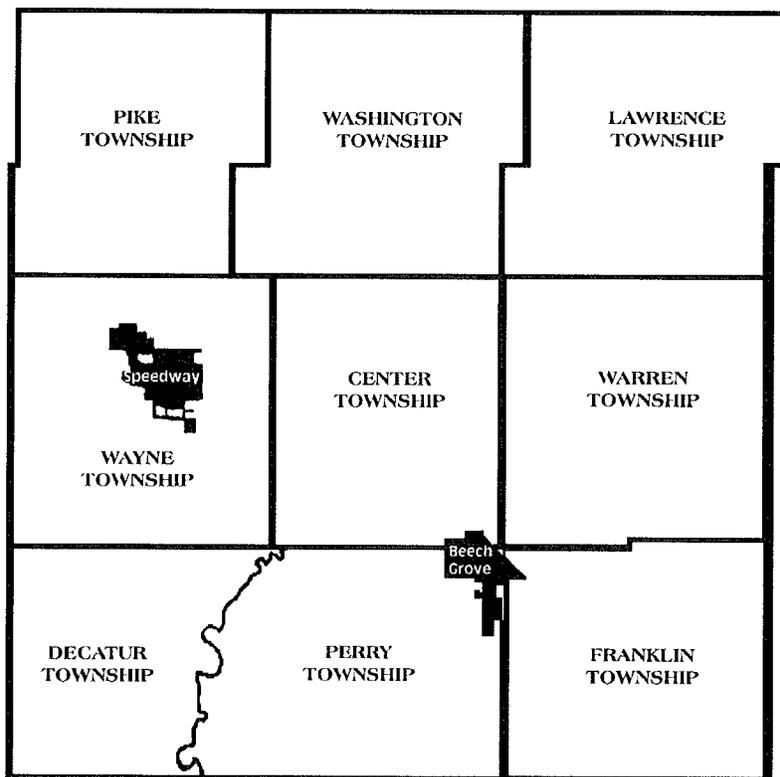
INDIANA



INDIANAPOLIS, INDIANA  
METROPOLITAN STATISTICAL AREA



INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
MARION COUNTY\*, INDIANA



THE INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY SERVICE AREA IS ALL OF MARION COUNTY EXCEPT THE TOWN OF SPEEDWAY AND THE CITY OF BEECH GROVE.

**Indianapolis-Marion County  
Public Library**

**Indianapolis, Indiana**

# **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended December 31, 2007**

**Prepared By:**

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

**Jenny Meredith, CPA  
Accounting Manager**

**INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
INDIANAPOLIS, INDIANA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2007**

**TABLE OF CONTENTS**

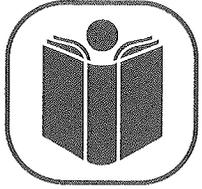
	<u>Page</u>
Title Page.....	1
Table of Contents.....	2 - 3
 <b>INTRODUCTORY</b>	
Letter of Transmittal.....	5 - 8
List of Elected and Appointed Officials.....	9
Organization Chart.....	10
GFOA Certificate of Achievement.....	11
 <b>FINANCIAL</b>	
Independent Auditor's Report.....	13
Management's Discussion and Analysis.....	15 - 22
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	24 - 25
Statement of Activities.....	26
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	27
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	28
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	29
Statement of Fiduciary Net Assets – Fiduciary Funds.....	30
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	31
Notes to Financial Statements.....	32 - 50
Required Supplementary Information:	
Schedule of Funding Process.....	51
Budgetary Comparison Schedule – General Fund.....	52
Budget/GAAP Reconciliation – General Fund .....	53
Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds.....	54
Combining Balance Sheet – Nonmajor Governmental Funds.....	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	56
Budgetary Comparison Schedule – Bond and Interest Redemption Fund.....	57
Budgetary Comparison Schedule – Capital Projects Fund.....	58
Schedule of Changes in Assets and Liabilities – Agency Funds.....	59

**STATISTICAL**

Government-Wide Net Assets by Component.....	61
Government-Wide Changes in Net Assets .....	62
Fund Balances of Governmental Funds.....	63
Changes in Fund Balances of Governmental Funds.....	64
Assessed and Estimated Tax Actual Value of Taxable Property .....	65
Property Tax Rates – Direct and Overlapping Governments.....	66
Principal Property Taxpayers.....	67
Property Tax Levies and Collections.....	68
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita.....	69
Direct and Overlapping Governmental Activities Debt.....	70
Legal Debt Margin Information.....	71
Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures.....	72
Demographic and Economic Information.....	73
Principle Employers.....	74
District Employees by Function.....	75
Library Materials Purchased and Circulated.....	76
Circulation by Location.....	77
Service Location Information .....	78 - 79

This page intentionally left blank.

# INTRODUCTORY



## Indianapolis-Marion County Public Library

*Service • Tradition • Innovation*

June 30, 2008

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, 2007.

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, 2007. 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 2007 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 system services a population of approximately 849,000 residents of Marion County. In addition, many residents of neighboring communities as well as persons throughout the United States visit our facilities each year. 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.

2450 N. Meridian Street  
Indianapolis, IN  
46208  
[www.imcpl.org](http://www.imcpl.org)

The Library Board has the authority to adopt the budget, levy a tax rate and approves debt issuance. The final budget approval moves to the City-County Council for the Operating Fund and Capital Projects 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), the Capital Projects Fund and the debt service fund (Bond and Interest Redemption Fund) by September 30<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 nine (9).

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 3% in 2007.

### **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 the Indianapolis Metropolitan area was 4.5 compared to 4.6 for the state of Indiana and 5.0 nationally in 2007. Major industries within the Library's district or in close proximity include pharmaceutical companies, ag-biotech, auto manufacturing, and the health industry.

Diversity and steady growth have long been the hallmarks of the Indianapolis economy and the foundation of Indy's strong performance during the last five years. While other manufacturing-reliant cities in the so-called "Rust Belt" of the Midwest were hit hard by job losses caused by the recent recession, Indianapolis began implementing a targeted economic development strategy to diversify the economy and support more growth-oriented businesses. According to a report released in June of 2006 by the Federal Reserve Bank of Chicago, despite the recession, Indianapolis' economy has remained strong, exceeding job growth expectations and outpacing its Midwestern competitors between 2000 and 2005. Indianapolis' economy performed well, the Chicago Fed reports, because of a "strong competitive environment for many of its major industries," including insurance and pharmaceutical manufacturing. The report also cites the city's skilled workforce, income equality, business dynamics and quality of life as contributing factors to job growth.

Indianapolis continues to establish itself as mecca of major sporting events. Each year, the city plays host to two of the biggest single-day sporting events in the world – the Indianapolis 500 and the All-State 400 at the Brickyard – which pours hundreds of millions of dollars into the local economy each year. In addition, Indianapolis is home to the 2007 Super Bowl Champs, the Indianapolis Colts and the Indiana Pacers. Indianapolis will host the Super Bowl in 2012. In 2006, Indianapolis was awarded the Big Ten Men's and Women's tournaments for five consecutive years beginning in 2008.

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. According to *Forbes* (January, 2008) Indianapolis is the 4<sup>th</sup> best place for jobs in a ranking of the 100 largest metropolitan areas. Indianapolis ranks as the #3 least-costly large city to do business (*KMPG Alternative Study, 2006*). 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 (23% of the total general operating fund expenditures) exceeds 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 for the expanded Central Library and the proposed property tax cuts. Recent Circuit Breaker legislation passed by the State Legislature and signed into law limits the total amount of property taxes a taxpayer is liable for beginning in 2009 and completely phased in by the 2010 collection year, to 1% of the gross assessed value for homestead property, 2% for rental property, and 3% for all other property. At this time the total impact of the tax caps is estimated to reduce our property taxes by approximately \$4,000,000 in 2010. This reduction in tax revenue will result in using some of the Library's reserves; however, the Library continues to streamline operations in order to reduce operating expenses.

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

In 2007, over 5.3 million patrons visited our libraries, and we experienced an increased circulation to 14,183,909 items. Our circulation per capita increased to 17.03, while the cost per item circulated remained at \$2.24. These record-setting numbers reflects our commitment to meet the 21<sup>st</sup> Century information needs of our patrons while streamlining operations to exercise good stewardship of tax dollars.

Supporting these efforts has been the development of public services priorities and standards. These serve to strengthen the Library's mission statement, and give equal weight to: creating community; literacy; popular materials and hot topics; information and workforce literacy; lifelong learning; and accountability, reporting, and assessment.

During 2007, the Library's patron-focused service included enhancing computer access to those patrons who have vision, mobility, hearing and other impairments, improved home daycare services, and after school programs.

The Library launched its new online catalog browser, SHERLOC, which provides improved results when searching by format, author, subject or series. There is even SHERLOC, Jr for searches of juvenile materials. The Library added to its online Digital Library Collection, 17 previously unpublished recordings of beloved Hoosier poet James Whitcomb Riley reading his own work. These recordings were made in 1912. More of our libraries became full self-check facilities, allowing library staff more time to serve patrons in other ways.

The 2007 Summer Reading Program, "iRead: The Future is Now" attracted 55,000 children and families who read over 1.1 million books. Reading to babies was made easy for parents with the introduction of "Baby Book Bags" filled with pre-selected, age-appropriate books that can be checked out. The attractive, fine-free bags are available with books in either English or Spanish. Our 24-hour "Call-a-Story" telephone line received 338,000 calls in 2007. It allowed children and families to hear recorded children's stories recorded by local civic and cultural representatives.

The Library spearheaded a community-wide celebration of the life of Indianapolis' favorite literary son, Kurt Vonnegut, Jr. The fifth annual community reading initiative presented by the Library and the City of Indianapolis followed the theme, "What if all of Indianapolis read a book by Kurt Vonnegut?"

Following six weeks of book discussions and electronic commentary on Vonnegut's 25 books, his 1969 classic, Slaughterhouse Five, was selected as the title for this shared reading experience. Over 200 individuals attended the many book discussion programs. As the world mourned the passing of the literary lion on April 11, 2007, the 30<sup>th</sup> annual McFadden Memorial Lecture served as a memorial to the author who was one of the major shapers of how we view the 20<sup>th</sup> Century.

On December 9, 2007, trumpeters led a procession of more than 2, 000 citizens to herald

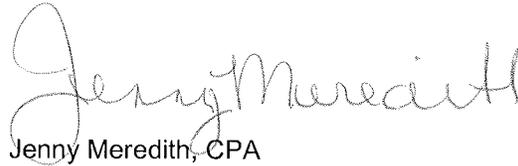
a new chapter in the Library's illustrious history – the transformed Central Library opened. The original building which opened in 1917 was restored and adjoined to a new six-story Tower Building, connected by a 7,000 square foot atrium, which serves as the business center of the transformed library. During the first week of operations, over 18,800 patrons visited the library and 16, 738 items were circulated. The new facility has 293,000 square feet and offers 398 parking spaces in an underground garage. The Library has made a major commitment to creating unique and compelling environments for children and teens with its 18,000 square foot Learning Curve space. In addition the sixth floor houses a Special Collections Room allowing the library to display first edition works of local authors and other treasures from Indianapolis's past never available to the public. Central Library will serve as the hub of the system in a building that offers greater public access to new technology and space for a collection of up to one million items.

