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***Comprehensive
Annual
Financial
Report***

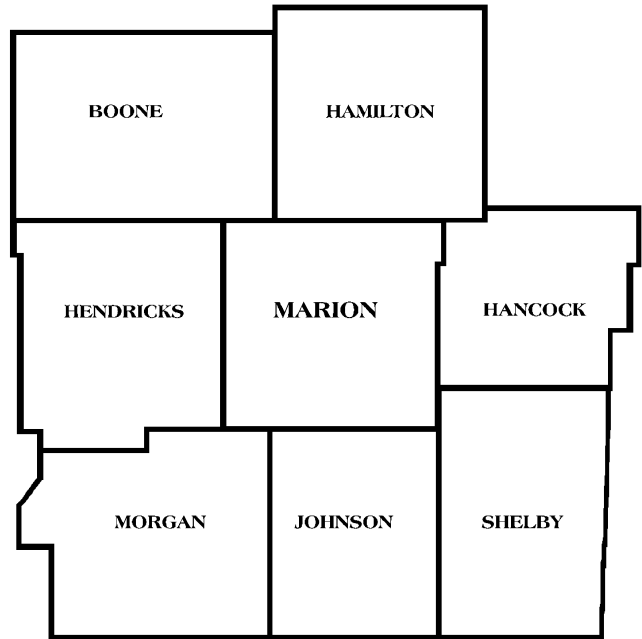
FOR THE YEAR ENDED DECEMBER 31, 2011



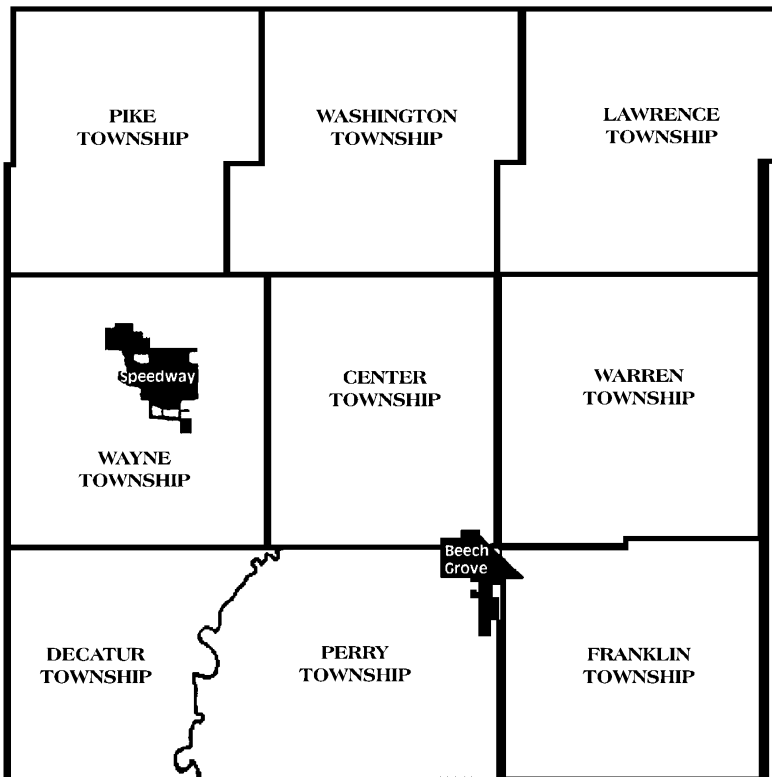
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**INDIANAPOLIS, INDIANA
METROPOLITAN STATISTICAL AREA**



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



2011 Comprehensive Annual Financial Report

FOR THE YEAR ENDED DECEMBER 31, 2011

**Indianapolis-Marion County
Public Library**

Indianapolis, Indiana

Prepared by:

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

**Carolyn Adams, CPA
Accounting Manager**

**INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
 INDIANAPOLIS, INDIANA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED DECEMBER 31, 2011**

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**Indianapolis -
Marion County
Public Library**

INTRODUCTORY



June 30, 2012

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, 2011.

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 mis-statements.

The Indiana State Board of Accounts has issued an unqualified ("clean") opinion on the Indianapolis-Marion County Public Library's financial statements for the year ended December 31, 2011. The independent auditor's report is located at the front of the financial section of this report. When federal funds are received, 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. This does not apply for 2011, 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 complements 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 877,389 (based on the 2010 Census) 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 Library.

The Library is governed by a seven member Board appointed by the Indianapolis Public Schools Board of Commissioners (2), Commissioners of Marion County (3) and City-County Council (2) to serve staggered terms of four years each. The Library operates as a separate, financially independent unit, with its appointed officials being directly and separately (from City and County officials) responsible for the financial management, operations, and accountability for fiscal matters. Therefore, the Library is a separate entity for financial reporting purposes in accordance with standards promulgated by the Government Accounting Standards Board. The present Board Members are listed on page ten (10).

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.

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 public by referendum. The Library Board has the authority to adopt the budget and recommend a tax levy. Final budget approval and tax levy must be approved by the City County Council. 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 August 31 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 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)

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. Indianapolis is the 13th largest city in the U.S., the third largest city in the Midwest (behind Chicago and Detroit), and the second most populous state capital. The unemployment rate for the Indianapolis Metropolitan area was 9.4% compared to 9% for the state of Indiana in 2011. Indianapolis has a strong service sector including tourism, convention, hospital, logistics, insurance and computer related industries. Manufacturing and research industries are also prevalent in the Indianapolis area with Eli Lilly and Company, Allison Transmissions, Rolls-Royce, Roche Diagnostics Corporation, and Dow Agro-Sciences located in the City.

Indiana is one of the nation's top life science markets based on the number and concentration of life-science related jobs. The Indianapolis MSA ranks second in the United States for employment concentration in drugs and pharmaceuticals, fourth in the agricultural feedstock and chemical subsector and 15th in the medical devices and equipment category. Dow Agro-Sciences announced it will expand its biotechnology research operations in Indianapolis and add 577 jobs within the next five years to expand its worldwide competitiveness in farm chemical and biotech crops.

The City of Indianapolis is a low-cost area in which to live and do business. Indianapolis does not have the higher living costs exhibited by other large metropolitan areas. The 2010 Executive Outlook Magazine ranked Indianapolis fourth nationally in the Top 25 Cities for Business. Indianapolis is ranked seventh in the Top 10 Metro Cities for Economic Growth Potential and is ranked eighth in the Top 10 Cities with the Best Cost of Living (Business Facilities Ranking Report, 2010). With four interstate highways intersecting in Indianapolis, the region ranks first among metro areas in interstate access. The railroad system in the state ranks ninth in the nation for total mileage (4,178). Indianapolis International Airport is home to the second-largest FedEx hub in the world and is the eighth-largest cargo airport in North America. These strategic advantages, along with the collaboration of the government and the private sector, make the Indianapolis region a great place to do business.

According to Indianapolis Downtown, Inc. in 2010, 29 major downtown projects totaling nearly \$178.2 million were completed, a four percent increase in value from 2009. There are 84 new downtown projects worth more than \$3 billion to be completed by 2017. Major downtown projects completed in the past few years include: the Broadbent Company headquarters, Buckingham Companies headquarters, Clarian Health Education and Resource Center Phase I, Eli Lilly and Company expansion, Biotechnology Research lab, Indiana University Melvin and Bren Simon Cancer Center, the DeSoto Luxury Townhomes, Indiana Experience at the Glick Indiana History Center, The Nature Conservancy, and the Indiana Landmarks Center.

Indianapolis continues to establish itself as a mecca of major sporting events. 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 pour hundreds of millions of dollars into the local economy each year. In addition, Indianapolis is home to the Indianapolis Colts, the 2007 Super Bowl Champs, 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.

In preparation for the 2012 Super Bowl, the Indianapolis Convention Center added 254,000 square feet of exhibit space, 63,000 square feet of meeting rooms and 100,000 square feet of pre-function space. This expansion makes the Indianapolis Convention Center the nation's 16th largest convention center. In March of 2011, the new \$425 million JW Marriott Indianapolis opened downtown. The luxurious hotel complex provides over 1,600 rooms with 104,000 square feet of meeting, banquet and exhibit space making it the premier convention headquarters hotel in Indianapolis.

In addition, several neighborhoods and streetscapes were revitalized and a domed practice facility was built at the University of Indianapolis. The Legacy Program supported by the NFL developed The Near Eastside Education and Wellness Center at Tech High School. Georgia Street in downtown Indianapolis was transformed by a \$12.5 million investment which included a pedestrian boardwalk, catenary lighting system, landscaping, and outdoor seating areas.

The City of Indianapolis provides a wide variety of cultural offerings including the Indianapolis Symphony Orchestra, Indianapolis City Ballet, the Indianapolis Children's Choir, the Indianapolis Museum of Art, the Indiana State Museum, the Eiteljorg Museum of American Indian and Western Art, the Indiana Repertory Theater, the International Violin Competition and the American Pianist Association's Jazz and Classical Competition, among many other well-known cultural activities.

There is an extensive system of greenways that includes rivers, rail corridors, a historic canal towpath and trails providing 175 miles of activity for residents of the Indianapolis area. The Indianapolis Cultural Trail is a world class urban bike and pedestrian path that connects neighborhoods, cultural districts and entertainment amenities, and serves as the downtown hub for the entire Indiana Greenway system. Upon completion by the end of 2012, the Trail will encompass eight miles of public art displays, restaurants, shops and culture. Several of the library branch locations are included along the bike trail allowing patrons the opportunity to ride their bike to the library.

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

In 2011 the Library worked with our elected officials and legislation was passed allowing our fiscal body to allocate a share of the County Option Income Taxes to the Library. During the 2012 budgetary process, the City/County Council (fiscal body) agreed to allocate a share of the taxes to help restore some hours reduced in October of 2010. This new tax source is projected to be on-going in support of the hours of service restored.

The Circuit Breaker legislation passed by the State Legislature and signed into law limits property tax liability based upon the class of property. This limitation is 1% of the gross assessed value for homestead property, 2% for rental property, and 3% for all other property. For 2011, the reduction of property taxes was \$4.4 million. The Library took a pro-active approach and began planning for the financial impact of this legislation in 2009. In addition to gaining access to the County Option Income Taxes, the Library restructured staffing levels and found ways to increase efficiency and reduce costs. Looking towards the future, the Library has prepared five-year forecasts to serve as a guide for long-range financial stability.