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



Jenny Meredith, CPA  
Accounting Manager

#### **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, 2006. This was the 17<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

**INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY**  
**Indianapolis, Indiana**  
**December 31, 2007**

**IMCPL 2007 BOARD OF TRUSTEES**

*President*

LOUIS MAHERN

*Vice President*

PETER PIZARRO

*Secretary*

MARY LOU ROTHE

*Member*

RICHARD K. BACON

*Member*

GREGORY N. JORDAN

*Member*

ELSA F. KRAMER

*Member*

JESSE B. LYNCH

*Member*

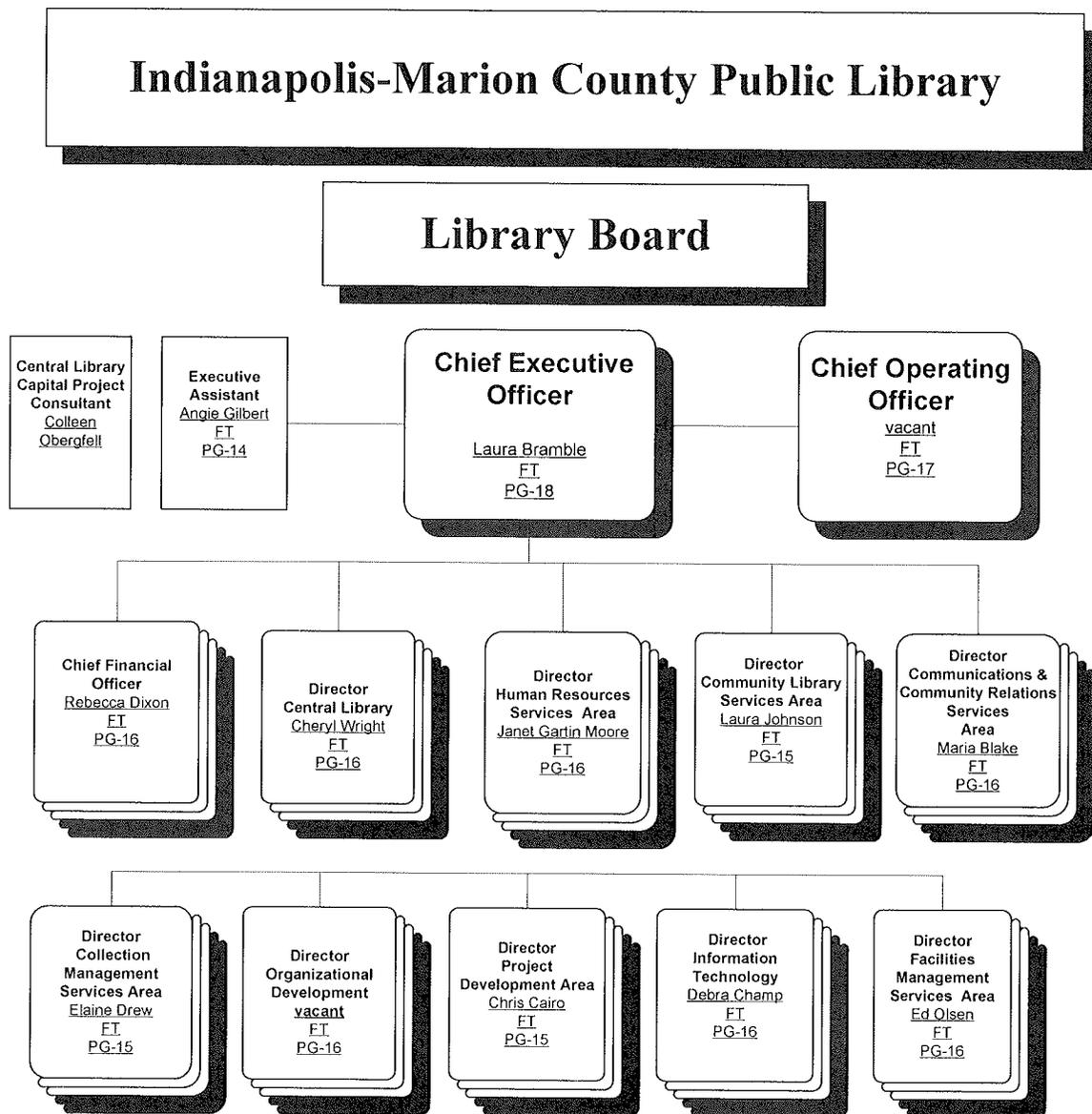
GARY J. MEYER

*Member*

SARAH M. TAYLOR

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
Indianapolis, Indiana  
December 31, 2007

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, 2006

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.



A handwritten signature in cursive script, reading "Oliver S. Cox".

President

A handwritten signature in cursive script, reading "Jeffrey R. Emer".

Executive Director

***"The America I loved still exists,  
if not in the White House,  
the Supreme Court, the Senate,  
the House of Representatives,  
or the media.  
The America I loved still exists  
at the front desks  
of our public libraries."***

**--Kurt Vonnegut**

# FINANCIAL



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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, 2007, 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 of America. 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, 2007, 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 of America.

The Management's Discussion and Analysis, Schedule of Funding Progress, and Budgetary Comparison Schedules, as listed in the Table of Contents, are not required parts 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 required parts 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 and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical table have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

May 30, 2008

STATE BOARD OF ACCOUNTS

This page intentionally left blank.

## Management's Discussion and Analysis

As management of Indianapolis-Marion County Public 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, 2007. 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 5-8 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 \$84,819 (net assets).
- The Library's total net assets increased by \$21,175 in comparison with the prior year.
- As of the close of the current fiscal year, the Library's governmental funds reported combined ending fund balances of \$26,245, a decrease of \$7,136 in comparison with the prior year. Approximately 93% of this total amount, \$24,349 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 \$7,564 or 23% of total general fund expenditures, excluding transfers out.
- The Library's total bond related debt increased by \$15,645 during the current fiscal year. The increase relates to the sale of bonds in the amount of \$20,000 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 10 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 7 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, capital project 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 capital project fund and 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 32-50 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 51-53 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 54-56 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 \$84,819 at the close of the most recent fiscal year with

the Library's net assets increasing by \$21,175 during 2007. 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.

The largest portion, \$49,529 (58%), of the Library's net assets 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 following table reflects the condensed statement of Library net assets at 2007 and 2006:

<b>Indianapolis-Marion County Public Library, Indiana, Net Assets</b>		
<b>Governmental Activities</b>		
<b>Description</b>	<b>2007</b>	<b>2006</b>
Current and Other Assets	\$ 21,424	\$ 17,967
Restricted Assets	23,282	30,412
Capital Assets	<u>175,671</u>	<u>137,232</u>
Total Assets	<u>220,377</u>	<u>185,611</u>
Long-term liabilities outstanding	118,623	104,708
Liabilities payable from restricted assets	11,662	9,205
Other liabilities	<u>5,273</u>	<u>8,054</u>
Total Liabilities	<u>135,558</u>	<u>121,967</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	49,528	26,734
Restricted	19,737	23,565
Unrestricted	<u>15,554</u>	<u>13,345</u>
Total Net Assets	<u>\$ 84,819</u>	<u>\$ 63,644</u>

An additional portion of the Library's net assets, \$19,737 (23%), is restricted for capital projects and debt service. These assets cannot be used for any other purpose. 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 \$21,175 during 2007. Key elements of this increase are as follows:

- Property taxes and other intergovernmental taxes increased by \$771 (2%) 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 \$18,312 compared to \$15,200 in 2006 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.
- Operating grants and contributions increased by \$50 in 2007. The Indianapolis-Marion County Public Library Foundation, Inc. created an endowment fund several years ago to help support the operations of the library.
- Investment income increased by \$184 (12%) in 2007.

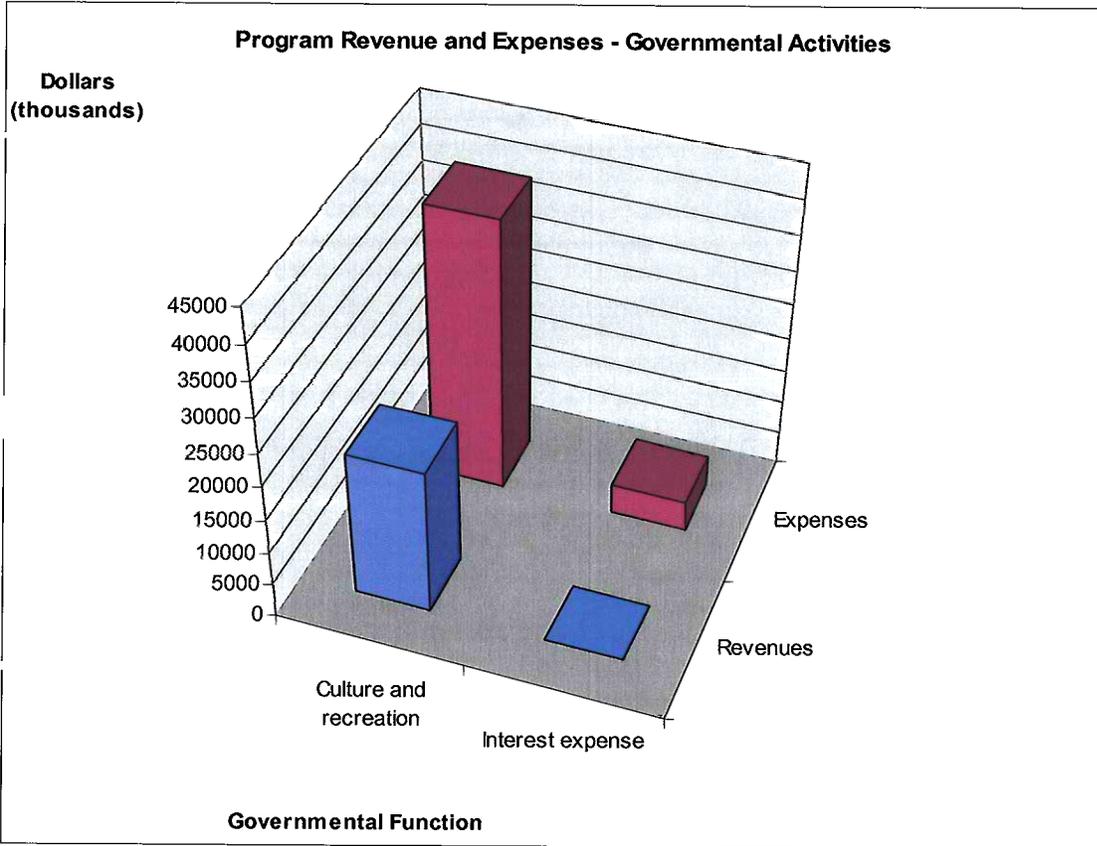
Expenditures on governmental activities increased by \$5,882 in 2007. The majority of this increase relates to payments made toward the completion of the Central Library Project. Expenditures on long-term debt increased by \$968 in 2007 due to the first payment on the Library's 2006 Bonds being paid in 2007.

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

Description	Governmental Activities	
	2007	2006
Revenues:		
Program Revenues		
Charges for Services	\$ 1,882	\$ 2,151
Operating Grants and Contributions	1,164	1,114
Capital Grants and Contributions	18,312	15,200
General Revenues		
Property and other taxes	40,488	39,717
State aid	-	83
Grants and Contributions - not restricted	-	-
Other	4,166	3,622
<b>Total Revenues</b>	<b>66,012</b>	<b>61,887</b>
Expenses:		
Culture and Recreation	40,280	35,130
Interest Expense	4,557	3,826
<b>Total Expenses</b>	<b>44,837</b>	<b>38,956</b>
Increase (Decrease) in net assets	21,175	22,931
Net assets at January 1, 2007	63,644	40,713
<b>Net assets at December 31, 2007</b>	<b>\$ 84,819</b>	<b>\$ 63,644</b>

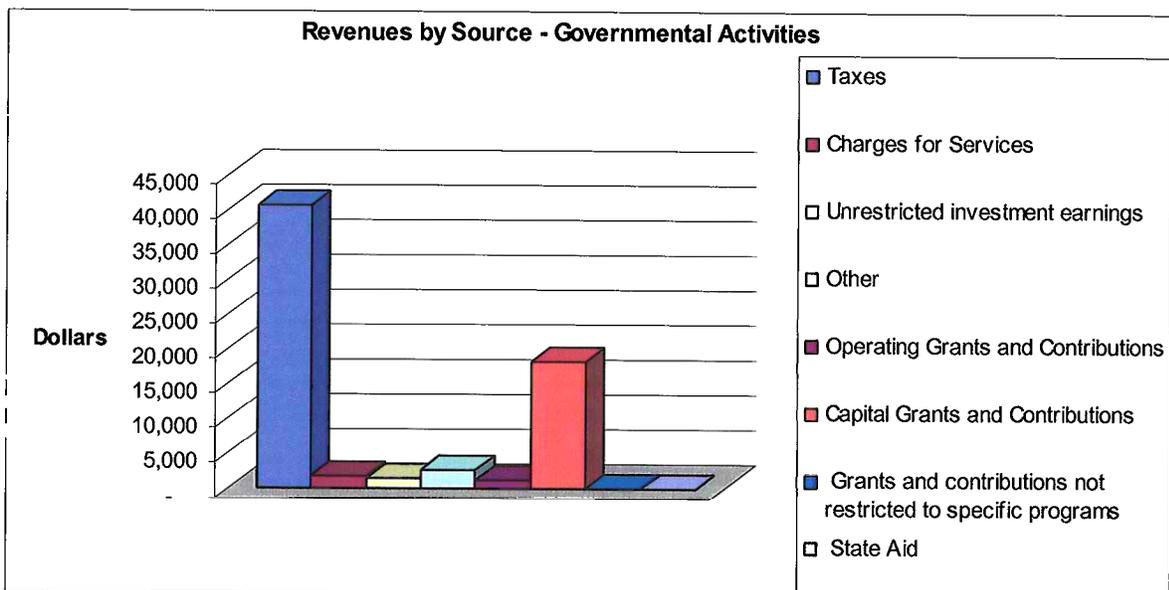
The Library's overall cash and cash equivalents plus investments position, \$33,622 remained very strong in the current economic environment, which posed many challenges.

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 \$26,245 a decrease of \$7,136 in comparison with the prior year. Approximately, 93% of this total amount \$24,349 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 (\$1,895).

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 \$7,564 while total fund balance reached \$9,460. 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 \$33,198, excluding transfers. Unreserved fund balance represents 23% of total general fund expenditures, while total fund balance represents 28% of that same amount.

The fund balance of the Library's general fund, excluding transfers, decreased by \$2,020 during the current fiscal year. Key factor in this decrease is as follows:

- Property taxes and other intergovernmental revenues decreased by \$4,176 in 2007 due to delays in the property tax reassessment in Marion County.
- Fines revenue decreased by \$38. The Library had previously contracted with a collection agency to pursue past due accounts. By 2007, most old accounts had been resolved, resulting in a leveling of fines revenue.
- Expenditures increased by \$2,189. This is due to increased utility and personnel costs.

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 negative fund balance of the Library bond and interest redemption fund increased by \$145 during the current fiscal year. Primary reason for this is as follows:

- Property tax collections were at 80% for 2007. Under Indiana law, the amount of taxes allowed for a debt service fund can be no more than the bond and interest payments due during the budget year. The State assumes that 100% of the taxes allowed will be collected.

The fund balance of the Library construction fund decreased \$5,039 during the current fiscal year. The reason for this decrease is as follows:

- This decrease is a result of increased expenditures as the Central Library Project nears completion.

## General Fund Budgetary Highlights

Differences between the original budget and the final budget resulted in an increase of \$1,093. This increase along with other adjustments was distributed among the following budget classifications:

- \$215 increase in personal services due to final payouts for retired employees.
- \$115 increase in supplies for library cards due to an 8% increase in registered borrowers for 2007.
- \$618 increase in other services and charges for security, snow removal and other contractual agreements.
- \$145 increase in capital outlay for our collection based upon increased circulation.

Actual expenditures were \$5,600 (15%) less than the amended final budget for 2007. The majority of the difference (43%) was due to lower spending in personal services from hiring freezes and converting to hourly employees versus full-time positions through attrition and 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, expenditures exceeded revenues, excluding other financing sources, by \$1,106, resulting in a decrease in the fund balance for 2007.

**Capital Asset and Debt Administration**

**Capital assets.** The Library’s investment in capital assets for its governmental activities as of December 31, 2007 amounts to \$175,671 (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 2007 was the renovation and expansion of the central library which opened at the end of 2007.

The following table displays the Library’s capital assets:

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

	Governmental-type Activities 2007	Governmental- type Activities 2006
Land	\$ 6,129	\$ 6,129
Construction in Progress	133,623	96,841
Artwork	456	456
Buildings	25,520	25,520
Improvements	505	505
Collections	20,746	18,798
Machinery and Equipment	7,197	4,316
Total Assets	194,176	152,565
Depreciation	(18,505)	(15,333)
Net Assets	<u>\$ 175,671</u>	<u>\$ 137,232</u>

Additional information on the Library’s capital assets can be found in Note IV C. on pages 43-44 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 \$127,592. General obligation bonds represent \$126,143 or the majority of total debt.

The remainder of the Library’s debt of \$1,449 is compensated absences.

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

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

Description	Governmental- type Activities 2007	Governmental- type Activities 2006
General obligation debt	\$ 126,143	\$ 110,498
Compensated absences	1,449	1,490
Subtotal	<u>127,592</u>	<u>111,988</u>
less:		
Short term portion	<u>(8,951)</u>	<u>(7,245)</u>
Total long-term debt	<u>\$ 118,641</u>	<u>\$ 104,743</u>

The Library's total debt increased by \$15,604 during the current fiscal year. The key factor for this increase was the addition of general obligation bonds in the amount of \$20,000 for the final phase of the Central Library project, offset by current year debt payments and a decrease 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 \$290,002 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 46-47 in Notes to the Financial Statements of this report.

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

- The tax rates proposed for 2008 for the Library, decreased from \$0.0895 per \$100 in assessed value in 2007 to an estimated \$0.0853 per \$100 in assessed value in 2008. This decrease is due to the change in the assessed value.
- 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. The new facility opened to the public in December of 2007. However, final completion is not expected until 2008.

All of the above factors were considered in preparing the Library's budget for the 2008 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, at P.O. Box 211, Indianapolis, Indiana 46206-0211.

## **BASIC FINANCIAL STATEMENTS**

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
STATEMENT OF NET ASSETS  
December 31, 2007

<u>Assets</u>	<u>Primary Governmental Activities</u>	<u>Component Unit</u>
Cash and cash equivalents	\$ 12,357,825	\$ 425,423
Investments	1,100,000	5,724,860
Receivables (net of allowances for uncollectibles):		
Interest	12,400	-
Taxes	4,609,273	-
Accounts	30,754	-
Intergovernmental	197,112	-
Miscellaneous	897,111	-
Pledges	-	119,652
Notes	-	16,800
Inventories	-	15,223
Prepaid expense	140,065	3,975
Beneficial interest in assets held by others	-	4,576,585
Restricted assets:		
Cash and cash equivalents	20,164,102	4,341,558
Investment in building held for resale	1,750,000	-
Investments	-	1,629,134
Receivables (net of allowances for uncollectibles):		
Taxes	1,148,688	-
Accounts	139,334	-
Intergovernmental	49,154	-
Interest	30,821	-
Contributions from unitrusts	-	375,785
Pledges	-	402,922
Deferred debits	896,722	-
Contract advance receivable	299,000	-
Capital assets:		
Land, artwork, and construction in progress	140,208,082	-
Other capital assets, net of depreciation	35,463,175	3,143
Net pension asset	884,050	-
 Total assets	 <u>220,377,668</u>	 <u>17,635,060</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, 2007  
(Continued)

<u>Liabilities</u>	<u>Primary Government Governmental Activities</u>	<u>Component Unit</u>
Accounts payable	1,480,408	71,161
Accrued payroll and withholdings payable	448,445	-
Contracts payable	2,644,742	-
Unearned revenue	4,534	-
Other current payables	-	75,739
Liabilities payable from restricted assets:		
Interest payable	1,795,511	-
Retainage payable	1,610,452	-
Noncurrent liabilities:		
Due within one year		
General obligation bonds payable	8,256,000	-
Compensated absences	695,462	-
Due beyond one year		
General obligation bonds payable	117,886,688	-
Compensated absences	753,417	-
Deferral of loss on refunding	(17,293)	-
<b>Total liabilities</b>	<u>135,558,366</u>	<u>146,900</u>
 <u>Net Assets</u>		
Invested in capital assets, net of related debt	49,528,569	-
Restricted for:		
Capital projects	18,202,742	-
Debt service	1,534,372	-
Foundation	-	9,543,314
Unrestricted	<u>15,553,619</u>	<u>7,944,846</u>
<b>Total net assets</b>	<u>\$ 84,819,302</u>	<u>\$ 17,488,160</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, 2007

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	\$ 40,280,110	\$ 1,882,456	\$ 1,163,709	\$ 18,312,000	\$ (18,921,945)	\$ -
Interest on long-term debt	4,557,397	-	-	-	(4,557,397)	-
Total governmental activities	44,837,507	1,882,456	1,163,709	18,312,000	(23,479,342)	-
Total primary government	\$ 44,837,507	\$ 1,882,456	\$ 1,163,709	\$ 18,312,000	(23,479,342)	-
Component unit:						
Indianapolis-Marion County Public Library Foundation, Inc.	\$ 20,984,851	\$ 308,155	\$ -	\$ 1,708,940	-	(18,967,756)
General revenues:						
Property taxes					36,692,780	-
Intergovernmental taxes					3,795,216	-
Grants and contributions - not restricted					-	1,601,242
Other general revenues					2,407,005	-
Unrestricted investment earnings					1,759,755	981,484
Total general revenues					44,654,756	2,582,726
Change in net assets					21,175,414	(16,385,030)
Net assets - beginning					63,643,888	33,873,190
Net assets - ending					\$ 84,819,302	\$ 17,488,160

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

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2007

<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	\$ 10,767,872	\$ -	\$ -	\$ 1,589,953	\$ 12,357,825
Investments	500,000	-	-	600,000	1,100,000
Receivables (net of allowances for uncollectibles):					
Interest	10,875	-	-	1,525	12,400
Taxes	4,609,273	-	-	-	4,609,273
Intergovernmental	197,112	-	-	-	197,112
Accounts	-	-	-	30,754	30,754
Miscellaneous	580,492	-	-	-	580,492
Interfund receivable:					
Interfund loans	180,820	-	-	-	180,820
Restricted assets:					
Cash and cash equivalents	-	2,491,007	17,673,095	-	20,164,102
Investment in building held for resale	-	-	1,750,000	-	1,750,000
Receivables (net of allowances for uncollectibles):					
Interest	-	3,409	27,412	-	30,821
Taxes	-	1,148,688	-	-	1,148,688
Intergovernmental	-	49,154	-	-	49,154
Accounts	-	-	139,334	-	139,334
<b>Total assets</b>	<b><u>\$ 16,846,444</u></b>	<b><u>\$ 3,692,258</u></b>	<b><u>\$ 19,589,841</u></b>	<b><u>\$ 2,222,232</u></b>	<b><u>\$ 42,350,775</u></b>
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 1,388,811	\$ 630	\$ -	\$ 90,967	\$ 1,480,408
Accrued payroll and withholdings payable	448,445	-	-	-	448,445
Contracts payable	-	-	2,611,759	-	2,611,759
Interest payable	94,240	1,701,271	-	-	1,795,511
Retainage payable	-	-	1,610,452	-	1,610,452
Interfund payable:					
Interfund loans	-	-	-	180,820	180,820
General obligation bonds payable	846,000	1,370,000	-	-	2,216,000
Deferred revenue - unearned	4,609,273	1,148,688	-	4,534	5,762,495
<b>Total liabilities</b>	<b><u>7,386,769</u></b>	<b><u>4,220,589</u></b>	<b><u>4,222,211</u></b>	<b><u>276,321</u></b>	<b><u>16,105,890</u></b>
 Fund balances:					
Reserved for:					
Encumbrances	1,895,479	-	-	-	1,895,479
Unreserved, reported in:					
General fund	7,564,196	-	-	-	7,564,196
Special revenue funds	-	-	-	1,293,816	1,293,816
Debt service fund	-	(528,331)	-	-	(528,331)
Capital projects funds	-	-	15,367,630	652,095	16,019,725
<b>Total fund balances</b>	<b><u>9,459,675</u></b>	<b><u>(528,331)</u></b>	<b><u>15,367,630</u></b>	<b><u>1,945,911</u></b>	<b><u>26,244,885</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 16,846,444</u></b>	<b><u>\$ 3,692,258</u></b>	<b><u>\$ 19,589,841</u></b>	<b><u>\$ 2,222,232</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 (see Note IV C).					175,671,257
The pension assets 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 E).					884,050
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds (see Note II A).					7,410,367
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds (see Note II A).					<u>(125,391,257)</u>
<b>Net assets of governmental activities</b>					<b><u>\$ 84,819,302</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, 2007

	General	Bond and Interest Redemption	Construction	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 24,986,053	\$ 6,231,507	\$ -	\$ 396	\$ 31,217,956
Intergovernmental	2,847,694	699,081	-	248,441	3,795,216
Charges for services	153,692	-	-	210,305	363,997
Fines and forfeits	1,645,679	-	-	-	1,645,679
Other	1,507,211	32,835	20,570,828	1,014,394	23,125,268
<b>Total revenues</b>	<b>31,140,329</b>	<b>6,963,423</b>	<b>20,570,828</b>	<b>1,473,536</b>	<b>60,148,116</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Culture and recreation	26,818,684	-	-	1,283,807	28,102,491
<b>Debt service:</b>					
Principal	846,000	3,550,000	-	-	4,396,000
Interest and fiscal charges	94,240	3,558,691	904,466	-	4,557,397
Capital outlay	5,439,221	-	45,095,940	121,471	50,656,632
<b>Total expenditures</b>	<b>33,198,145</b>	<b>7,108,691</b>	<b>46,000,406</b>	<b>1,405,278</b>	<b>87,712,520</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,057,816)</b>	<b>(145,268)</b>	<b>(25,429,578)</b>	<b>68,258</b>	<b>(27,564,404)</b>
<b>Other financing sources (uses):</b>					
General obligation bonds issued	-	-	20,000,000	-	20,000,000
Bond premium	-	-	61,677	-	61,677
Bond discount	-	-	(54,945)	-	(54,945)
Insurance proceeds	37,755	-	383,703	-	421,458
Transfers in	-	-	-	100,000	100,000
Transfers out	(100,000)	-	-	-	(100,000)
<b>Total other financing sources and uses</b>	<b>(62,245)</b>	<b>-</b>	<b>20,390,435</b>	<b>100,000</b>	<b>20,428,190</b>
<b>Net change in fund balances</b>	<b>(2,120,061)</b>	<b>(145,268)</b>	<b>(5,039,143)</b>	<b>168,258</b>	<b>(7,136,214)</b>
<b>Fund balances - beginning</b>	<b>11,579,736</b>	<b>(383,063)</b>	<b>20,406,773</b>	<b>1,777,653</b>	<b>33,381,099</b>
<b>Fund balances - ending</b>	<b>\$ 9,459,675</b>	<b>\$ (528,331)</b>	<b>\$ 15,367,630</b>	<b>\$ 1,945,911</b>	<b>\$ 26,244,885</b>

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, 2007

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)	\$ (7,136,214)
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 (see Note II B).	38,439,135
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds (see Note II B).	5,381,541
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 (see Note II B).	(15,580,349)
Negative net pension obligations, including the Public Employees' Retirement Plan, are considered a net pension asset of the general government and, therefore, are not reported as current expenditures in the funds (see Note V E).	(315,553)
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 (see Note II B).	<u>386,854</u>
Change in net assets of governmental activities (Statement of Activities)	<u><u>\$ 21,175,414</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, 2007

	Private-Purpose Trust Fund	Agency Funds
<u>Assets</u>		
Cash and cash equivalents	\$ 149,379	\$ 151,414
Receivables (net of allowance for uncollectibles):		
Accounts receivable	-	8,147
 Total assets	 149,379	 \$ 159,561
 <u>Liabilities</u>		
Accounts payable	1,816	\$ 2,145
Payroll withholdings payable	-	157,416
 Total liabilities	 1,816	 \$ 159,561
 <u>Net Assets</u>		
Held in trust for the Indianapolis-Marion County Public Library Foundation, Inc.	\$ 147,563	

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**  
**For The Year Ended December 31, 2007**

	Private-Purpose Trust Fund
<u>Additions</u>	
Contributions:	
Private donations	\$ 191,859
Investment income:	
Interest	767
Total additions	192,626
 <u>Deductions</u>	
Educational outreach	159,361
Change in net assets	33,265
Net assets - beginning	114,298
Net assets - ending	\$ 147,563

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'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

The effect of interfund activity has been eliminated from the government-wide Statement of Activities.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) 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.