Major Initiatives for the Library

In 2011 the Library's hours of service were reduced by 26% yet over 3.9 million patrons visited our libraries, and circulation approached 15 million. These record-setting numbers reflect our commitment to meet the 21st 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 service 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.

Although difficult but necessary decisions were made in 2010 to reduce service hours and staffing levels, the Library responded quickly to today's economic reality by defining a new model of service that will insure its viability in the years to come. We received a 4-Star rating by the Library Journal demonstrating our commitment to exceptional service.

Not just a place to check out one's favorite books, today's Library is integrated with the community in developing programs to help children become readers and comfortable using technology and individuals improve their quality of life. As a community place, the Library is where individuals can learn new computer skills, research the job market, enjoy a classical concert, meet their favorite authors, or develop new skills, all free with the use of a library card.

In 2011, our web branch received 9.5 million visits, allowing patrons to do everything from placing holds on items found in our catalog to learning of upcoming library events. In 2011, patrons logged 955,000 hours on our computers in pursuit of their own interests.

In 2011, IMCPL offered 847 free computer training classes that were attended by 12,336 individuals. These classes helped individuals discover online resources for job search help and market research, as well as learn new computer skills. The Library also provided assistance for patrons to file unemployment claims.

The Library partnered with the State of Indiana Workforce Development Office and with funding from the Library Foundation, mobile Job Center Labs were launched providing essential one-on-one job skills training for unemployed and underemployed adults.

During 2011 the Library Foundation invested more than \$230,000 in the Library's "Ready to Read" early childhood literacy initiative. The Library made monthly visits to nearly 200 home and faith-based daycare classrooms serving preschool children in low-to-moderate income areas. Additional, AWE Early Literacy Stations were installed at two branch locations in 2011 and will be in all library branches by the end of 2012. These state-of-the-art computers are loaded with activities that encourage development of pre-reading skills.

Thanks to a major grant and support of the Friends of the Library the newly renovated Garfield Park Branch reopened in November of 2011 with more public computers, a storytelling garden and building improvements aimed at achieving higher energy efficiency. This renovation incorporated several green initiatives and will be a model for energy and resource conservation.

The Library not only serves as a bridge between individuals and information, but it successfully partners with many community organizations, acts as an economic stimulus in neighborhoods, and provides a welcoming place for newly-arrived immigrants. Its free and accessible spaces foster a learning community.

In 2011, the Library hosted 3,478 community meetings tying the Library into the fabric of the community and connecting it with what is important to our public.

The 34rd annual Marian McFadden Memorial Lecture was presented by Bob Woodward, former investigative reporter for the Washington Post. He is best known for his reporting of the Watergate scandal in 1972.

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, 2010. This was the 21st consecutive year that the Library has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Rebecca Dixon, CGFM
Treasurer of the Board
Chief Financial Officer



Carolyn Adams, CPA
Accounting Manager

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INDIANAPOLIS - MARION COUNTY PUBLIC LIBRARY
Indianapolis, Indiana
December 31, 2011
BOARD OF TRUSTEES

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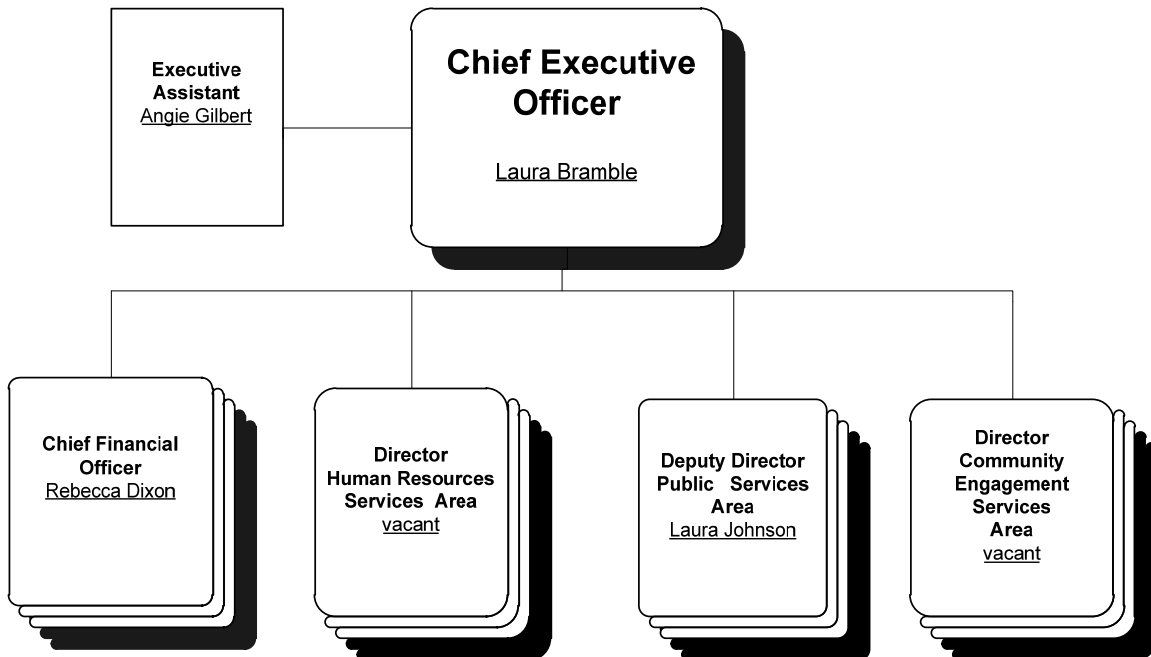


INDIANAPOLIS - MARION COUNTY PUBLIC LIBRARY
Indianapolis, Indiana
December 31, 2011

ORGANIZATIONAL CHART

Indianapolis-Marion County Public Library

Library Board



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, 2010

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.



Linda C. Davison

President

Jeffrey R. Egan

Executive Director

Our Mission

The Indianapolis-Marion County Public Library is the community's place to access essential information resources, technology, programs and services; foster reading and learning and promote the social, economic, recreational and lifelong learning interests of its diverse population.

Our Vision

The Indianapolis-Marion County Public Library will continue to be one of the best library systems in the United States as measured by its responsiveness and relevance to the community's information and learning needs; the excellent stewardship of its resources and the high-quality service it delivers to the public.



FINANCIAL



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, aggregate discretely presented component unit, 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, 2011, which collectively comprise the Library's basic financial statements, as listed in the Table of Contents. 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 percent 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, based on our audit, and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the Library as of December 31, 2011, 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, Schedules of Funding Progress, and Budgetary Comparison Schedules, as listed in the Table of Contents, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Library's basic financial statements. The introductory section, combining fund financial statements, other budgetary comparison schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and other budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements 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 tables 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.

STATE BOARD OF ACCOUNTS

June 5, 2012

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, 2011. 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 5-9 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 \$90,259 (net assets).
- The Library's total net assets decreased by \$687 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 \$27,917, a decrease of \$608 in comparison with the prior year. Approximately 39% of this total amount, \$10,951 is available for spending at the library's discretion (unassigned fund balance).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$11,169. This decrease of \$1,640 compared with the prior year is the result of returning to a normal collection cycle of property taxes. In 2010 property taxes were billed and collected in three installments compared with the norm of two installments.
- The Library's total bond related debt decreased by \$5,420 during the current fiscal year. The decrease relates to a current refunding of the 2002A Series Bonds in 2010 and the regularly scheduled debt payments made in 2011.

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 26-28 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, uses 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 11 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 Fund, Bond and Interest Redemption Fund, Construction Fund, and Rainy Day 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, Bond and Interest Redemption Fund, and Rainy Day Fund. Budgetary comparison schedules have been provided for the General Fund and the Rainy Day 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 29-31 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 32-33 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 34-58 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 post-employment benefits and pension benefits to certain employees is included as supplementary information. Required supplementary information can be found on pages 59-62 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 63-65 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 \$90,259 at the close of the most recent fiscal year with the Library’s net assets decreasing by \$687 during 2011. 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, \$59,011 (65%), 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 2011 and 2010:

Indianapolis-Marion County Public Library, Indiana, Net Assets		
Governmental Activities		
Description	2011	2010
Current and Other Assets	\$ 30,438	\$ 30,079
Restricted Assets	6,283	7,834
Capital Assets	<u>156,291</u>	<u>161,824</u>
Total Assets	<u>193,012</u>	<u>199,737</u>
Long-term liabilities outstanding	91,728	97,201
Liabilities payable from restricted assets	8,141	7,870
Other liabilities	<u>2,884</u>	<u>3,720</u>
Total Liabilities	<u>102,753</u>	<u>108,791</u>
Net Assets		
Invested in capital assets, net of related debt	59,011	59,277
Restricted	8,804	9,842
Unrestricted	<u>22,444</u>	<u>21,827</u>
Total Net Assets	<u>\$ 90,259</u>	<u>\$ 90,946</u>

An additional portion of the Library’s net assets, \$8,804 (10%), 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