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

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. Agency funds, however, report only assets and liabilities. 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.

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.

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

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.

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.

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

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) requires 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. 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. Due to delays in the reassessment of property values in Marion County the County Treasurer has not completed the 2007 billing and collection of property taxes. Property tax settlement was not completed at December 31, 2007.

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.

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

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

provided for 5% of the December 31 fund balance as the portion available for distribution. At December 31, 2007, the fair values of the designated funds were \$1,019,692 for the Operating Endowment Fund, \$1,867,885 for the Humanities Fund, \$872,843 for the Lifelong Learning Fund, and \$816,165 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. Contract Advance Receivable

The library entered into contractual management agreements for the operation of the café, catering services, and parking garage at Central Library. The agreements require the contractors to directly pay all invoices associated with the operations. An advance in the amount of \$299,000 was given to the contractors to fund operating expenses. The agreements provide for the return of the advance upon termination of the contract.

9. 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
Computers	2,000	Straight-line	3 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.

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

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

10. 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.

11. 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.

12. 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.

13. Other Revenue

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

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

	Governmental Funds			
	General	Bond and Interest Redemption	Construction	Other Governmental Funds
Interest and dividends	\$ 350,393	\$ 32,835	\$ 1,307,110	\$ 69,417
Donations and grants	220,440	-	18,312,000	943,269
Noncurrent period:				
Refunds/reimbursements	878,497	-	951,718	1,708
Other	57,881	-	-	-
Totals	\$ 1,507,211	\$ 32,835	\$ 20,570,828	\$ 1,014,394

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:

Prepaid expense	\$ 140,065
Miscellaneous receivables	316,619
Contract advance receivable	299,000
Deferred debits	896,722
Deferred revenue	5,757,961
Total	\$ 7,410,367

Long-term liabilities:

Due within one year:	
General obligation bonds payable	\$ (6,040,000)
Compensated absences	(695,462)
Due beyond one year:	
General obligation bonds payable	(117,885,000)
Compensated absences	(753,417)
Contracts payable	(32,983)
Deferred premium	(1,688)
Deferral of loss on refunding	17,293
Total	\$ (125,391,257)

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

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:

Capital outlay, net of depreciation:	
Capital outlay	\$ 44,808,678
Depreciation	(6,358,439)
Loss on disposal of asset	<u>(11,104)</u>
Total	<u>\$ 38,439,135</u>
Revenues not current financial resources:	
Deferred revenues	\$ 5,474,824
Gain on deferred debit	(14,132)
Other	<u>(79,151)</u>
Total	<u>\$ 5,381,541</u>
Issuance of long-term debt:	
Bond issuance	\$ (20,000,000)
Bonds payable	4,396,000
Amortization of discount	47,674
Premium on new issuance	(6,732)
Amortization - advance refunding	<u>(17,291)</u>
Total	<u>\$ (15,580,349)</u>
Other expenses:	
Contracts payable	\$ 232,193
Compensated absences payable	41,044
Contract advance receivable	299,000
Prepaid expense	<u>(185,383)</u>
Total	<u>\$ 386,854</u>

III. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted for the General Fund, the Capital Project 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 of America. The Construction Fund has a legally adopted project-length budget. The Library Improvement Reserve Fund (Capital Project Fund) is required to have a legally adopted budget; however no budget was established for fiscal year 2007. All annual appropriations lapse at fiscal year end.

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

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, 2007, the Library had a deposit balance held by J.P. Morgan Chase in the amount of \$13,640,793. 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. The Library does not have a formal deposit policy for custodial credit risk.

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

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

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's investment policy does not specify custodial credit risk criteria. At December 31, 2007, all Library investments and all collateral securities pledged against Library deposits are held by the counterparty's trust department or agent 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's investment policy minimizes the risk by following state statute and limiting the stated final maturities of the investments to no more than two years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library's investment policy minimizes the risk by pre-qualifying financial institutions, brokers/dealers, intermediaries, and advisors with which the Library will do business to those approved by the State. 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's investment policy states that the Library shall diversify its investments to the best of its ability based on the type of funds invested and the cash flow needs of those funds. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The Library's investment policy prohibits the purchase of foreign investments.

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

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 cash and cash equivalents include all highly liquid investments with maturity dates of three months or less at date of purchase and consist principally of amounts temporarily invested in money market funds. The Foundation maintains its cash deposits in interest bearing checking and money market accounts. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000 per financial institution. At times, the Foundation's balances exceed the insured limit.

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

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	\$ 204,051
Equities	4,599,462
Corporate bonds	<u>2,550,481</u>
Total	<u>\$ 7,353,994</u>

Investment returns consist of the following for the year ended December 31:

Dividends and interest	\$ 934,459
Realized gains on investments	369,987
Unrealized gains (losses) on investments	<u>(165,194)</u>
Total	1,139,252
Less: Investment fees	<u>(32,776)</u>
Total	<u>\$ 1,106,476</u>

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

B. Receivables – Component Unit

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

Pledges receivable at December 31, 2007, are as follows:

Past due	\$	33,116
Receivable in less than one year		288,168
Receivable in one to five years		208,140
Less: Allowance for doubtful pledges		<u>(6,850)</u>
 Total	 \$	 <u><u>522,574</u></u>

Of the pledges receivable classified as "past due" at December 31, approximately \$5,163 was paid as of February 28, 2008.

In 2004, the Foundation received a conditional promise to give from the National Endowment for the Humanities. This conditional promise provided matching funds of up to \$300,000 on certain types of funds raised for establishing an endowment for the humanities. To receive the full amount of the challenge grant award, specified amounts of new nonfederal contributions had to be raised according to the timelines and terms of the grant. The matching funds are available in years 2006-2008, upon the Foundation certifying receipt of gifts in accordance with the schedule set out by the donor.

Through December 31, 2007, the Foundation has received matching funds from the grantor aggregating to \$264,900, which have been recorded as permanently restricted contribution revenue in the Statement of Activities.

The Foundation is the beneficiary under 3 charitable remainder unitrusts administered by an outside party. Under these charitable remainder unitrusts, the donors have specified income beneficiaries to receive distributions of the trust's market value annually until death. Upon the death of the income beneficiaries, the remaining assets in the trusts will be distributed to the Foundation. The proceeds are to be used as an endowment when received. Accordingly, the Foundation's interest in these trusts is recorded as part of permanently restricted net assets. Based on the income beneficiaries' life expectancies and present value discount rates, the present value of the future benefits expected to be received by the Foundation is estimated to be \$375,785 at December 31, 2007.

C. Capital Assets

Capital asset activity for the year ended December 31, 2007, was as follows:

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

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,128,886	\$ -	\$ -	\$ 6,128,886
Construction in progress	96,841,419	36,781,977	-	133,623,396
Artwork	455,800	-	-	455,800
	<u>103,426,105</u>	<u>36,781,977</u>	<u>-</u>	<u>140,208,082</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated:				
Buildings	25,519,742	-	-	25,519,742
Improvements other than buildings	504,965	-	-	504,965
Machinery and equipment	4,316,351	2,945,944	64,325	7,197,970
Collections	18,798,157	5,080,756	3,132,926	20,745,987
	<u>49,139,215</u>	<u>8,026,700</u>	<u>3,197,251</u>	<u>53,968,664</u>
Totals				
Less accumulated depreciation for:				
Buildings	7,868,755	478,756	-	8,347,511
Improvements	378,114	12,765	-	390,879
Machinery and equipment	2,689,947	680,421	53,221	3,317,147
Collections	4,396,381	5,186,497	3,132,926	6,449,952
	<u>15,333,197</u>	<u>6,358,439</u>	<u>3,186,147</u>	<u>18,505,489</u>
Totals				
Total capital assets, being depreciated, net	<u>33,806,018</u>	<u>1,668,261</u>	<u>11,104</u>	<u>35,463,175</u>
Total governmental activities capital assets, net	<u>\$ 137,232,123</u>	<u>\$ 38,450,238</u>	<u>\$ 11,104</u>	<u>\$ 175,671,257</u>

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

Governmental activities:	
Culture and recreation	<u>\$ 6,358,439</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, 2007</u>	<u>Committed</u>	<u>Required Future Funding</u>
Branch construction and renovations	<u>\$ 139,700,184</u>	<u>\$ 133,623,396</u>	<u>\$ 6,076,788</u>	<u>\$ -</u>

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

E. Interfund Balances and Activity

1. Interfund Receivables and Payables

The composition of the interfund balances for the year ended December 31, 2007, were as follows:

Due To	Due From Nonmajor Governmental
General Fund	\$ <u>180,820</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 for the year ended December 31, 2007, were as follows:

Transfer From	Transfer To
General Fund	Nonmajor governmental funds \$ <u>100,000</u>

The Library used transfers to establish operating balances in these funds which were activities related to the General Fund.

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 \$581,220. The following is a schedule by years of future minimum rental payments as of December 31, 2007:

2008	\$ 543,562
2009	465,268
2010	146,220
2011	10,000
2012	10,000
2013-2017	50,000
2018-2022	50,000
2023-2027	50,000
2028-2029	<u>20,000</u>
Total	<u>\$ 1,345,050</u>

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

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, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Issued/ Draws</u>	<u>Redeemed Repayments</u>	<u>Ending Balance</u>
Tax anticipation notes	\$ -	\$ 1,777,387	\$ 1,777,387	\$ -

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:

<u>Purpose</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Amount</u>
1998 Library branch improvements	\$ 12,250,000	4.5% to 4.9%	\$ 3,045,000
2001 Library branch improvements	19,000,000	3.8% to 5.1%	15,895,000
2002 Library branch improvements - refunding	16,310,000	2.8% to 5.0%	14,295,000
2002A Central library project	35,000,000	3.5% to 5.0%	28,650,000
2003 Central library project	2,800,000	4.2% to 4.8%	8,000,000
2003A Library branch improvements - refunding	8,000,000	4.5% to 5.5%	811,000
2005 Central library project	12,000,000	3.25% to 4.0%	10,445,000
2006 Central library project	25,000,000	4.25% to 4.5%	25,000,000
2007 Central library project	20,000,000	4.0% to 4.125%	20,000,000
Total			<u>\$ 126,141,000</u>

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

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

Year Ended December 31	Governmental Activities		Totals
	Principal	Interest	
2008	\$ 8,256,000	\$ 8,230,616	\$ 16,486,616
2009	6,280,000	5,115,978	11,395,978
2010	6,525,000	4,869,758	11,394,758
2011	6,790,000	4,608,416	11,398,416
2012	7,065,000	4,333,339	11,398,339
2013-2017	40,110,000	16,907,406	57,017,406
2018-2022	51,115,000	6,749,788	57,864,788
Totals	<u>\$ 126,141,000</u>	<u>\$ 50,815,301</u>	<u>\$ 176,956,301</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, 2007, were considered defeased:

	Amount
Primary government: 2000 Branch improvements	<u>\$ 13,655,000</u>

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2007, was as follows:

Primary Government	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation	\$ 110,455,000	\$ 20,000,000	\$ 4,314,000	\$ 126,141,000	\$ 8,256,000
Add deferred amount for premiums (discounts)	42,629	6,732	47,673	1,688	-
Total bonds payable	110,497,629	20,006,732	4,361,673	126,142,688	8,256,000
Compensated absences	1,489,923	1,141,385	1,182,429	1,448,879	695,462
Total governmental activities long-term liabilities	<u>\$ 111,987,552</u>	<u>\$ 21,148,117</u>	<u>\$ 5,544,102</u>	<u>\$ 127,591,567</u>	<u>\$ 8,951,462</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  
(Continued)

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. Subsequent Events

The Library received as of May 2008, \$19.7 million in cash and retainage from certain of the Central Library expansion project participants sued. Part of the proceeds from the settlements was used to defease the 1998 bonds. The bonds were defeased on April 21, 2008, in the amount of \$2,735,000 (outstanding principle) plus interest of \$40,350 and call premium of \$13,675 for a total of \$2,789,025. The remaining balance of the settlement funds will be used to defease future bonds as they become callable.