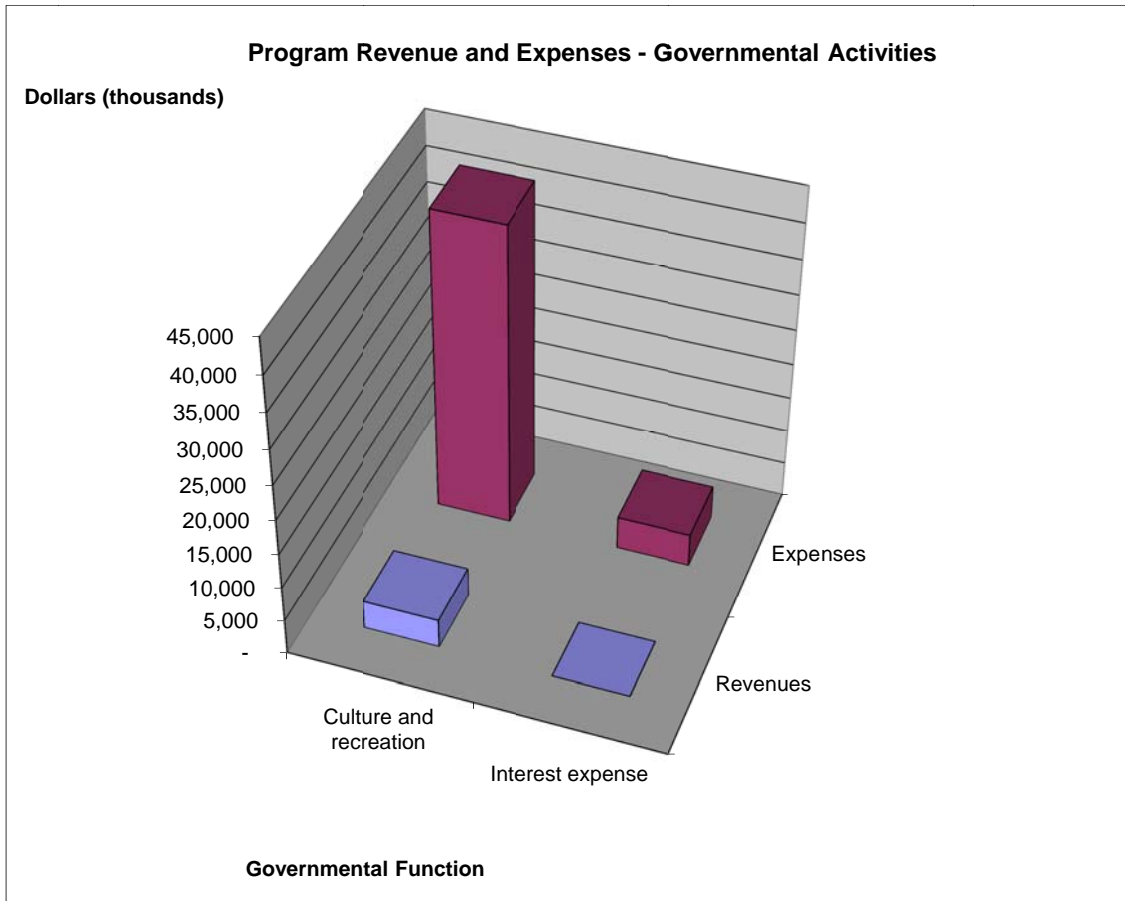
Governmental activities decreased the Library’s net assets by \$687 during 2011. In 2011, the Library’s property taxes decreased due to recent circuit breaker legislation passed by the State Legislature and signed into law which limits the tax liability based upon the class of property. Intergovernmental revenues and local excise taxes also decreased as the impact of the current economic conditions affected the collections of taxes. Operating Grants and Contributions increased to offset the decrease in tax revenues.

The cost of governmental activities increased by \$150 in 2011. Expenses increased slightly over the prior year due to a 2% increase in salaries and associated fringe benefits.

Indianapolis-Marion County Public Library – Changes in Net Assets		
Description	Governmental Activities	
	2011	2010
Revenues:		
Program revenues		
Charges for services	\$ 2,344	\$ 2,607
Operating grants and contributions	1,709	932
General revenues		
Property and other taxes	42,600	44,075
State aid	–	–
Grants and contributions – not restricted	–	–
Other	469	1,398
Total revenues	<u>47,122</u>	<u>49,012</u>
Expenses:		
Culture and recreation	43,134	42,714
Interest expense	4,675	4,945
Total expenses	<u>47,809</u>	<u>47,659</u>
Increase (Decrease) in net assets	(687)	1,353
Net assets at January 1	90,946	89,593
Net assets at December 31	<u>\$ 90,259</u>	<u>\$ 90,946</u>

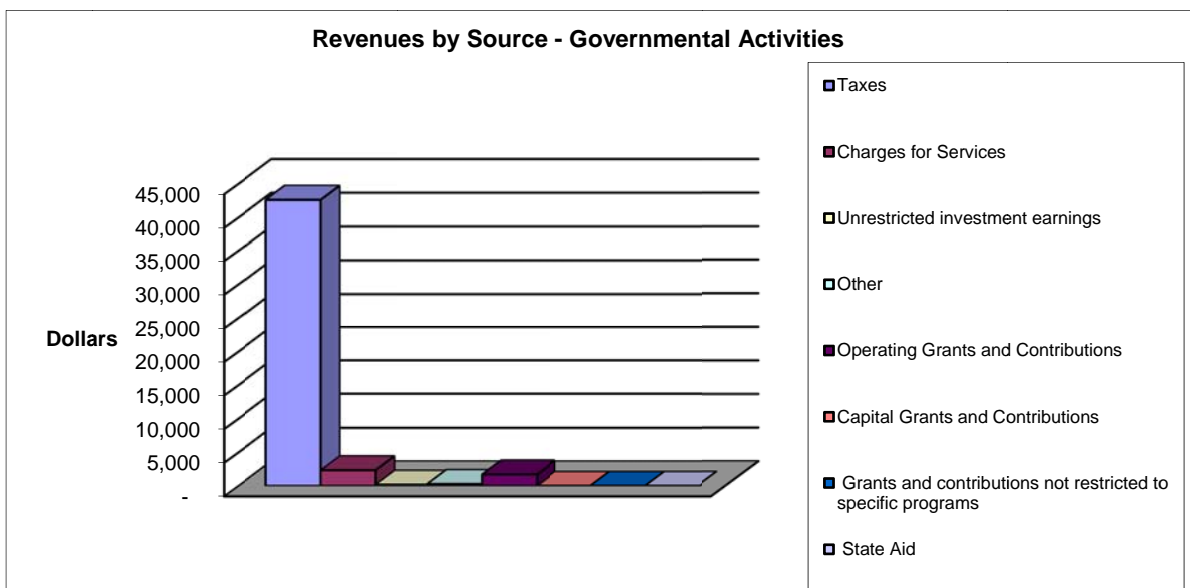
The Library’s overall cash and cash equivalents position, \$34,320, remained very strong in the current economic environment, which posed many challenges.

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, unassigned 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 \$27,917 a decrease of \$608 in comparison with the prior year. Approximately 39% of this total amount, \$10,951, constitutes unassigned fund balance, which is available for spending at the library's discretion. The remainder of fund balance is comprised of restrictions of \$5,102, commitments of \$10,904, and assignments of \$960. For more information on the components of fund balance see Note III B. on page 43 of this report.

The General Fund is the chief operating fund of the Library. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,169 while total fund balance reached \$12,092. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures of \$35,166, excluding transfers. Unassigned fund balance represents 32% of total General Fund expenditures, while total fund balance represents 34% of that same amount.

The fund balance of the Library's General Fund, excluding transfers out of \$3,900, increased by \$1,666 during the current fiscal year. Key factors in this increase are as follows:

- Current year property tax collections net of Circuit Breaker were at 99% for 2011 compared to a normal collection rate of 96%.
- Expenditures decreased by \$898 with the majority \$883 in operating cost (services personal, & utilities) and a decrease in debt of \$78. The remaining balance \$63 was an increase in capital outlay (collection materials – books, DVD's CD's).

The Library also has three other governmental funds which it considers major funds. These are the Bond and Interest Redemption Fund, the Construction Fund, and the Rainy Day Fund.

The fund balance of the Library Bond and Interest Redemption Fund went from a positive fund balance in 2010 to a negative fund balance of \$8 in 2011. Primary reason for this is as follows:

- The negative fund balance in the Bond and Redemption Fund is due to the loss of property taxes from the Circuit Breaker. Current Circuit Breaker legislation applies the reduction of taxes to all funds based on a proportionate share of the total tax rate. The Library covered the loss of revenue in January 2012 from the Operating Fund.

The fund balance of the Library Construction Fund decreased \$1,477 during the current fiscal year. The reason for this decrease is as follows:

- This decrease is a result of contract payments related to the Central Library Project.

The fund balance of the Rainy Day Fund increased by \$3,844 during the current fiscal year. The reason for this increase is as follows:

- A transfer in of \$3,900 from the Operating Fund increased the fund balance.

General Fund Budgetary Highlights

Differences between the original budget and the final budget resulted in a decrease of \$182. This decrease along with other adjustments was distributed among the following budget classifications:

- \$200 decrease in personnel services (salaries & fringe benefits) due to a reallocation to cover snow removal expenses related to a non-anticipated ice storm.
- \$32 increase in supplies for security cases for DVD's and CD's.
- \$238 increase in other services and charges due to a reallocation of collection materials from paper books to e-books.
- \$252 decrease in capital outlay for our collection to reallocate expenditures for paper books to e-books.

Actual expenditures were \$4,355 (11%) less than the amended final budget for 2011. The majority of the difference (55%) was due to lower spending in personal services from hiring freezes and reduced hours of service. In addition, 24% less was spent on other services and charges – utilities and repair & maintenance.

During the year, revenues exceeded expenditures, excluding other financing uses, by \$2,749 resulting in an increase in the fund balance for 2011.

Capital Asset and Debt Administration

Capital Assets. The Library's investment in capital assets for its governmental activities as of December 31, 2011 amounts to \$156,291 (net of accumulated depreciation). This investment in capital assets includes land, buildings, artwork, rare books & other special collections, improvements, machinery and equipment, and collections.

The Library continued in 2011 with the completion of several energy conservation projects to reduce overall utility cost. In addition, the Library secured a grant for the renovation of its Garfield Library Branch. The branch community room was converted into a computer lab and a new circulation desk was added along with new shelving and computers for children. The renovation included several green related components along with an outside children's area, and electric charging station, and a worm farm.

The following table displays the Library's capital assets:

Indianapolis-Marion County Public Library, Indiana, Capital Assets		
	<u>Governmental-type Activities 2011</u>	<u>Governmental-type Activities 2010</u>
Land	\$ 6,120	\$ 6,120
Artwork	2,190	2,204
Rare Books & Other Special Collections	599	599
Buildings	153,125	153,125
Improvements	2,781	2,745
Collections	25,468	25,782
Machinery and Equipment	<u>7,670</u>	<u>7,903</u>
Total Assets	197,953	198,478
Depreciation	<u>(41,662)</u>	<u>(36,654)</u>
Net Capital Assets	<u>\$ 156,291</u>	<u>\$ 161,824</u>

Additional information on the Library's capital assets can be found in Note IV C. on page 48 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 \$98,980. General obligation bonds represent \$97,280 or the majority of total debt. The remainder of the Library’s debt of \$1,700 is compensated absences and other post-employment benefits of \$274.