C. 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 certain defects and deficiencies in the parking garage portion of the project. The Library, subsequently, filed lawsuits against several of the project participants, and certain of the project participants filed lawsuits against the Library. The Library continues to vigorously pursue certain claims made against project participants in order to attempt to recover the costs to repair the defects and deficiencies discovered in the Parking Garage and/or elsewhere on the project. The outcome of the remaining claims made by and/or against the Library cannot be determined at this time.

D. Postemployment Benefits

In addition to the pension benefits described below, the primary government provides post employment health and dental 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, 53 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 post employment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2007, expenditures of \$308,075 were recognized for postemployment benefits.

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

E. 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

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	\$ 1,220,101
Interest on net pension obligation	(86,971)
Adjustment to annual required contribution	99,110
Annual pension cost	1,232,240
Contributions made	916,687
Increase in net pension obligation	315,553
Net pension obligation, beginning of year	(1,199,603)
Net pension obligation, end of year	\$ (884,050)

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

Contribution rates:	
Library	7.25%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-07
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	06-30-05	\$ 1,003,035	109%	\$ (1,414,923)
	06-30-06	1,164,370	82%	(1,199,603)
	06-30-07	1,232,240	74%	(884,050)

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)
07-01-05	\$ 20,229,895	\$ 25,285,691	\$ (5,055,796)	80%	\$ 15,942,960	(32%)
07-01-06	17,871,729	22,607,160	(4,735,431)	79%	14,593,128	(32%)
07-01-07	19,576,428	23,173,232	(3,596,804)	84%	13,157,082	(27%)

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For The Year Ended December 31, 2007

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 31,146,176	\$ 31,146,176	\$ 24,986,053	\$ (6,160,123)
Intergovernmental	2,764,839	2,764,839	2,650,582	(114,257)
Charges for services	92,484	92,484	153,692	61,208
Fines and forfeits	1,600,000	1,600,000	1,631,549	31,549
Other	250,000	250,000	1,313,336	1,063,336
<b>Total revenues</b>	<b>35,853,499</b>	<b>35,853,499</b>	<b>30,735,212</b>	<b>(5,118,287)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Culture and recreation:</b>				
Personal services	21,516,223	21,731,723	19,297,829	2,433,894
Supplies	495,366	610,221	553,561	56,660
Other services and charges	7,764,432	8,382,283	6,763,177	1,619,106
Capital outlay	6,572,000	6,716,767	5,226,372	1,490,395
<b>Total culture and recreation</b>	<b>36,348,021</b>	<b>37,440,994</b>	<b>31,840,939</b>	<b>5,600,055</b>
<b>Total expenditures</b>	<b>36,348,021</b>	<b>37,440,994</b>	<b>31,840,939</b>	<b>5,600,055</b>
<b>Other financing sources (uses):</b>				
Transfers out	-	(100,000)	(100,000)	-
<b>Net change in fund balances</b>	<b>(494,522)</b>	<b>(1,687,495)</b>	<b>(1,205,727)</b>	<b>481,768</b>
Fund balances - beginning	12,473,599	12,473,599	12,473,599	-
<b>Fund balances - ending</b>	<b>\$ 11,979,077</b>	<b>\$ 10,786,104</b>	<b>\$ 11,267,872</b>	<b>\$ 481,768</b>

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGET/GAAP RECONCILIATION  
 GENERAL FUND  
 For The Year Ended December 31, 2007

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
Deficiency of revenues under expenditures (budgetary basis)	\$ (1,205,727)
Adjustments:	
To adjust revenues for accruals	442,873
To adjust expenditures for accruals	(1,357,207)
Deficiency of revenues under expenditures (GAAP basis)	\$ (2,120,061)

## **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.

Café/Catering Fund – This fund is used to account for money received from the Library's café and catering operations.

Parking Garage Fund – This fund is used to account for money received from the Central Library's parking garage.

### **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.

Capital Project Fund – This fund is tax supported and can be used for the construction, repair, remodeling or replacement of library facilities, site acquisition or development, and the repair, lease, or purchase of equipment to be used by the library district. Also, this fund can be used to pay for the purchase, lease, upgrading, maintenance, or repair of computer hardware or software.

### **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.

Staff Association Fund – This fund was established to account for sales of "Bunny Book Bags" belonging to the staff association. The funds are collected at each public library branch and then disbursed back to the staff association on a monthly basis.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2007

	Special Revenue					Capital Projects		Total Nonmajor Governmental Funds
	Co-op Projects Fund	E-Rate Fund	Grant Fund	Café/ Catering Fund	Parking Garage Fund	Library Improvement Reserve Fund	Capital Project Fund	
<b>Assets</b>								
Cash and cash equivalents	\$ 887,280	\$ 265,226	\$ 282,449	\$ 61,440	\$ 42,305	\$ 51,253	\$ -	\$ 1,589,953
Investments	-	-	-	-	-	600,000	-	600,000
Receivables (net of allowances for uncollectibles):								
Interest	541	142	-	-	-	842	-	1,525
Accounts	859	-	-	29,530	365	-	-	30,754
<b>Total assets</b>	<b>\$ 888,680</b>	<b>\$ 265,368</b>	<b>\$ 282,449</b>	<b>\$ 90,970</b>	<b>\$ 42,670</b>	<b>\$ 652,095</b>	<b>\$ -</b>	<b>\$ 2,222,232</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable	\$ -	\$ 1,259	\$ 7,760	\$ 79,875	\$ 2,073	\$ -	\$ -	\$ 90,967
Interfund payable:								
Interfund loans	180,820	-	-	-	-	-	-	180,820
Deferred revenue - unearned	4,534	-	-	-	-	-	-	4,534
<b>Total liabilities</b>	<b>185,354</b>	<b>1,259</b>	<b>7,760</b>	<b>79,875</b>	<b>2,073</b>	<b>-</b>	<b>-</b>	<b>276,321</b>
<b>Fund balances:</b>								
Unreserved, reported in:								
Special revenue funds	703,326	264,109	274,689	11,095	40,597	-	-	1,293,816
Capital projects funds	-	-	-	-	-	652,095	-	652,095
<b>Total fund balances</b>	<b>703,326</b>	<b>264,109</b>	<b>274,689</b>	<b>11,095</b>	<b>40,597</b>	<b>652,095</b>	<b>-</b>	<b>1,945,911</b>
<b>Total liabilities and fund balances</b>	<b>\$ 888,680</b>	<b>\$ 265,368</b>	<b>\$ 282,449</b>	<b>\$ 90,970</b>	<b>\$ 42,670</b>	<b>\$ 652,095</b>	<b>\$ -</b>	<b>\$ 2,222,232</b>

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007

	Special Revenue					Capital Projects		Total Nonmajor Governmental Funds
	Co-op Projects Fund	E-Rate Fund	Grant Fund	Café/ Catering Fund	Parking Garage Fund	Library Improvement Reserve Fund	Capital Project Fund	
Revenues:								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 396	\$ 396
Intergovernmental	1,650	246,791	-	-	-	-	-	248,441
Charges for services	162,236	-	-	42,415	5,654	-	-	210,305
Other	38,252	2,833	943,269	-	-	30,040	-	1,014,394
<b>Total revenues</b>	<b>202,138</b>	<b>249,624</b>	<b>943,269</b>	<b>42,415</b>	<b>5,654</b>	<b>30,040</b>	<b>396</b>	<b>1,473,536</b>
Expenditures:								
Current:								
Culture and recreation	183,313	33,950	926,521	81,320	15,057	-	43,646	1,283,807
Capital outlay	16,286	-	105,185	-	-	-	-	121,471
<b>Total expenditures</b>	<b>199,599</b>	<b>33,950</b>	<b>1,031,706</b>	<b>81,320</b>	<b>15,057</b>	<b>-</b>	<b>43,646</b>	<b>1,405,278</b>
Other financing sources:								
Transfers in	-	-	-	50,000	50,000	-	-	100,000
<b>Net change in fund balances</b>	<b>2,539</b>	<b>215,674</b>	<b>(88,437)</b>	<b>11,095</b>	<b>40,597</b>	<b>30,040</b>	<b>(43,250)</b>	<b>168,258</b>
Fund balances - beginning	700,787	48,435	363,126	-	-	622,055	43,250	1,777,653
<b>Fund balances - ending</b>	<b>\$ 703,326</b>	<b>\$ 264,109</b>	<b>\$ 274,689</b>	<b>\$ 11,095</b>	<b>\$ 40,597</b>	<b>\$ 652,095</b>	<b>\$ -</b>	<b>\$ 1,945,911</b>

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
 BUDGETARY COMPARISON SCHEDULE  
 BOND AND INTEREST REDEMPTION FUND  
 For The Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 7,786,544	\$ 7,786,544	\$ 6,231,507	\$ (1,555,037)
Intergovernmental	731,771	731,771	649,928	(81,843)
Other	8,400	8,400	29,426	21,026
Total revenues	<u>8,526,715</u>	<u>8,526,715</u>	<u>6,910,861</u>	<u>(1,615,854)</u>
Expenditures:				
Debt service:				
Principal	4,314,000	4,314,000	4,314,000	-
Interest and fiscal charges	3,739,318	3,739,318	3,737,032	2,286
Total debt service	<u>8,053,318</u>	<u>8,053,318</u>	<u>8,051,032</u>	<u>2,286</u>
Total expenditures	<u>8,053,318</u>	<u>8,053,318</u>	<u>8,051,032</u>	<u>2,286</u>
Net change in fund balances	473,397	473,397	(1,140,171)	(1,613,568)
Fund balances - beginning	<u>3,631,178</u>	<u>3,631,178</u>	<u>3,631,178</u>	-
Fund balances - ending	<u>\$ 4,104,575</u>	<u>\$ 4,104,575</u>	<u>\$ 2,491,007</u>	<u>\$ (1,613,568)</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:

Deficiency of revenues under expenditures (budgetary basis)	\$ (1,140,171)
Adjustments:	
To adjust revenues for accruals	52,563
To adjust expenditures for accruals	<u>942,340</u>
Deficiency of revenues under expenditures (GAAP basis)	<u>\$ (145,268)</u>

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
 BUDGETARY COMPARISON SCHEDULE  
 CAPITAL PROJECT FUND  
 For The Year Ended December 31, 2007

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 7,515	\$ 396	\$ 396	\$ -
Total revenues	<u>7,515</u>	<u>396</u>	<u>396</u>	<u>-</u>
Expenditures:				
Capital outlay	<u>58,715</u>	<u>58,715</u>	<u>58,715</u>	<u>-</u>
Total expenditures	<u>58,715</u>	<u>58,715</u>	<u>58,715</u>	<u>-</u>
Net change in fund balances	(51,200)	(58,319)	(58,319)	-
Fund balances - beginning	<u>58,319</u>	<u>58,319</u>	<u>58,319</u>	<u>-</u>
Fund balances - ending	<u>\$ 7,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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:

Deficiency of revenues under expenditures (budgetary basis)	\$ (58,319)
Adjustments:	
To adjust expenditures for accruals	<u>15,069</u>
Deficiency of revenues under expenditures (GAAP basis)	<u>\$ (43,250)</u>

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
For The Year Ended December 31, 2007

	Payroll Deductions	Foundation Fund	Staff Association	Total Agency Fund
<b>Assets:</b>				
Cash and cash equivalents, January 1	\$ 203,480	\$ 2,144	\$ 216	\$ 205,840
Additions	4,592,261	27,544	2,698	4,622,503
Deductions	<u>(4,646,472)</u>	<u>(27,847)</u>	<u>(2,610)</u>	<u>(4,676,929)</u>
Cash and cash equivalents, December 31	<u>149,269</u>	<u>1,841</u>	<u>304</u>	<u>151,414</u>
Accounts receivable, January 1	695	-	-	695
Additions	8,147	-	-	8,147
Deductions	<u>(695)</u>	<u>-</u>	<u>-</u>	<u>(695)</u>
Accounts receivable, December 31	<u>8,147</u>	<u>-</u>	<u>-</u>	<u>8,147</u>
<b>Total assets, December 31</b>	<b><u>\$ 157,416</u></b>	<b><u>\$ 1,841</u></b>	<b><u>\$ 304</u></b>	<b><u>\$ 159,561</u></b>
<b>Liabilities:</b>				
Accounts payable, January 1	\$ -	\$ 2,144	\$ 216	\$ 2,360
Additions	-	27,544	2,698	30,242
Deductions	<u>-</u>	<u>(27,847)</u>	<u>(2,610)</u>	<u>(30,457)</u>
Accounts payable, December 31	<u>-</u>	<u>1,841</u>	<u>304</u>	<u>2,145</u>
Payroll withholdings payable, January 1	204,175	-	-	204,175
Additions	4,599,713	-	-	4,599,713
Deductions	<u>(4,646,472)</u>	<u>-</u>	<u>-</u>	<u>(4,646,472)</u>
Payroll withholdings payable, December 31	<u>157,416</u>	<u>-</u>	<u>-</u>	<u>157,416</u>
<b>Total liabilities, December 31</b>	<b><u>\$ 157,416</u></b>	<b><u>\$ 1,841</u></b>	<b><u>\$ 304</u></b>	<b><u>\$ 159,561</u></b>

This page intentionally left blank.