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

Indianapolis-Marion County Public Library, Indiana, Long-term Debt		
<u>Description</u>	Governmental- type Activities	Governmental- Type Activities
	<u>2011</u>	<u>2010</u>
General obligation debt	\$ 97,280	\$ 102,547
Compensated absences	1,426	1,464
Other post-employment benefits	274	196
subtotal	<u>98,980</u>	<u>104,207</u>
less:		
Short term portion	<u>(6,744)</u>	<u>(6,433)</u>
Total long-term debt	<u>\$ 92,236</u>	<u>\$ 97,774</u>

The Library’s total long-term debt decreased by \$5,538 during the current fiscal year. The key factor for this decrease was current year debt payments along with the current refunding in 2010 offset by the 2011 current refunding of general obligation bonds in the amount of \$8,000 with new bonds issued of \$8,310 and \$357 of premium proceeds.

The Library maintains an “AA+” 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 \$236,410 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 F pages 49-51 in Notes to the Financial Statements of this report.

Economic Factors and Next Year’s Budgets and Rates

- The tax rate for 2012 for the Library increased from \$0.1184 per \$100 in assessed value in 2011 to \$0.1281 per \$100 in assessed value in 2012. This increase is due to a slight reduction in assessed value and a reallocation of debt from the Operating Fund to the Bond and Interest Redemption Fund.
- The Library was successful in receiving a share of the County Option Income Taxes for budget year 2012. This additional source of revenue along with the reallocation debt allowed the Library to restore a portion of service hours reduced in 2010.

All of the above factors were considered in preparing the Library’s budget for the 2012 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, 2011

<u>Assets</u>	<u>Primary Government Governmental Activities</u>	<u>Component Unit</u>
Cash and cash equivalents	\$ 28,037,060	\$ 989,553
Investments	-	4,495,028
Receivables (net of allowances for uncollectibles):		
Accounts	10,499	-
Intergovernmental	636,362	-
Miscellaneous	492,280	-
Inventories	-	56,275
Prepaid expense	130,584	7,856
Beneficial interest in assets held by others	-	663
Restricted assets:		
Cash and cash equivalents	6,282,563	635,092
Investments	-	4,168,612
Receivables (net of allowances for uncollectibles):		
Contributions from assets held by others	-	5,802,858
Contributions from unitrusts	-	375,785
Pledges	-	1,119,422
Deferred debits	617,171	-
Contract advance receivable	299,000	-
Capital assets:		
Land, artwork, rare books, and other special collections	8,908,418	-
Other capital assets, net of depreciation	147,382,824	98,419
Net pension asset	214,912	-
 Total assets	 <u>\$ 193,011,673</u>	 <u>\$ 17,749,563</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, 2011
(Continued)

<u>Liabilities</u>	<u>Primary Governmental Activities</u>	<u>Component Unit</u>
Accounts payable	\$ 1,380,334	\$ 27,470
Accrued payroll and withholdings payable	760,278	-
Unearned revenue	58,970	-
Other current payables	-	23,322
Liabilities payable from restricted assets:		
Interest payable	2,044,426	-
Retainage payable	36,484	-
Noncurrent liabilities:		
Due within one year		
General obligation bonds payable	6,060,000	-
Compensated absences	684,415	-
Due beyond one year		
General obligation bonds payable	91,220,448	-
Compensated absences	741,450	-
Deferral of loss on refunding	(507,876)	-
Other postemployment benefits	273,641	-
 Total liabilities	 <u>102,752,570</u>	 <u>50,792</u>
 <u>Net Assets</u>		
Invested in capital assets, net of related debt	59,010,794	98,419
Restricted for:		
Capital projects	4,742,135	-
Debt service	4,062,142	-
Foundation:		
Expendable	-	6,050,917
Nonexpendable	-	6,050,852
Unrestricted	<u>22,444,032</u>	<u>5,498,583</u>
 Total net assets	 <u>\$ 90,259,103</u>	 <u>\$ 17,698,771</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, 2011

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	\$ 43,134,320	\$ 2,343,867	\$ 1,708,752	\$ -	\$ (39,081,701)	\$ -
Interest on long-term debt	4,674,759	-	-	-	(4,674,759)	-
Total governmental activities	<u>47,809,079</u>	<u>2,343,867</u>	<u>1,708,752</u>	<u>-</u>	<u>(43,756,460)</u>	<u>-</u>
Total primary government	<u>\$ 47,809,079</u>	<u>\$ 2,343,867</u>	<u>\$ 1,708,752</u>	<u>\$ -</u>	<u>(43,756,460)</u>	<u>-</u>
Component unit:						
Indianapolis-Marion County Public Library Foundation, Inc.	<u>\$ 3,108,536</u>	<u>\$ 257,238</u>	<u>\$ -</u>	<u>\$ 688,332</u>	<u>-</u>	<u>(2,162,966)</u>
General revenues:						
Property taxes					34,670,841	-
Intergovernmental taxes					7,929,374	-
Grants and contributions - not restricted					-	1,271,205
Other general revenues					385,582	-
Unrestricted investment earnings					83,362	121,880
Total general revenues					<u>43,069,159</u>	<u>1,393,085</u>
Change in net assets					<u>(687,301)</u>	<u>(769,881)</u>
Net assets - beginning					<u>90,946,404</u>	<u>18,468,652</u>
Net assets - ending					<u>\$ 90,259,103</u>	<u>\$ 17,698,771</u>

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

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011

<u>Assets</u>	<u>General</u>	<u>Bond and Interest Redemption</u>	<u>Construction</u>	<u>Rainy Day</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 14,633,876	\$ -	\$ -	\$ 10,152,554	\$ 3,250,630	\$ 28,037,060
Receivables (net of allowances for uncollectibles):						
Intergovernmental	539,915	-	-	-	154	540,069
Accounts	-	-	-	-	10,499	10,499
Miscellaneous	272,606	-	-	-	-	272,606
Interfund receivable:						
Interfund loans	151,364	-	-	-	-	151,364
Restricted assets:						
Cash and cash equivalents	-	3,354,787	2,927,776	-	-	6,282,563
Total assets	<u>\$ 15,597,761</u>	<u>\$ 3,354,787</u>	<u>\$ 2,927,776</u>	<u>\$ 10,152,554</u>	<u>\$ 3,261,283</u>	<u>\$ 35,294,161</u>
 <u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 1,058,973	\$ 59,752	\$ 17,605	\$ -	\$ 244,004	\$ 1,380,334
Accrued payroll and withholdings payable	760,278	-	-	-	-	760,278
Interest payable	846,486	1,197,940	-	-	-	2,044,426
Retainage payable	-	-	-	-	36,484	36,484
Interfund payable:						
Interfund loans	-	-	-	-	151,364	151,364
General obligation bonds payable	840,000	2,105,000	-	-	-	2,945,000
Deferred revenue - unearned	-	-	-	-	58,970	58,970
Total liabilities	<u>3,505,737</u>	<u>3,362,692</u>	<u>17,605</u>	<u>-</u>	<u>490,822</u>	<u>7,376,856</u>
Fund balances:						
Restricted	-	-	2,910,171	-	2,192,256	5,102,427
Committed	-	-	-	10,152,554	751,927	10,904,481
Assigned	923,506	-	-	-	36,072	959,578
Unassigned	<u>11,168,518</u>	<u>(7,905)</u>	<u>-</u>	<u>-</u>	<u>(209,794)</u>	<u>10,950,819</u>
Total fund balances	<u>12,092,024</u>	<u>(7,905)</u>	<u>2,910,171</u>	<u>10,152,554</u>	<u>2,770,461</u>	<u>27,917,305</u>
Total liabilities and fund balances	<u>\$ 15,597,761</u>	<u>\$ 3,354,787</u>	<u>\$ 2,927,776</u>	<u>\$ 10,152,554</u>	<u>\$ 3,261,283</u>	
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).						156,291,242
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 C).						214,912
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds (see Note II A).						1,362,722
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>(95,527,078)</u>
Net assets of governmental activities						<u>\$ 90,259,103</u>

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, 2011

	General	Bond and Interest Redemption	Construction	Rainy Day	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 27,751,398	\$ 6,423,112	\$ -	\$ -	\$ 496,331	\$ 34,670,841
Intergovernmental	7,072,778	643,293	-	-	289,110	8,005,181
Charges for services	228,703	-	-	-	1,041,473	1,270,176
Fines and forfeits	1,147,087	-	-	-	-	1,147,087
Other	632,698	1,240	17,470	175,613	1,502,039	2,329,060
Total revenues	36,832,664	7,067,645	17,470	175,613	3,328,953	47,422,345
Expenditures:						
Current:						
Culture and recreation	28,004,608	-	1,395,991	231,661	3,641,702	33,273,962
Debt service:						
Principal	1,660,000	4,175,000	-	-	-	5,835,000
Interest and fiscal charges	1,155,618	2,983,890	-	-	-	4,139,508
Bond issuance costs	-	131,898	-	-	-	131,898
Capital outlay	4,346,059	-	97,973	-	337,802	4,781,834
Total expenditures	35,166,285	7,290,788	1,493,964	231,661	3,979,504	48,162,202
Excess (deficiency) of revenues over (under) expenditures	1,666,379	(223,143)	(1,476,494)	(56,048)	(650,551)	(739,857)
Other financing sources (uses):						
Refunding bonds issued	-	8,310,000	-	-	-	8,310,000
Payment to refunded bond escrow agent	-	(8,535,251)	-	-	-	(8,535,251)
Premium on sale of bond	-	357,148	-	-	-	357,148
Transfers in	-	-	-	3,900,000	-	3,900,000
Transfers out	(3,900,000)	-	-	-	-	(3,900,000)
Total other financing sources and uses	(3,900,000)	131,897	-	3,900,000	-	131,897
Net change in fund balances	(2,233,621)	(91,246)	(1,476,494)	3,843,952	(650,551)	(607,960)
Fund balances - beginning	14,325,645	83,341	4,386,665	6,308,602	3,421,012	28,525,265
Fund balances - ending	<u>\$ 12,092,024</u>	<u>\$ (7,905)</u>	<u>\$ 2,910,171</u>	<u>\$ 10,152,554</u>	<u>\$ 2,770,461</u>	<u>\$ 27,917,305</u>

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

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2011

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)	\$ (607,960)
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).	(5,532,756)
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).	(111,503)
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).	5,305,712
Negative net pension obligations and other postemployment benefits, including the Public Employees' Retirement Plan and Postemployment Healthcare Plan, are considered a net asset and obligation, respectively, of the general government and, therefore, are not reported as current expenditures in the funds (see Note II B).	(543,317)
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>802,523</u>
Change in net assets of governmental activities (Statement of Activities)	<u>\$ (687,301)</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, 2011

	Private-Purpose Trust Fund	Agency Funds
<u>Assets</u>		
Cash and cash equivalents	\$ 702,764	\$ 119,061
Receivables (net of allowance for uncollectibles):		
Accounts	-	16,608
 Total assets	 702,764	 \$ 135,669
 <u>Liabilities</u>		
Accounts payable	24,270	\$ 1,491
Payroll withholdings payable	-	134,178
 Total liabilities	 24,270	 \$ 135,669
 <u>Net Assets</u>		
Held in trust for the Indianapolis-Marion County Public Library Foundation, Inc.	\$ 678,494	

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, 2011

	Private-Purpose Trust Fund
<u>Additions</u>	
Contributions:	
Private donations	\$ 798,244
Investment income:	
Interest	786
Total additions	799,030
 <u>Deductions</u>	
Educational outreach	693,476
Change in net assets	105,554
Net assets - beginning	572,940
Net assets - ending	\$ 678,494

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 Foundation's program service activities provide support for the primary government. The primary program service areas include: Library renovations and expansions, library program, materials and branch projects, children's initiatives, lectures, and gifts, awards, and recognition.

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.

The rainy day fund accounts for the funds received through the litigation of the Central Library Project and a subsequent transfer in of unused and unencumbered operating fund balance. The funds were approved for the early extinguishment of debt.

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.

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

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

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

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

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

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

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.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
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Investments of the discretely presented component unit having a readily determinable market value are carried at fair value. Assets held in investment partnerships (alternative investments) are recorded based on estimated fair values provided by external investment managers. Because such investments are not readily marketable, their estimated values are subject to uncertainty (including the use of valuation assumptions) and, therefore, may differ from the value that would have been recorded had a ready market for the investments existed. Realized gains or losses upon the sale of investments are based on the cost of specifically identified securities. Changes in unrealized appreciation or depreciation of investments are reflected in the Statement of Activities as gains or losses in market valuation in the period in which such changes occur. Interest and dividend income is recorded when earned.

The Foundation maintains an investment pool for its endowments and other invested funds. Interest and dividends, and realized and unrealized gains and losses from securities are allocated to the individual endowments or other funds based on the relationship of the market value of each endowment or fund to the total market value of the investment pool, as adjusted for additions or deductions from those accounts.

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. Pledges Receivable - Component Unit

Unconditional promises to give are carried at net realizable value, discounted to present value using United States Treasury Bill rates with maturities commensurate to the time period of expected collection of the pledges. During the year ended December 31, 2011, the discount rates used ranged from 0.1 percent to 1.9 percent. Amortization of the discount is included in contribution revenue.

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 percent 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.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
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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 six designated endowment funds with Central Indiana Community Foundation, Inc. (CICF) and is the beneficiary of the funds holding those assets. The purpose of such funds is to provide support to the Foundation. If the Foundation ceases to exist, the funds will be used to provide support to the Library and its successors in interest.

Annual earnings are allocated to the fund and a portion of the fund balance is available for distribution during the succeeding year in accordance with the spending policy adopted by the CICF Board of Directors. At the time of execution of the agreements, the spending policy provided for 5 percent of the December 31 fund balance as the portion available for distribution, in addition to any unspent distributable amounts from prior years. At December 31, 2011, the fair values of the designated funds were \$1,481,093 for the Operating Endowment Fund, \$2,063,400 for the Humanities Fund, \$1,179,409 for the Lifelong Learning Fund, \$957,247 for the Childhood Literacy Endowment Fund, \$97,572 for the Professional Development Fund and \$24,800 for the Donna D. Talley Story Theatre Fund.

7. Beneficial Interest in Charitable Remainder Unitrusts – Component Unit

The Foundation is the beneficiary under three charitable remainder unitrusts administered by CICF. 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. The values are to be adjusted to the present value of the future benefits expected to be received. The Foundation's outside administrator has elected not to adjust these values on a reoccurring basis. The beneficial interest in charitable remainder unitrusts is carried at \$375,785 at December 31, 2011.

8. 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 and enabling legislation.

9. 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.

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 NOTES TO FINANCIAL STATEMENTS
 (Continued)

10. 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.

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

11. Compensated Absences

- a. Annual Leave – primary government employees earn leave at the rate of 10 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 on an unlimited basis. 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.

12. 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

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
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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.

13. Deferral of Loss on Refunding

In the government-wide financial statements, the deferral of loss on refunding is a result of accounting losses on refunding of bond issues. The deferred loss is amortized using the straight-line method over the remaining life of the old debt or the new debt, whichever is shorter.

14. Fund Balance

Fund balance reported in the governmental fund financial statements is classified as follows:

Restricted

The restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers or amounts constrained due to constitutional provisions or enabling legislation.

Committed

The committed fund balance includes amounts that can be used only for the specific purposes determined by a resolution of the Library Board.

Assigned

The assigned fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The intent can be expressed by the Library Board or their designee.

Unassigned

The unassigned fund balance includes positive fund balance within the General Fund which has not otherwise been classified as restricted, committed or assigned to specific purposes within the General Fund. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance due to overspending amounts that are restricted or committed.

15. Net Assets Restricted by Enabling Legislation

The government-wide Statement of Net Assets reports \$8,804,277 of restricted net assets, of which \$4,062,142 is restricted due to enabling legislation. Other new assets have been restricted due to bond covenants.

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 NOTES TO FINANCIAL STATEMENTS
 (Continued)

16. Other Revenue

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

	Governmental Funds				
	General	Bond and Interest Redemption	Construction	Rainy Day	Other Governmental Funds
Interest and dividends	\$ 18,632	\$ 722	\$ 17,444	\$ 40,613	\$ 5,951
Donations and grants	220,000	-	-	-	1,488,752
Noncurrent period:					
Recurrent/reimbursements	186,882	-	26	135,000	7,336
Other	<u>207,184</u>	<u>518</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 632,698</u>	<u>\$ 1,240</u>	<u>\$ 17,470</u>	<u>\$ 175,613</u>	<u>\$ 1,502,039</u>

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	\$ 130,584
Miscellaneous receivables	219,674
Contract advance receivable	299,000
Deferred debits	617,171
Deferred revenue	96,293
Total	<u>\$ 1,362,722</u>
Long-term liabilities:	
Due with one year:	
General obligation bonds payable	\$ (3,115,000)
Compensated absences	(684,415)
Due beyond one year:	
General obligation bonds payable	(88,865,000)
Compensated absences	(741,450)
Deferred premium	(2,355,448)
Loss on deferral of refunding	507,876
Other postemployment benefits	(273,641)
Total	<u>\$ (95,527,078)</u>

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	\$ 4,550,300
Depreciation	(10,065,594)
Loss on disposal of asset	<u>(17,462)</u>
Total	<u>\$ (5,532,756)</u>
Revenues not current financial resources:	
Deferred revenues	\$ (27,552)
Gain on deferred debit	37,700
Other	<u>(121,651)</u>
Total	<u>\$ (111,503)</u>
Issuance of long-term debt:	
Bonds payable	\$ 13,835,000
Bonds issued	(8,310,000)
Bond premium, net	(153,290)
Deferral of loss on refunding	<u>(65,998)</u>
Total	<u>\$ 5,305,712</u>
Benefit obligations:	
Net pension obligation	\$ (466,145)
Other postemployment benefit	<u>(77,172)</u>
Total	<u>\$ (543,317)</u>
Other expenses:	
Contracts and accounts payable	\$ 770,837
Compensated absences payable	38,466
Prepaid expense	<u>(6,780)</u>
Total	<u>\$ 802,523</u>

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

III. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted for the General Fund, the Capital Project Fund, the Bond and Interest Redemption Fund, and the Rainy Day Fund on the cash basis which is not consistent with accounting principles generally accepted in the United States. 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 2011. All annual appropriations lapse at fiscal year end.

On or before August 31, the Treasurer submits to the Library Board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the Library Board and the City/County Council (Fiscal Body) to obtain taxpayer comments. In August of each year, the Library Board through the passage of a resolution approves the budget for the next year. Copies of the budget resolution 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.

B. Fund Balance

The constraints placed on the fund balances of the major funds and the Nonmajor governmental funds as of December 31, 2011 are presented below:

	Major				Nonmajor Governmental Funds	Total
	General Fund	Bond & Interest Redemption	Construction Fund	Rainy Day Fund		
Restricted for:						
Capital outlay	\$ -	\$ -	\$ 2,910,171	\$ -	\$ 1,795,892	\$ 4,706,063
Education	-	-	-	-	212,669	212,669
Erate	-	-	-	-	183,695	183,695
Total Restricted	-	-	2,910,171	-	2,192,256	5,102,427
Committed to:						
Debt service	-	-	-	10,152,554	-	10,152,554
Education	-	-	-	-	669,839	669,839
Other purposes	-	-	-	-	82,088	82,088
Total Committed	-	-	-	10,152,554	751,927	10,904,481
Assigned to:						
Encumbrances	923,506	-	-	-	36,072	959,578
Total Assigned	923,506	-	-	-	36,072	959,578
Unassigned	11,168,518	(7,905)	-	-	(209,794)	10,950,819
Total fund balances	\$ 12,092,024	\$ (7,905)	\$ 2,910,171	\$ 10,152,554	\$ 2,770,461	\$ 27,917,305

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

IV. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits - Primary Government

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Library's deposit policy does not specify custodial credit risk criteria. At December 31, 2011, the Library had deposit balances in the amount of \$35,353,936. The Library had deposit balances in high yield savings accounts and two external investment pools at December 31, 2011, reported as cash and cash equivalents.