# STATISTICAL

# Statistical Section

This part of the Indianapolis-Marion County Public Library's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Library's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Library's financial performance and well-being have changed over time.	<b>61</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the Library's most significant local revenue source, property taxes.	<b>65</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the Library's current levels of outstanding debt and the Library's ability to issue additional debt in the future.	<b>69</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Library's financial activities take place and to help make comparisons over time and with other governments.	<b>73</b>
<b>Operating Information</b> These schedules contain information about the Library's operations and resources to help the reader understand how the Library's financial information relates to the services the Library provides and the activities it performs.	<b>75</b>

Source:

Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant year. The Library implemented GASB Statement No. 34 in the fiscal year 2003 therefore, tables presenting government-wide information include only years 2003 and beyond.

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

	<u>2003</u>	<u>2004*</u>	Fiscal Year <u>2005*</u>	<u>2006</u>	<u>2007</u>
Governmental Activities					
Invested in capital assets, net of related debt	\$ 7,714	\$ (1,385)	\$ 7,361	\$ 26,734	\$ 49,529
Restricted	20,721	22,581	23,321	23,564	19,737
Unrestricted	<u>6,394</u>	<u>9,000</u>	<u>10,031</u>	<u>13,345</u>	<u>15,554</u>
Total primary government net assets	<u>\$ 34,829</u>	<u>\$ 30,196</u>	<u>\$ 40,713</u>	<u>\$ 63,643</u>	<u>\$ 84,820</u>

**Notes:**

Effective January, 2003, I-MCPL implemented GASB Statement 34 and began the annual process of calculating government-wide data.

\*2004 & 2005 Restated

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

<b>Expenses</b>	<u>2003</u>	<u>2004</u>	<u>Fiscal Year</u> <u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental Activities:					
Culture and recreation	\$ 49,847	\$ 35,263	\$ 38,592	\$ 35,130	\$ 40,280
Interest on long-term debt	<u>3,680</u>	<u>3,726</u>	<u>3,527</u>	<u>3,826</u>	<u>4,557</u>
Total primary government expenses	<u>\$ 53,527</u>	<u>\$ 38,989</u>	<u>\$ 42,119</u>	<u>\$ 38,956</u>	<u>\$ 44,837</u>
 <b>Program Revenues</b>					
Governmental Activities:					
Charges for Services	\$ 1,288	\$ 1,908	\$ 2,353	\$ 2,151	\$ 1,882
Operating Grants and Contributions	1,070	292	24	1,114	1,164
Capital Grants and Contributions	<u>-</u>	<u>-</u>	<u>9,002</u>	<u>15,200</u>	<u>18,312</u>
Total primary government program revenues	<u>\$ 2,358</u>	<u>\$ 2,200</u>	<u>\$ 11,379</u>	<u>\$ 18,465</u>	<u>\$ 21,358</u>
 Net (expense)/revenue					
Primary government	<u>\$(51,169)</u>	<u>\$(36,789)</u>	<u>\$(30,740)</u>	<u>\$(20,491)</u>	<u>\$(23,479)</u>
 <b>General Revenues and Other Changes in Net Assets</b>					
Governmental Activities:					
Property taxes	\$ 44,062	\$ 33,371	\$ 35,564	\$ 35,933	\$ 36,693
Other local sources		3,571	3,965	3,784	3,795
State aid		89	83	83	-
Unrestricted grants and contributions		683	695	-	-
Other	57	496	749	2,046	2,407
Investment earnings	<u>688</u>	<u>622</u>	<u>771</u>	<u>1,576</u>	<u>1,760</u>
Total primary government	<u>\$ 44,807</u>	<u>\$ 38,832</u>	<u>\$ 41,827</u>	<u>\$ 43,422</u>	<u>\$ 44,655</u>
 <b>Changes in Net Assets</b>					
Primary government	<u>\$ (6,362)</u>	<u>\$ 2,043</u>	<u>\$ 11,087</u>	<u>\$ 22,931</u>	<u>\$ 21,176</u>

**Note:**

Effective January, 2003, I-MCPL implemented GASB Statement 34 and began the annual process of calculating government-wide data.

**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>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004*</u>	<u>2005*</u>	<u>2006</u>	<u>2007</u>
General Fund										
Reserved	\$ 2,235	\$ 2,462	\$ 1,945	\$ 2,466	\$ 3,068	\$ 2,337	\$ 1,876	\$ 1,875	\$ 1,350	\$ 1,895
Unreserved	<u>1,260</u>	<u>3,527</u>	<u>4,799</u>	<u>4,565</u>	<u>4,283</u>	<u>1,493</u>	<u>4,035</u>	<u>5,547</u>	<u>10,230</u>	<u>7,564</u>
Total general fund	<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>\$ 7,422</u>	<u>\$ 11,580</u>	<u>\$ 9,459</u>
All other governmental funds										
Reserved	\$ 585	\$ 36	\$ 213	\$ 85	\$ 319	\$ 1,090	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	585	750	1,053	1,157	1,336	1,369	962	1,115	1,112	1,294
Debt service	-	-	-	-	-	-	(421)	(162)	(383)	(528)
Capital projects fund	<u>11,458</u>	<u>4,435</u>	<u>9,981</u>	<u>20,923</u>	<u>55,341</u>	<u>40,104</u>	<u>23,278</u>	<u>20,195</u>	<u>21,072</u>	<u>16,020</u>
Total all other governmental funds	<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>	<u>\$ 21,801</u>	<u>\$ 16,786</u>

\*2004 & 2005 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)**

	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Revenues</b>										
Taxes <sup>1</sup>	\$ 27,579	\$ 32,780	\$ 32,938	\$ 34,017	\$ 34,696	\$ 42,915	\$ 33,849	\$ 36,332	\$ 37,024	\$ 31,218
Intergovernmental	437	659	471	361	848	22	3,661	4,057	3,867	3,795
Charges for services	352	171	336	435	298	319	370	486	382	364
Fines and forfeits	1,045	889	847	884	1,280	936	1,018	1,656	1,684	1,646
Other	1,673	2,396	3,239	2,136	674	1,845	2,392	11,144	19,880	23,125
Total revenues	<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>	<u>62,837</u>	<u>60,148</u>
<b>Expenditures</b>										
Culture and recreation	27,478	29,406	32,725	32,789	31,297	31,963	28,532	28,485	26,152	28,102
Capital outlay	2,557	7,506	9,510	8,853	10,229	30,956	20,323	28,908	48,751	50,657
Debt service										
Principal	715	1,465	3,720	1,925	2,650	7,269	5,281	5,517	4,159	4,396
Interest	541	3,432	900	2,154	2,155	3,583	3,725	3,527	3,826	4,557
Other charges	74	-	-	-	-	66	-	-	-	-
Total expenditures	<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>	<u>82,888</u>	<u>87,712</u>
Excess of revenues over (under) expenditures	(279)	(4,914)	(9,024)	(7,888)	(8,535)	(27,800)	(16,571)	(12,762)	(20,051)	(27,564)
<b>Other financing sources (uses)</b>										
Transfers in	-	318	1,319	400	-	-	105	198	-	100
Transfers out	-	(318)	(1,319)	(400)	-	-	(105)	(198)	-	(100)
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	25,000	20,000
Premium on general obligation debt	-	-	-	-	-	-	-	-	-	62
Discount on general obligation debt	-	-	-	-	-	(24)	-	(41)	(138)	(55)
Insurance Proceeds	-	-	-	-	-	-	-	-	-	421
Proceeds from sale of property	-	-	-	-	-	86	-	-	-	-
Total other financing sources (uses)	<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>	<u>24,862</u>	<u>20,428</u>
Net changes in fund balances	<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>	<u>\$ 4,811</u>	<u>\$ (7,136)</u>
Debt service as a percentage of noncapital expenditures	4.6%	14.3%	12.4%	11.1%	13.3%	25.5%	24.0%	24.1%	23.4%	24.2%

**Note:**

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

**Indianapolis-Marion County Public Library**  
**Assessed and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

Tax Year <sup>1</sup>	Taxable Real Property		Taxable Personal Property		Total Taxable Property		Percentage of Taxable Assessed value to Estimated Actual Taxable Value	Total Direct Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
1998	6,425,243	19,275,729	2,430,647	7,291,941	8,855,890	26,567,670	33.33	0.2972
1999	6,553,357	19,660,071	2,550,800	7,652,400	9,104,157	27,312,471	33.33	0.3465
2000	6,636,936	19,910,808	2,574,548	7,723,644	9,211,484	27,634,452	33.33	0.3465
2001	6,839,830	20,519,490	2,653,315	7,959,945	9,493,145	28,479,435	33.33	0.3465
2002	20,820,046	20,820,046	8,162,071	8,162,071	28,982,117	28,982,117	100	0.1150
2003	32,982,779	32,982,779	8,845,067	8,845,067	41,827,846	41,827,846	100	0.1004
2004	34,606,376	34,606,376	5,323,745	5,323,754	39,930,121	39,930,130	100	0.0904
2005	32,400,972	32,400,972	7,229,661	7,229,661	39,630,633	39,630,633	100	0.0982
2006	33,030,628	33,030,628	8,695,944	8,695,944	41,726,572	41,726,572	100	0.0979
2007	*	*	*	*	43,500,245	43,500,245	100	0.0895

Source: Marion County Auditor's Office

Notes:

<sup>1</sup>Assessed values for a given fiscal year are from the prior calendar year's tax roll.

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.

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.

\* Information not available

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

<u>Indianapolis-Marion County Public Library</u>					<u>Overlapping Rates</u>						<u>Total Direct &amp; Overlapping Rates</u>
<u>Fiscal Year</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects <sup>2</sup></u>	<u>Total Library</u>	<u>Total State</u>	<u>Total City</u>	<u>Total County</u>	<u>Total School</u>	<u>Total Municipal Corportions</u>	<u>Total Other</u>	
1998	0.2848	0.0124	N/A	0.2972	0.0100	3.7968	1.4021	5.3888	1.1989	0.3952	12.4890
1999	0.3014	0.0451	N/A	0.3465	0.0100	3.7948	1.4042	5.8477	1.2486	0.3281	12.9799
2000	0.2986	0.0479	N/A	0.3465	0.0100	3.7825	1.4038	5.9552	1.2491	0.2756	13.0227
2001	0.3080	0.0385	N/A	0.3465	0.0100	3.7670	1.4043	5.9811	1.2497	0.2599	13.0185
2002	0.0983	0.0167	N/A	0.1150	0.0033	1.2254	0.5354	1.9594	0.4309	0.0799	4.3493
2003	0.0732	0.0272	N/A	0.1004	0.0033	0.9603	0.4443	1.5503	0.3555	0.1403	3.5544
2004	0.0723	0.0181	N/A	0.0904	0.0024	0.9485	0.4129	1.7827	0.3442	0.0607	3.6418
2005	0.0755	0.0227	N/A	0.0982	0.0024	0.9532	0.4163	1.6744	0.3650	0.0637	3.5732
2006	0.0767	0.0186	0.0026	0.0979	0.1538	0.9425	0.3555	1.7172	0.2772	0.0523	3.5964
2007	0.0716	0.0179	N/A	0.0895	0.0024	0.8746	0.3358	1.6472	0.2525	0.3594	3.5614

**Notes:**

<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.

<sup>2</sup>Capital Project Fund was established in 2006.

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.