The balances held in external investment pools are reported as deposit balances instead of investments due to the high level of liquidity of these investment pools. The interest rates available in these savings accounts and investment pools were higher than the other investment options available as a result of the current economic market. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories. The investment pools are completely liquid and are considered a depository with the organizations following the investment criteria set forth in Indiana Code 5-13-9.

2. Investments – Primary Government

Statutory Authorization for Investments

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 Library 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.

3. 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 considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents, but excludes cash equivalents held by various fund managers and included in investments. Cash equivalents are carried at cost, which approximates market value, and primarily consist of bank money market mutual fund investments. The Foundation maintains its cash and cash equivalents in accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such

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 NOTES TO FINANCIAL STATEMENTS
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accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Foundation's investments and the beneficial interest in assets held by others are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with these assets and the level of uncertainty related to changes in their value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

Investments having a readily determinable market value are carried at fair value. Assets held in investment partnerships (alternative investments) are recorded based on estimated fair values provided by external investment managers. Because such investments are not readily marketable, their estimated values are subject to uncertainty (including the use of valuation assumptions) and, therefore, may differ from the value that would have been recorded had a ready market for the investments existed.

Investments consist of the following at December 31, 2011:

Cash equivalents	\$	199,312
Certificates of deposit		980,504
Bonds		1,076,149
Exchange traded funds		418,652
Mutual funds		2,893,236
Equities		1,609,264
Alternative investment		1,486,523
Total	\$	<u>8,663,640</u>

Investment returns consist of the following for the year ended December 31, 2011:

Dividends and interest	\$	218,681
Less investment fees		<u>(44,537)</u>
		174,144
Realized gains (losses) on investments		172,905
Unrealized gains (losses) on investments		<u>(144,267)</u>
		<u>28,638</u>
Total	\$	<u>202,782</u>

The Foundation's alternative investment is a partnership that invests in a master trust investing in international securities, with a concentration in equities. The Foundation values this investment at its percentage ownership of the net asset value as reported to the Foundation on a monthly basis. In addition, the Foundation monitors the overall financial performance of the alternative investment through consultation with the Foundation's independent investment advisor and by reviewing the financial statements and other information related to the investment on an ongoing basis.

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 NOTES TO FINANCIAL STATEMENTS
 (Continued)

4. Disclosure About Fair Value of Financial Instruments – Component Unit

The Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board Accounting Standards Codification sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to the valuation techniques that gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used fall within different levels of the hierarchy, the categorization is based upon the lowest level input that is significant to the fair value measurement.

The levels of hierarchy inputs, as defined in the standard, are as follows:

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets

Level 2: Quoted prices for similar assets or liabilities in active markets (other than those included in Level 1) which are observable for the asset or liability, either directly or indirectly

Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable

Following is a summary of financial assets measured at fair value in the Statements of Financial Position and the respective levels to which the fair value measurements are classified within the fair value hierarchy at December 31, 2011:

	2011			
	Carrying Amount at December 31	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2) (A)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments	\$ 8,663,640	\$ 6,100,968	\$ 2,562,672	\$ -
Beneficial interest in assets held by others	5,803,521	-	-	5,803,521
Beneficial interest in charitable remainder unitrusts	<u>375,785</u>	<u>-</u>	<u>-</u>	<u>375,785</u>
Totals	<u>\$14,842,946</u>	<u>\$ 6,100,968</u>	<u>\$ 2,562,672</u>	<u>\$ 6,179,306</u>

Note A: Alternative investments of \$1,486,523 are classified as Level 2 based on the Foundation's ability to redeem its investments at the net asset value per share as of the date of the financial statements. The Foundation considers alternative investments that are redeemable at net asset value at least quarterly without material penalties to be Level 2 investments.

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 NOTES TO FINANCIAL STATEMENTS
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The following is a summary of changes in assets with significant unobservable inputs (Level 3) for the year ended December 31, 2011:

	2011		
	Beneficial Interest in Assets Held by Others	Beneficial Interest in Charitable Remainder Unitrusts	Total
Beginning balance:	\$ 5,718,113	\$ 375,785	\$ 6,093,898
Deposits	125,000	-	125,000
Interest and dividends, net of investment management fees	24,520	-	24,520
Realized gains	126,722	-	126,722
Unrealized losses	(141,267)	-	(141,267)
Operating support fees	(49,567)	-	(49,567)
Ending balance	<u>\$ 5,803,521</u>	<u>\$ 375,785</u>	<u>\$ 6,179,306</u>

B. Receivables – Component Unit

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

Pledges receivable at December 31, 2011, are as follows:

Past due	\$ 27,925
Due within 1 year	487,657
Due in 1-5 years	<u>646,750</u>
	1,162,332
Less present value discount	(39,910)
Less allowance for uncollectible pledges	<u>(3,000)</u>
Total	<u>\$ 1,119,422</u>

Of the pledges receivable classified as "past due" at December 31, 2011, approximately \$20,675 were collected as of March 15, 2012.

Management estimates an allowance for uncollectible pledges based on an evaluation of historical losses, current economic conditions, and other factors unique to its donor base. Periodically, management reviews pledges receivable, records an allowance based on current circumstances, and charges off the receivable against the allowance when all attempts to collect the receivable are deemed to have failed in accordance with the Foundation's collection policy. Management has estimated and recorded an allowance for doubtful accounts of \$3,000 at December 31, 2011.

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

C. Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,119,939	\$ -	\$ -	\$ 6,119,939
Artwork	2,203,835	-	14,000	2,189,835
Rare Books & Other Special Collections	598,644	-	-	598,644
Total capital assets, not being depreciated:	<u>8,922,418</u>	<u>-</u>	<u>14,000</u>	<u>8,908,418</u>
Capital Assets, being depreciated:				
Buildings	153,125,099	-	-	153,125,099
Improvements	2,744,856	36,875	-	2,781,731
Machinery and equipment	7,903,344	188,316	421,431	7,670,229
Collections	25,782,117	4,325,109	4,639,323	25,467,903
Totals	<u>189,555,416</u>	<u>4,550,300</u>	<u>5,060,754</u>	<u>189,044,962</u>
Less accumulated depreciation for:				
Buildings	16,520,579	3,030,863	-	19,551,442
Improvements	798,080	164,730	-	962,810
Machinery and equipment	4,877,614	503,025	417,969	4,962,670
Collections	14,457,563	6,366,976	4,639,323	16,185,216
Totals	<u>36,653,836</u>	<u>10,065,594</u>	<u>5,057,292</u>	<u>41,662,138</u>
Total capital assets, being depreciated, net	<u>152,901,580</u>	<u>(5,515,294)</u>	<u>3,462</u>	<u>147,382,824</u>
Total governmental activities capital assets, net	<u>\$ 161,823,998</u>	<u>\$ (5,515,294)</u>	<u>\$ 17,462</u>	<u>\$ 156,291,242</u>

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

Governmental activities:
 Culture and recreation \$ 10,065,594

D. Interfund Balances and Activity

1. Interfund Receivables and Payables

The composition of the Interfund balances for the year ended December 31, 2011, was as follows:

	<u>Interfund Payable</u>
<u>Interfund Receivable</u>	<u>Nonmajor Governmental</u>
General Fund	<u>\$ 151,364</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.

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 NOTES TO FINANCIAL STATEMENTS
 (Continued)

2. Interfund Transfers

Interfund Transfers for the year ended December 31, 2011 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	
General Fund	Rainy Day Fund	<u>\$ 3,900,000</u>

The Library used transfers to reallocate unused and unencumbered fund balances.

E. 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 \$527,354. The following is a schedule by years of future minimum rental payments as of December 31, 2011:

2012	\$	479,381
2013		434,050
2014		385,662
2015		343,045
2016		249,288
2017-2021		58,125
2022-2026		60,500
2027-2030		<u>33,274</u>
Total	\$	<u>2,043,325</u>

F. 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>
2002 Library branch improvements - refunding	\$ 16,310,000	2.8% to 5.0%	\$ 11,095,000
2005 Central library project	12,000,000	3.25% to 4.0%	5,455,000
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%	14,590,000
2009 Library branch improvements - refunding	9,155,000	2.0% to 5.0%	8,955,000
2010 Central library project – refunding	23,630,000	2.0% to 5.0%	21,520,000
2011 Central library project – refunding	8,310,000	1.55% to 3.0%	<u>8,310,000</u>
Total			<u>\$ 94,925,000</u>

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

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

Year Ended December 31	Governmental Activities		Total
	Principal	Interest	
2012	\$ 6,060,000	\$ 3,966,426	\$ 10,026,426
2013	6,430,000	3,649,231	10,079,231
2014	7,170,000	3,378,364	10,548,364
2015	7,970,000	3,055,219	11,025,219
2016	8,300,000	2,710,813	11,010,813
2017-2021	42,405,000	8,149,024	50,554,024
2022-2023	<u>16,590,000</u>	<u>730,578</u>	<u>17,320,578</u>
Totals	<u>\$ 94,925,000</u>	<u>\$ 25,639,655</u>	<u>\$ 120,564,655</u>

2. Current Refundings

On December 22, 2011, the Indianapolis-Marion County Public Library issued \$ 8,310,000 in refunding revenue bonds with an average interest rate of 2.96 percent to advance refund \$8,000,000 of outstanding 2003 series bonds with an average interest rate of 4.68 percent. The net proceeds of \$8,535,251 (after payment of \$131,898 in issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payment on the 2003 series bonds. As a result, the primary government 2003 Central Library project bonds outstanding in the amount of \$8,000,000 at December 31, 2011 are considered to be defeased, and the liability for those bonds has been removed from the Balance Sheet. The refunding resulted in the accounting gain of \$9,127, which has been recognized on the Balance Sheet as Deferral of Loss on Refunding. This amount will be amortized using the straight line method and charged to interest expense over the next 12 years. The Indianapolis-Marion County Public Library in effect reduced its aggregate debt service payment by \$806,343 over the next 12 years and realized an economic gain (difference between the present values of the old and new debt service payments) of \$571,248.

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

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2011, was as follows:

Primary Government Governmental activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation	\$100,345,000	\$ 8,310,000	\$ 13,730,000	\$ 94,925,000	\$ 6,060,000
Add deferred amount for premiums (discounts)	<u>2,202,158</u>	<u>357,148</u>	<u>203,858</u>	<u>2,355,448</u>	<u>-</u>
Total bonds payable	102,547,158	8,667,148	13,933,858	97,280,448	6,060,000
Compensated absences	1,464,331	1,262,884	1,301,350	1,425,865	684,415
Other postemployment benefits	<u>196,469</u>	<u>77,172</u>	<u>-</u>	<u>273,641</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$104,207,958</u>	<u>\$ 10,007,204</u>	<u>\$ 15,235,208</u>	<u>\$ 98,979,954</u>	<u>\$ 6,744,415</u>

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

G. Endowment Composition Disclosure – Component Unit

The Foundation's endowment consists of eleven individual funds. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

A portion of the Foundation's endowment consists of six funds and three charitable remainder trusts held at CICF, which total \$6,179,306 at December 31, 2011. The Board of Directors follows the CICF suggested spending policy of no more than 5 percent of the balance annually, in addition to any unspent distributable amounts from prior years. The funds held by CICF are invested according to CICF's pooled investment fund strategies.

The Foundation also has other restricted funds totaling \$731,853 that are classified as part of the endowment at December 31, 2011. These include permanently restricted cash, investments, and pledges receivable and unappropriated earnings thereon classified as temporarily restricted. Funds held by the Foundation are invested according to the Foundation's investment policy statements, and are appropriated subject to approval by the Board of Directors.

The composition of endowment net assets is as follows at December 31, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated endowment funds	\$ 60,000	\$ -	\$ -	\$ 60,000
Donor restricted endowment funds	<u>(59,337)</u>	<u>859,644</u>	<u>6,050,852</u>	<u>6,851,159</u>
	<u>\$ 663</u>	<u>\$ 859,644</u>	<u>\$ 6,050,852</u>	<u>\$ 6,911,159</u>

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

The change in endowment net assets is as follows for year ended December 31, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ (48,982)	\$ 887,968	\$ 5,984,910	\$ 6,823,896
Contributions	60,000	-	65,000	125,000
Change in present value of pledges	-	-	942	942
Investment return, net	(10,355)	(16,765)	-	(27,120)
Distributions	-	(11,559)	-	(11,559)
Totals	<u>\$ 663</u>	<u>\$ 859,644</u>	<u>\$ 6,050,852</u>	<u>\$ 6,911,159</u>

Interpretation of Relevant Law

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of the interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment (including irrevocable transfers of unrestricted funds to the permanent endowment to obtain donor matching), (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulations are added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

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

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature are reported in unrestricted net assets and total \$59,337 as of December 31, 2011. These deficiencies resulted from unfavorable market fluctuations that occurred during 2011 and 2008 as well as the continued appropriation for certain programs that was deemed prudent by the Board of Directors.

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; natural disasters; and medical benefits to employees, retirees, and dependents.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; natural disasters; and medical benefits to employees, retirees, and dependents 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. Postemployment Benefits

Single Employer Defined Benefit Healthcare Plan

Plan Description

The Library's Health Care Plan is a single-employer defined benefit healthcare plan administered by Anthem Insurance Company. The Plan provides comprehensive major medical benefits to eligible retirees, their spouses, and dependents. The Library also provides a dental component to the Plan which is administered by Health Resources, Inc. to eligible retirees, their spouses, and dependents. Indiana Code 5-10-8 assigns the authority to establish and amend benefit provisions to the Library's Plan. A separate financial report is not issued for the Plan. The Plan is not accounted for as a trust fund because an irrevocable trust has not been established to account for the Plan.

Coverage terminates when the retiree becomes eligible for Medicare. Spouses are offered COBRA coverage upon termination of retiree coverage.

Eligible retirees must meet the following criteria:

1. At age 50 with at least 10 years of services to the Library and have been a member of the Public Employees' Retirement Fund for 15 years.

Funding Policy

The contribution requirements of plan members are established and can be amended by the Library Board of Trustees and negotiated between the Library and union representatives. The required contribution is based on projected pay-as-you-go financing requirements as determined annually by the Library Board of Trustees.

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

For the year ended December 31, 2011, the Library contributed \$266,665 to the plan for current premiums (90% of the cost of the current year premiums for participants and 60% for their spouses and dependents if retirement occurred prior to October 1, 2005). Plan members receiving benefits contributed \$55,430 to the plan for current premiums (10% of the current year premium for individual participants and 40% for spouses and dependents). Eligible employees retiring on or after October 1, 2005 may choose to continue their healthcare and dental coverage until the age of 65 but are required to contribute 100% of their annual premium costs. These members contributed \$32,852 in 2011 for their coverage.

By providing retirees with access to the Library's healthcare plan based on the same rates it charges to active employees, the Library is in effect providing a subsidy to retirees.

Annual OPEB Cost and Net OPEB Obligation

The Library's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. In accordance with GASB Statement No. 45, the Library has elected to perform an actuarial valuation of the OPEB on a biennial basis. The last actuarial valuation performed by the Library was as of December 31, 2010. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Library's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Library's net OPEB obligation to the plan:

Annual required contribution (ARC)	\$ 348,776
Interest on net OPEB obligation	7,859
Adjusted to ARC	<u>(10,925)</u>
Annual OPEB cost	345,710
Actual employer contributions	<u>268,538</u>
Increase (Decrease) in net OPEB obligation	77,172
Net OPEB obligation – beginning of year	<u>196,469</u>
Net OPEB obligation – end of year	<u>\$ 273,641</u>

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2011 and prior two years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage Of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12-31-09	\$ 358,954	\$ 305,562	85%	\$ 118,124
12-31-10	360,448	282,103	78%	196,469
12-31-11	345,710	268,538	77%	273,641

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

Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial date, the funded status of the plan was as follows:

Actuarial accrued liability	\$	3,780,730
Actuarial value of plan assets		-
Unfunded actuarial accrued liability	\$	3,780,730
Funded ratio		0%
Covered payroll	\$	14,769,715
Unfunded actuarial accrued liability as a percentage of covered payroll		26%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan was understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liability and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2010, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4% investment rate of return and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% over 11 years. The healthcare cost trend rate includes an inflation rate; therefore no additional inflation rate was used. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010, was 30 years.

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

C. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Library 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 Indiana Public Retirement System (INPRS) Board, most requirements of the system and give the Library 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

PERF members are required to contribute 3 percent of their annual covered salary. The Library is required to contribute at an actuarially determined rate: the current rate is 8.75 percent of annual covered payroll. The contribution requirements of plan members and the Library are established and may be amended by the INPRS Board.

The liability for Net Pension Obligation (NPO) is considered an obligation of the Library as a whole and is reflected in the Statement of Net Assets.

Annual Pension Cost

For 2011, the Library's annual pension cost of \$1,189,754 for PERF was equal to the Library's required and actual contributions.

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

Actuarial Information for the Above Plan

	<u>PERF</u>
Annual required contribution	\$ 1,648,689
Interest on net pension obligation	(47,674)
Adjustment to annual required contribution	<u>54,884</u>
Annual pension cost	1,655,899
Contributions made	<u>1,189,754</u>
Increase in net pension obligation	466,145
Net pension obligation, beginning of year	<u>(681,057)</u>
Net pension obligation, end of year	<u>\$ (214,912)</u>
Contribution rates:	
Library	8.75%
Plan members	3.00%
Actuarial valuation date	12-31-11
Actuarial cost method	Entry age normal cost
Amortization method	Level dollar, closed amortization period
Amortization period	30 years
Amortization period (from date)	07-01-07
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.00%
Projected future salary increases:	
Total	3.25% - 4.5%
Cost-of-living adjustments	1.00%

		<u>Three Year Trend Information</u>		
	<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	12-31-09	\$ 1,125,086	98%	\$ (749,500)
	12-31-10	1,270,695	95%	(681,057)
	12-31-11	1,655,899	72%	(214,912)

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

Funded Status and Funding Progress for the Above Plan

The funded status of each plan as of December 31, 2011, the most recent actuarial valuation date is as follows:

<u>Retirement Plan</u>	<u>Actuarial Value of Plan Assets</u> (a)	<u>Actuarial Accrued Liability (AAL) Entry Age</u> (b)	<u>Unfunded AAL or (Funding Excess</u> (a-b)	<u>Funded Ratio</u> (a/b)	<u>Annual Covered Payroll</u> (c)	<u>Unfunded AAL Or (Funding Excess) as a Percentage of Covered Payroll</u> (b-a) (c)
PERF	\$ 16,298,758	\$ 27,299,311	\$ 11,000,553	60%	\$ 12,955,583	85%

The Schedule of Funding Progress, presented as RSI for the above plans following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

Postemployment Healthcare Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability UAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
12-31-09	\$ -	\$ 3,945,835	\$ 3,945,835	0.00%	\$ 14,656,366	27%
12-31-10	-	3,780,730	3,780,730	0.00%	14,769,715	26%
12-31-11	-	3,780,730	3,780,730	0.00%	12,955,583	29%

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
12-31-09	\$ 21,432,263	\$ 26,087,499	\$ 4,655,236	82%	\$ 14,656,366	32%
12-31-10	19,676,115	28,423,504	8,747,389	69%	14,769,715	59%
12-31-11	16,298,758	27,299,311	11,000,553	60%	12,955,583	85%

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 27,900,852	\$ 28,045,927	\$ 27,644,258	\$ (401,669)
Intergovernmental	6,829,428	6,236,624	6,967,911	731,287
Charges for services	271,000	271,000	228,703	(42,297)
Fines and forfeits	1,779,600	1,779,600	1,177,399	(602,201)
Other	643,400	643,400	1,611,755	968,355
Total revenues	<u>37,424,280</u>	<u>36,976,551</u>	<u>37,630,026</u>	<u>653,475</u>
Expenditures:				
Current:				
Culture and recreation:				
Personal services	22,040,193	21,840,193	19,425,308	2,414,885
Supplies	568,292	600,272	537,529	62,743
Other services and charges	8,621,126	8,859,381	7,821,065	1,038,316
Capital outlay	5,375,973	5,123,280	4,284,035	839,245
Debt service				
Principal	1,625,000	1,625,000	1,625,000	-
Interest and fiscal charges	1,188,118	1,188,118	1,188,118	-
Total culture and recreation	<u>39,418,702</u>	<u>39,236,244</u>	<u>34,881,055</u>	<u>4,355,189</u>
Total expenditures	<u>39,418,702</u>	<u>39,236,244</u>	<u>34,881,055</u>	<u>4,355,189</u>
Other financing sources (uses):				
Transfer out	-	(3,900,000)	(3,900,000)	-
Net change in fund balances	(1,994,422)	(6,159,693)	(1,151,029)	5,008,664
Fund balances - beginning	<u>15,784,905</u>	<u>15,784,905</u>	<u>15,784,905</u>	<u>-</u>
Fund balances - ending	<u>\$ 13,790,483</u>	<u>\$ 9,625,212</u>	<u>\$ 14,633,876</u>	<u>\$ 5,008,664</u>