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

**Source:** Indianapolis, Controller's office

**Indianapolis-Marion County Public Library  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>2007</u>		<u>1998</u>	
			<u>Taxable Assessed Value</u>	<u>Percentage of Total Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
	Eli Lilly and Company	Pharmaceuticals Research	\$ 423,567,500	0.97%	\$ 239,717,100	2.85%
	Indianapolis Power & Light Co.	Electric Utility	-	0.00	130,153,600	1.55
	Ford Motor Company	Manufacturing - Automotive	-	0.00	68,509,130	0.81
	Macquarie Office Monument Center	Investment/Financial Advisors	98,652,500	0.23	-	-
	Allison Transmission	Mfg. Automatic Transmissions	-	0.00	70,631,770	0.84
	Citizen's Gas & Coke Utility	Utility	-	0.00	61,339,400	0.73
	Navistar International	Manufacturing	-	0.00	34,401,724	0.41
	Indianapolis Water Co.	Utility	-	0.00	47,300,530	0.56
67	Bank One Corporation	Banking	-	0.00	36,082,380	0.43
	Boehringer Mannheim Corporation	Manufacturing	-	0.00	30,926,590	0.37
	General Motors Corporation	Metal Fabricating Division	-	0.00	39,093,680	0.46
	MT Acquisitions LLC	Investor	79,906,500	0.18	-	0.00
	Hub Properties GA LLC	Real Estate Agent/Manager	77,537,200	0.18	-	-
	Keystone Investors LP	Real Estate	114,410,300	0.26	-	-
	First Industrial LP	Real Estate Investment Trusts	70,546,500	0.16	-	-
	American United Life	Insurance/Office Building	86,119,800	0.20	-	0.00
	Dugan Financing LLC	Real Estate Holding Company	121,886,300	0.28	-	-
	VV USA City LP	Business Consulting Services	70,042,600	0.16	-	-
	Duke Realty Limited/ Duke-Weeks Realty	Real Estate Holding Company	103,113,400	0.24	-	-
	<b>Total Top Ten Principal Taxpayers</b>		<b>\$ 1,245,782,600</b>	<b>2.86%</b>	<b>\$ 758,155,904</b>	<b>9.01%</b>
	<b>Total Assessed Valuation</b>		<b>\$43,500,245,280</b>	<b>100.00%</b>	<b>\$8,417,019,389</b>	<b>100.00%</b>

**Source:** Township Assessors in Marion County

**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</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
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	37,529,591	36,331,990	96.8	1,374,328	37,706,318	100.5
2006	38,255,619	37,023,927	96.8	2,061,978	39,085,905	102.2
2007	38,932,720	31,217,956	80.2	2,098,474	33,316,430	85.6

<sup>1</sup>Includes General, Debt Service and Capital Projects

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>
1998	813,405	\$8,417,019,389	\$17,100,000	\$585,249	\$16,514,751	.20 : 1	\$20.30
1999	810,946	\$8,569,708,291	\$15,930,000	\$36,119	\$15,893,881	.20 : 1	\$19.60
2000	832,765	\$8,764,039,168	\$26,140,000	\$213,267	\$25,926,733	.31 : 1	\$31.13
2001	835,876	\$8,842,132,901	\$43,215,000	\$84,992	\$43,130,008	.49 : 1	\$51.59
2002	835,088	\$27,281,931,969	\$86,249,789	\$319,423	\$85,430,577	.23 : 1	\$102.32
2003	836,119	\$37,851,600,704	\$86,731,570	\$1,089,671	\$85,641,899	.23 : 1	\$102.43
2004	836,790	\$38,275,649,835	\$81,362,823	\$0	\$81,362,823	.21 : 1	\$97.23
2005	836,341	\$38,217,505,811	\$90,453,683	\$0	\$90,453,683	.23 : 1	\$108.15
2006	838,603	\$39,076,218,596	\$110,497,629	\$0	\$110,497,629	.28 : 1	\$131.76
2007	849,180	\$43,500,245,280	\$126,142,688	\$0	\$126,142,688	.29 : 1	\$148.55

**Notes:**

<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, 2007  
 (amounts expressed in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding<sup>2</sup></u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: Marion County	\$ 2,226,367	90.20%	\$ 2,008,094
Subtotal, overlapping debt			<u>2,008,094</u>
Indianapolis-Marion County Public Library direct debt			<u>126,143</u>
Total direct and overlapping debt			<u>\$ 2,134,237</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.

<sup>2</sup>This is an estimated number based on available information. Data for all of Marion County was not available.

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt Limit	\$168,340	\$171,394	\$175,281	\$176,843	\$181,880	\$252,344	\$254,783	\$ 257,581	\$260,508	\$ 290,002
Total net debt applicable to limit	<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>	<u>110,498</u>	<u>126,143</u>
Legal debt margin	<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>	<u>\$150,010</u>	<u>\$ 163,859</u>
Total net debt applicable to the limit as the percentage of debt limit	10.16%	9.29%	14.91%	24.44%	47.42%	34.37%	31.93%	35.12%	42.42%	43.50%

**Legal Debt Margin Calculation for Fiscal Year 2007**

Assessed value	\$43,500,245
Debt Limit (2% of one third of assessed value)	290,002
Debt applicable to limit:	
General obligation bonds	<u>126,143</u>
Legal debt margin	<u>\$ 163,859</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>		
1998	\$715,000	\$413,786	\$1,128,786	\$31,365,419	.036 : 1
1999	\$1,465,000	\$1,044,053	\$2,509,053	\$41,809,071	.060 : 1
2000	\$3,720,000	\$696,278	\$4,416,278	\$46,854,845	.095 : 1
2001	\$1,925,000	\$2,083,190	\$4,008,190	\$45,720,759	.088 : 1
2002	\$2,650,000	\$2,155,490	\$4,805,490	\$46,331,493	.104 : 1
2003	\$7,269,000	\$3,582,737	\$10,851,737	\$73,836,880	.147 : 1
2004	\$5,281,000	\$3,725,484	\$9,006,484	\$57,860,824	.156 : 1
2005	\$5,517,000	\$3,526,937	\$9,043,937	\$66,436,970	.136 : 1
2006	\$4,159,000	\$3,826,003	\$7,985,003	\$82,887,909	.096 : 1
2007	\$4,396,000	\$4,557,397	\$8,953,397	\$87,712,520	.102 : 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 and Economic Information  
Last Ten Fiscal Years**

Calendar Year	Population <sup>1</sup>	Personal Income <sup>2</sup>	Per Capita	Unemployment Rate	Households		Median Age	School Enrollment
			Personal Income		Total	Average Size		
1998	813,405	23,684,798	29,133	2.4	332,110	N/A	33.7	152,005
1999	810,946	24,420,134	30,111	2.3	334,000	N/A	34.1	147,147
2000	832,765	26,403,440	31,697	2.4	334,600	2.39	34.3	152,515
2001	835,876	27,178,761	32,510	3.3	357,099	2.32	33.6	154,053
2002	835,088	27,994,389	33,526	4.6	355,100	2.31	33.9	157,892
2003	836,119	28,573,705	34,179	4.6	358,500	2.40	34.5	157,265
2004	836,790	29,811,381	35,617	4.7	355,400	2.39	34.4	159,595
2005	836,341	31,052,935	37,145	4.9	356,400	2.34	34.8	157,665
2006	838,603	32,651,992	37,403	4.9	353,622	2.41	35	158,087
2007	849,180	*	*	4.5	*	*	*	*

73

<sup>1</sup>Estimated population of I-MCPL service area which is all of Marion County except for the City of Beech Grove and Speedway.

<sup>2</sup>Amounts expressed in thousands

N/A Not available

\* Not yet available

**Source:** U.S. Bureau of Economic Analysis and U.S. Department of Labor, Bureau of Labor Statistics

**Indianapolis-Marion County Public Library  
Principal Employers  
Current Year and Nine Years Ago**

Employer	2007		1998	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Allison Transmissions/Div. of GMC	4,000	0.87%	3,622	0.80%
Anthem, Inc.	-	-	6,642	1.47
AT&T	3,500	1	-	0.00
Bank One Corporation	-	-	3,158	0.70
Clarian Health (Methodist, IU, Riley Hospitals)	7,503	2	-	0.00
Community Health Network	7,500	2	4,928	1.09
Eli Lilly and Company	14,000	3	8,959	1.98
Federal Express	6,311	1	-	0.00
Ford Motor Company	-	-	2,967	0.66
I.U.P.U.I.	7,066	2	5,250	1.16
Kroger Company	-	-	5,400	1.19
Marsh	-	-	3,638	0.80
Methodist Hospital	-	-	11,025	2.44
Rolls Royce Allison	4,000	1	-	0.00
SBC	-	-	-	0.00
St. Francis Hospital and Health Centers	3,000	1	-	0.00
St. Vincent Hospital and Health Care Center	6,000	1	-	0.00
Wellpoint Insurance Company	4,200	1	-	0.00
	<u>67,080</u>	<u>14.51%</u>	<u>55,589</u>	<u>12.28%</u>

Source: The Indy Partnership

**Indianapolis-Marion County Public Library  
District Employees by Function  
Last Six Fiscal Years<sup>1</sup>**

	Full-time-Equivalent Employees					
	2002	2003	2004	2005	2006	2007
Public Services						
Brightwood Library	4	5	4	4	3	12
College Avenue Library	8.5	7.5	8.6	8	6.5	4
Decatur Library	5	7.5	6.5	6.5	6.5	36.25
Eagle Library	10.5	10.5	10.5	10.5	8	6
East 38th Street Library	5.5	5.5	9	8	6.5	9
East Washington Library	4	4	4	3	4	6.5
Flanner House Library	2.6	2.6	2.1	2.6	2.6	7.5
Fountain Square Library	4.1	4	4	4	4.5	5.5
Franklin Road Library	9	9.5	9.5	10	9.5	4
Glendale Library	19.5	20	19.5	18.5	14.5	34.1
Haughville Library	4	5	7	6	5	2
InfoZone (at The Children's Museum)	3.5	3	3.5	3	3.5	4.5
Interim Central Library	68.5	66.8	64.5	59.3	47.3	7.5
Irvington Branch Library	10	12	12	11.5	9	11.5
Lawrence Library	15	15.5	15.5	15.5	15.5	5.5
Nora Library	16.5	15.5	16.5	14.5	13.5	5
Outreach Service Section	12.5	12.5	12.5	11.5	13	16.5
Pike Library	13.5	9.5	13	12	11.5	3.5
Shelby Library	6.5	5	6	7	6.5	71.3
Southport Library	16.1	15.1	17.5	16	15	6.5
Spades Park Library	4.2	4.2	4.2	3.6	3.6	12.5
Warren Library	12.5	12	14	13	10.5	11
Wayne Library	11	11.5	12.5	11	9.5	7
West Indianapolis Library	4.7	4.7	4.7	4.7	4.2	10.5
Administrative Services	13	14	15	13	12	9
Information Technology Services	18	17	20	20	18.5	6.5
Collection Management Services	50	51.5	55	49.25	42.25	14
Project Development Services	9.1	10.1	10.6	10.6	10	4.1
Community Relations Services	17.5	16.5	18	17.5	16	11.2
Human Resources	8	10	10	8	6	10
Facility Services	44	44	43.5	40	30.1	4.1
<b>Total</b>	<b>430.8</b>	<b>431.5</b>	<b>453.2</b>	<b>422.05</b>	<b>368.05</b>	<b>358.55</b>

75

**Notes:**

A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).  
Full-time-equivalent employee is calculated by dividing total labor hours by 2,080.

<sup>1</sup>Due to a change in the Library's payroll software, information prior to 2002 is not available.

**Indianapolis-Marion County Public Library  
Library Materials Purchased and Circulated  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Number of Volumes Owned</b>	<b>Acquisition Cost of Collections</b>	<b>Cost of new Acquisitions</b>	<b>Net Book Value of Collections<sup>1</sup></b>	<b>Number of Items Circulated</b>	<b>Turnover Rate</b>
1998	1,786,562	N/A	N/A	N/A	9,506,576	5.32
1999	1,829,282	N/A	4,978,528	N/A	9,014,900	4.93
2000	1,846,314	N/A	5,442,460	N/A	9,725,789	5.27
2001	2,123,350	12,744,780	5,060,984	N/A	11,444,749	5.39
2002	2,380,284	20,948,154	8,203,374	N/A	12,644,394	5.31
2003	2,304,196	26,063,168	5,115,014	N/A	13,476,589	5.85
2004	1,989,026	30,612,355	4,549,187	14,076,389	11,693,669	5.88
2005	1,987,043	37,197,889	6,585,534	12,562,038	12,201,665	6.14
2006	1,813,697	43,737,165	6,539,277	14,401,776	13,799,846	7.61
2007	1,793,709	48,817,922	5,080,756	14,296,035	14,183,909	7.91

N/A = Not Available

76

Notes:

<sup>1</sup> GASB Statement 34, implemented in 2003, requires that capital assets be depreciated. The Library's collection of books and materials is considered a capital asset. Net book value represents total acquisition cost of circulating materials less accumulated depreciation to date.

<sup>2</sup> Turnover rate is the number of times an item is checked out. This is an average of all publicly circulating items in the total collection.

**Indianapolis-Marion County Public Library  
Circulation by Location  
Last Ten Fiscal Years**

Location	Fiscal Year									
	1998 <sup>1</sup>	1999 <sup>1</sup>	2000	2001	2002	2003	2004	2005	2006	2007 <sup>2</sup>
Brightwood Library	N/A	N/A	35,771	32,831	35,034	33,624	31,783	44,691	60,295	64,596
College Avenue Library (Formerly Broadway Library)	N/A	N/A	106,039	138,693	157,986	166,071	171,015	198,390	215,982	238,519
Decatur Library	N/A	N/A	165,625	159,869	176,908	192,431	186,249	237,595	257,881	268,258
Eagle Library	N/A	N/A	302,573	276,535	283,158	272,605	235,437	306,753	328,867	297,268
East 38th Street Library (Formerly Emerson Library)	N/A	N/A	89,254	81,015	78,680	93,660	111,800	151,574	147,443	143,900
East Washington Library	N/A	N/A	59,491	53,851	58,816	53,221	47,255	80,011	83,221	96,423
Flanner House Library	N/A	N/A	26,179	27,273	27,114	30,694	32,435	53,976	62,827	64,970
Fountain Square Library	N/A	N/A	59,310	57,418	64,255	65,065	60,092	85,112	97,515	98,677
Franklin Road Library (Formerly Wanamaker Library)	N/A	N/A	244,316	307,068	344,483	375,137	377,378	435,930	476,547	479,648
Glendale Library (Formerly Broad Ripple Library)	N/A	N/A	448,671	586,396	610,430	626,084	625,978	662,538	646,219	504,073
Haughville Library	N/A	N/A	66,351	59,680	61,048	77,668	97,681	138,101	151,875	160,973
InfoZone (at The Children's Museum)	N/A	N/A	1,737	36,761	38,369	39,115	38,165	45,675	51,481	46,295
Central Library	N/A	N/A	747,136	748,640	549,375	390,303	423,339	476,356	436,076	311,176
Irvington Branch Library (Formerly Brown Library)	N/A	N/A	230,418	235,741	324,990	335,699	343,607	424,246	443,059	431,690
Lawrence Library	N/A	N/A	649,560	670,152	672,438	652,111	671,571	775,244	794,169	764,340
Nora Library	N/A	N/A	550,996	543,189	532,901	512,598	501,970	564,522	593,965	605,922
Outreach Service Section	N/A	N/A	183,402	159,555	142,712	144,982	117,368	153,631	188,055	238,216
Pike Library	N/A	N/A	385,774	464,749	489,278	498,540	502,021	563,445	562,561	534,367
Shelby Library	N/A	N/A	137,666	133,204	141,091	138,249	142,446	198,398	221,174	197,114
Southport Library	N/A	N/A	604,838	641,382	669,055	670,208	676,079	683,429	764,213	772,578
Spades Park Library	N/A	N/A	55,042	52,799	52,370	50,068	48,097	65,232	69,048	70,709
Warren Library	N/A	N/A	491,417	481,826	510,581	515,683	479,227	551,207	573,544	536,500
Wayne Library	N/A	N/A	340,337	370,048	379,002	368,116	374,474	455,973	488,492	467,610
West Indianapolis Library	N/A	N/A	70,776	68,207	64,680	60,470	60,657	90,017	93,590	64,317
<b>Total</b>	<b>N/A</b>	<b>N/A</b>	<b>6,052,679</b>	<b>6,386,882</b>	<b>6,464,754</b>	<b>6,362,402</b>	<b>6,356,124</b>	<b>7,442,046</b>	<b>7,808,099</b>	<b>7,458,139</b>

**Notes:**

<sup>1</sup> In late 1999, the Library implemented a new collection management software. Circulation data before this date is unavailable.

<sup>2</sup> Central Library was closed for 3 months during 2007 due to the Renovation Project.



**Indianapolis-Marion County Public Library  
Service Location Information  
Last Ten Fiscal Years**

	Current Address	Current Status	Square Footage as of Fiscal Year-End									
			1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Southport Library	Indianapolis, IN 46203 2630 East Stop 11 Rd. Indianapolis, In 46227	O	15,740	15,740	15,740	15,740	15,740	15,740	15,740	15,740	15,740	15,740
Spades Park Library	1801 Nowland Ave. Indianapolis, IN 46201	O	4,480	4,480	4,480	4,480	4,480	4,480	4,480	4,480	4,480	4,480
Warren Library	9701 E. 21st St. Indianapolis, IN 46229	O	15,740	15,740	15,740	15,740	15,740	15,740	15,740	15,740	15,740	15,740
Wayne Library	198 S. Girls School Rd. Indianapolis, IN 46231	O	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
West Indianapolis Library	1216 S. Kappes St. Indianapolis, In 46221	O	5,010	5,010	5,010	5,010	5,010	5,010	5,010	5,010	5,010	5,010
<b>SUPPORT SERVICES</b>												
Library Service Center	2450 N. Meridian St. Indianapolis, IN 46206	O	79,920	79,920	79,920	79,920	79,920	79,920	79,920	79,920	79,920	79,920

O = Owned. L = Leased.

**Notes:**

<sup>1</sup> In 2002, Central Library moved to a temporary location to allow for the renovation and expansion of it's current building. The new Central Library was completed in 2007.

# Indianapolis-Marion County Public Libraries

## **Central Library**

40 East St. Clair Street  
Indianapolis, Indiana 46204  
317-275-4100

## **Brightwood Branch Library**

2435 North Sherman Drive  
Indianapolis, Indiana 46218  
317-275-4310

## **College Avenue Branch Library**

4180 North College Avenue  
Indianapolis, Indiana 46205  
317-275-4320

## **Decatur Branch Library**

5301 Kentucky Avenue  
Indianapolis, Indiana 46221  
317-275-4330

## **Eagle Branch Library**

3325 Lowry Road  
Indianapolis, Indiana 46222  
317-275-4340

## **East Thirty-Eighth Street Branch Library**

5420 East 38<sup>th</sup> Street  
Indianapolis, Indiana 46218  
317-275-4350

## **East Washington Branch Library**

2822 East Washington Street  
Indianapolis, Indiana 46201  
317-275-4360

## **Flanner House Branch Library**

2424 Dr. Martin Luther King Jr. Street  
Indianapolis, Indiana 46208  
317-275-4370

## **Fountain Square Branch Library**

1066 Virginia Avenue  
Indianapolis, Indiana 46203  
317-275-4390

## **Franklin Road Branch Library**

5550 South Franklin Road  
Indianapolis, Indiana 46239  
317-275-4380

## **Glendale Branch Library**

6101 North Keystone Avenue  
Indianapolis, Indiana 46220  
317-275-4410

## **Haughville Branch Library**

2121 West Michigan Street  
Indianapolis, Indiana 46222  
317-275-4420

## **Irvington Branch Library**

5625 East Washington Street  
Indianapolis, Indiana 46219  
317-275-4450

## **Lawrence Branch Library**

7898 North Hague Road  
Indianapolis, Indiana 46256  
317-275-4460

## **Nora Branch Library**

8625 Guilford Avenue  
Indianapolis, Indiana 46240  
317-275-4470

## **Pike Branch Library**

6525 Zionsville Road  
Indianapolis, Indiana 46268  
317-275-4480

## **Shelby Branch Library**

2502 Shelby Street  
Indianapolis, Indiana 46203  
317-275-4490

## **Southport Branch Library**

2630 East Stop 11 Road  
Indianapolis, Indiana 46227  
317-275-4510

## **Spades Park Branch Library**

1801 Nowland Avenue  
Indianapolis, Indiana 46201  
317-275-4520

## **Warren Branch Library**

9701 East 21<sup>st</sup> Street  
Indianapolis, Indiana 46229  
317-275-4550

## **Wayne Branch Library**

198 South Girls School Road  
Indianapolis, Indiana 46231  
317-275-4530

## **West Indianapolis Branch Library**

1216 South Kappes Street  
Indianapolis, Indiana 46221  
317-275-4540

## **InfoZone**

at The Children's Museum  
3000 North Meridian Street  
Indianapolis, Indiana 46208  
317-275-4430



Indianapolis -  
Marion County  
Public Library

*This report is available for viewing online through the  
Indianapolis Marion County Public Library website:*

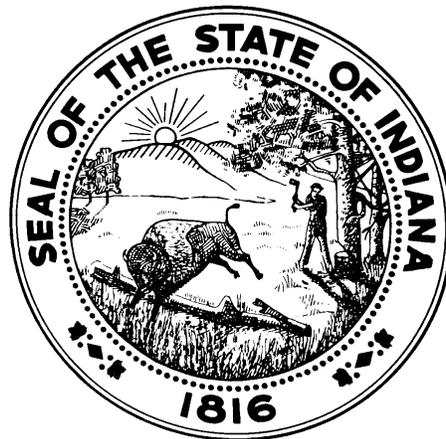
[www.imcpl.org](http://www.imcpl.org)

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT  
OF

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
PAYMENTS  
MARION COUNTY, INDIANA

January 1, 2007 to December 31, 2007



**FILED**  
08/19/2008



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Library Officials .....	2
Transmittal Letter .....	3
Audit Results and Comments:	
Advance Payments.....	4
Tax Anticipation Warrants – Overpayment Collections.....	4
Exit Conference.....	5
Official Response .....	6

LIBRARY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Library Director	Linda Mielke Laura Bramble (Interim) Laura Bramble	01-01-07 to 01-14-07 01-15-07 to 11-14-07 11-15-07 to 12-31-08
Chief Financial Officer-Treasurer	Rebecca L. Dixon	01-01-07 to 12-31-08
President of the Library Board	Louis Mahern Gregory N. Jordan	01-01-07 to 12-31-07 01-01-08 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

---

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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

We have audited the records of the Indianapolis-Marion County Public Library Payments (Library), for the period from January 1, 2007 to December 31, 2007, 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 Results and Comments. The financial transactions of this office are reflected in the Comprehensive Annual Financial Report of the Library for the year 2007.

STATE BOARD OF ACCOUNTS

July 29, 2008

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
PAYMENTS  
AUDIT RESULTS AND COMMENTS

ADVANCE PAYMENTS

Two payments were made by the Library to service operators in 2007. The five year contract with the cafe/catering services operator included an "Advance" of \$289,000. The parking garage service operator's three year contract included an "Advance" of \$10,000. In each case the "Advance" was made to cover the operating costs or working capital that the companies paid on the Library's behalf. The operators pay for many of the maintenance and operational costs and then bill the Library on a monthly basis to recover the costs. The monthly billings include the operators' fees and cost reimbursement from the prior month. The contracts were set up to recover the "Advance" funds when the contract terminates.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

TAX ANTICIPATION WARRANTS - OVERPAYMENT COLLECTIONS

An unexplained amount of approximately \$18,979.62 was paid when tax anticipation warrants (TAW) were repaid in August 2007. The billing received by the Library initially did not explain the difference and a second billing explained the difference as interest.

Interest rates for the initial loan and the rollover loan were 3.3% and 4%, respectively. Using the data from the second billing and the amount identified as interest, the calculated interest rate would have been in excess of 7.5%.

Some of the problems arose when the Library borrowed funds from the Indianapolis Local Public Improvement Bond Bank (Bond Bank) and was not able to pay the funds back when the TAW were due, causing a second rollover loan to be made for an additional 90 days. (The Library was unable to repay the TAW back timely because the Marion County tax settlement was not made timely.) The Library was able to repay the second loan prior to maturity.

Specific calculations based upon agreed upon interest rates from the first and second loans were \$5,865.38 and \$9,011.16, respectively. The principal borrowed on May 24 was \$1,777,387. Total principal and interest calculated by examiners was \$1,792,263.54. The total repaid on August 20, 2007, was \$1,811,243.16.

The unexplained charges have been considered an overpayment of \$18,979.62.

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

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY  
PAYMENTS  
EXIT CONFERENCE

The contents of this report were discussed on July 29, 2008, with Rebecca L. Dixon, Chief Financial Officer/Treasurer; Laura Bramble, Library Director; and Jennifer Meredith, Accounting Manager. The official response has been made a part of this report and may be found on page 6.



**Indianapolis - Marion County Public Library**

*Service • Tradition • Innovation*

August 7, 2008

State Board of Accounts  
OFFICIAL RESPONSE  
302 West Washington Street  
Room E 418  
Indianapolis, IN 46204-2765

RE: Indianapolis-Marion County Public Library Audit Response for YE 12/31/07

**ADVANCE PAYMENTS:**

As noted in the comment, the Indianapolis-Marion County Public Library (IMCPL), by contract, provided for separate working capital accounts with the contractors to cover actual operating expenses for the respective operations. Under our contractual agreement, the working capital funds are separately accounted for and all contractually acceptable expenses incurred which the funds are used to pay are regularly documented, reviewed and authorized or rejected by IMCPL. Both contracts provide for the release and return to IMCPL of the working capital funds should the contract be terminated for any reason, and IMCPL has the right to withhold reimbursement of the operator's fees and prior expenses. The separately accounted for funds, were not provided until after contracts were signed and both vendors were on site providing services and assisting with the opening of the facilities. Moreover, the funds are not drawn upon until the respective operating expenses are incurred, and IMCPL, following its review of detailed expense documentation and invoicing, has the right to authorize or reject any expense payment not properly documented or not authorized by the respective operating agreement. Therefore, we respectfully disagree with the comment that payment was made in advance of receiving services. In addition to the foregoing, under Indiana Code 36-12-3-16, with the prior written approval of the IMCPL Board, certain enumerated claim payments "may be made in advance of library board allowance" including "other expenses described in a library board resolution." The IMCPL Board, by resolution, approved entering into the agreements and authorized the negotiation and execution of the respective agreements, thereby authorizing the expense payment mechanism therein included.

**TAX ANTICIPATION WARRANTS – OVERPAYMENT COLLECTIONS**

IMCPL has received reimbursement from the Indianapolis Local Public Improvement Bond Bank regarding this issue.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rebecca Dixon".

Rebecca Dixon, CFO  
Indianapolis-Marion County Public Library

2450 N. Meridian Street  
Indianapolis, IN  
46208  
[www.imcpl.org](http://www.imcpl.org)