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGET/GAAP RECONCILIATION
 GENERAL FUND
 For The Year Ended December 31, 2011

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)	\$ (1,151,029)
Adjustments:	
To adjust revenues for accruals	(797,362)
To adjust expenditures for accruals	(285,230)
Deficiency of revenues under expenditures (GAAP basis)	\$ (2,233,621)

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 RAINY DAY FUND
 For The Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 218,840	\$ 218,840	\$ 175,613	\$ (43,227)
Total revenues	<u>218,840</u>	<u>218,840</u>	<u>175,613</u>	<u>(43,227)</u>
Expenditures:				
Other services and charges	582,160	591,561	238,562	352,999
Debt service:				
Principal	5,705,925	5,705,925	-	5,705,925
Interest and fiscal charges	<u>236,857</u>	<u>236,857</u>	<u>-</u>	<u>236,857</u>
Total expenditures	<u>6,524,942</u>	<u>6,534,343</u>	<u>238,562</u>	<u>6,295,781</u>
Other financing sources (uses):				
Transfer in	<u>-</u>	<u>3,900,000</u>	<u>3,900,000</u>	<u>-</u>
Net change in fund balances	(6,306,102)	(2,415,503)	3,837,051	6,252,554
Fund balances - beginning	<u>6,315,503</u>	<u>6,315,503</u>	<u>6,315,503</u>	<u>-</u>
Fund balances - ending	<u>\$ 9,401</u>	<u>\$ 3,900,000</u>	<u>\$ 10,152,554</u>	<u>\$ 6,252,554</u>

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

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

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

Excess of revenues over expenditures (budgetary basis)	\$ 3,837,051
Adjustments:	
To adjust revenues for accruals	-
To adjust expenditures for accruals	<u>6,901</u>
Excess of revenues over expenditures (GAAP basis)	<u>\$ 3,843,952</u>

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 Projects 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, 2011

	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 Projects Fund	
Assets								
Cash and cash equivalents	\$ 758,007	\$ 185,043	\$ 313,101	\$ 54,618	\$ 89,146	\$ 676,219	\$ 1,174,496	\$ 3,250,630
Receivables (net of allowances for uncollectibles):								
Intergovernmental	154	-	-	-	-	-	-	154
Accounts	6,132	-	-	3,881	486	-	-	10,499
Total assets	\$ 764,293	\$ 185,043	\$ 313,101	\$ 58,499	\$ 89,632	\$ 676,219	\$ 1,174,496	\$ 3,261,283
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ -	\$ 1,348	\$ 7,038	\$ 209,323	\$ 7,544	\$ -	\$ 18,751	\$ 244,004
Retainage payable	-	-	36,484	-	-	-	-	36,484
Interfund payable:								
Interfund loans	94,454	-	56,910	-	-	-	-	151,364
Deferred revenue - unearned	-	-	-	58,970	-	-	-	58,970
Total liabilities	94,454	1,348	100,432	268,293	7,544	-	18,751	490,822
Fund balances:								
Restricted	-	183,695	212,669	-	-	676,219	1,119,673	2,192,256
Committed	669,839	-	-	-	82,088	-	-	751,927
Assigned	-	-	-	-	-	-	36,072	36,072
Unassigned	-	-	-	(209,794)	-	-	-	(209,794)
Total fund balances	669,839	183,695	212,669	(209,794)	82,088	676,219	1,155,745	2,770,461
Total liabilities and fund balances	\$ 764,293	\$ 185,043	\$ 313,101	\$ 58,499	\$ 89,632	\$ 676,219	\$ 1,174,496	\$ 3,261,283

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2011

	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 Projects Fund	
	Revenues:							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 496,331	\$ 496,331
Intergovernmental	12,337	223,164	-	-	-	-	53,609	289,110
Charges for services	81,087	-	-	863,686	96,700	-	-	1,041,473
Other	1,713	1,396	1,489,504	-	211	1,675	7,540	1,502,039
Total revenues	<u>95,137</u>	<u>224,560</u>	<u>1,489,504</u>	<u>863,686</u>	<u>96,911</u>	<u>1,675</u>	<u>557,480</u>	<u>3,328,953</u>
Expenditures:								
Current:								
Culture and recreation	94,926	542,931	1,207,058	903,075	106,846	-	786,866	3,641,702
Capital outlay	-	-	247,713	-	-	-	90,089	337,802
Total expenditures	<u>94,926</u>	<u>542,931</u>	<u>1,454,771</u>	<u>903,075</u>	<u>106,846</u>	<u>-</u>	<u>876,955</u>	<u>3,979,504</u>
Net change in fund balances	<u>211</u>	<u>(318,371)</u>	<u>34,733</u>	<u>(39,389)</u>	<u>(9,935)</u>	<u>1,675</u>	<u>(319,475)</u>	<u>(650,551)</u>
Fund balances - beginning	<u>669,628</u>	<u>502,066</u>	<u>177,936</u>	<u>(170,405)</u>	<u>92,023</u>	<u>674,544</u>	<u>1,475,220</u>	<u>3,421,012</u>
Fund balances - ending	<u><u>\$ 669,839</u></u>	<u><u>\$ 183,695</u></u>	<u><u>\$ 212,669</u></u>	<u><u>\$ (209,794)</u></u>	<u><u>\$ 82,088</u></u>	<u><u>\$ 676,219</u></u>	<u><u>\$ 1,155,745</u></u>	<u><u>\$ 2,770,461</u></u>

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
 BUDGETARY COMPARISON SCHEDULE
 BOND AND INTEREST REDEMPTION FUND
 For The Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 7,334,268	\$ 7,312,996	\$ 6,423,112	\$ (889,884)
Intergovernmental	607,771	554,948	643,293	88,345
Other	<u>2,000</u>	<u>2,000</u>	<u>722</u>	<u>(1,278)</u>
Total revenues	<u>7,944,039</u>	<u>7,869,944</u>	<u>7,067,127</u>	<u>(802,817)</u>
Expenditures:				
Debt service:				
Principal	4,105,000	4,355,000	4,105,000	250,000
Interest and fiscal charges	3,624,000	3,624,000	3,047,143	576,857
Bonds issuance cost	<u>-</u>	<u>131,898</u>	<u>71,628</u>	<u>60,270</u>
Total expenditures	<u>7,729,000</u>	<u>8,110,898</u>	<u>7,223,771</u>	<u>887,127</u>
Other financing sources (uses):				
Refunding bonds issued	-	8,310,000	8,310,000	-
Payment to escrow agent	-	(8,535,251)	(8,535,251)	-
Premium on sales of bonds	<u>-</u>	<u>357,148</u>	<u>357,148</u>	<u>-</u>
Net change in fund balances	215,039	(109,057)	(24,747)	84,310
Fund balances - beginning	<u>3,379,534</u>	<u>3,379,534</u>	<u>3,379,534</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,594,573</u>	<u>\$ 3,270,477</u>	<u>\$ 3,354,787</u>	<u>\$ 84,310</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)	\$ (24,747)
Adjustments:	
To adjust revenues for accruals	518
To adjust expenditures for accruals	<u>(67,017)</u>
Deficiency of revenues under expenditures (GAAP basis)	<u>\$ (91,246)</u>

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
 BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECT FUND
 For The Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 579,731	\$ 565,095	\$ 496,331	\$ (68,764)
Intergovernmental	52,448	43,169	53,609	10,440
Other	<u>2,000</u>	<u>2,000</u>	<u>7,540</u>	<u>5,540</u>
Total revenues	<u>634,179</u>	<u>610,264</u>	<u>557,480</u>	<u>(52,784)</u>
Expenditures:				
Supplies	525,000	495,000	436,172	58,828
Other services and charges	1,156,349	1,186,349	505,793	680,556
Capital outlay	<u>115,099</u>	<u>115,099</u>	<u>90,089</u>	<u>25,010</u>
Total expenditures	<u>1,796,448</u>	<u>1,796,448</u>	<u>1,032,054</u>	<u>764,394</u>
Net change in fund balances	(1,162,269)	(1,186,184)	(474,574)	711,610
Fund balances - beginning	<u>1,649,070</u>	<u>1,649,070</u>	<u>1,649,070</u>	<u>-</u>
Fund balances - ending	<u>\$ 486,801</u>	<u>\$ 462,886</u>	<u>\$ 1,174,496</u>	<u>\$ 711,610</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)	\$ (474,574)
Adjustments:	
To adjust revenues for accruals	-
To adjust expenditures for accruals	<u>155,099</u>
Deficiency of revenues under expenditures (GAAP basis)	<u>\$ (319,475)</u>

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended December 31, 2011

	Payroll Deductions	Foundation Fund	Staff Association	Total Agency Funds
Assets:				
Cash and cash equivalents, January 1	\$ 114,146	\$ 2,863	\$ 34	\$ 117,043
Additions	4,257,250	16,642	505	4,274,397
Deductions	(4,253,826)	(18,026)	(527)	(4,272,379)
Cash and cash equivalents, December 31	117,570	1,479	12	119,061
Accounts receivable, January 1	10,650	-	-	10,650
Additions	16,608	-	-	16,608
Deductions	(10,650)	-	-	(10,650)
Accounts receivable, December 31	16,608	-	-	16,608
Total assets, December 31	\$ 134,178	\$ 1,479	\$ 12	\$ 135,669
Liabilities:				
Accounts payable, January 1	\$ -	\$ 2,863	\$ 34	\$ 2,897
Additions	-	16,642	505	17,147
Deductions	-	(18,026)	(527)	(18,553)
Accounts payable, December 31	-	1,479	12	1,491
Payroll withholdings payable, January 1	124,796	-	-	124,796
Additions	4,263,208	-	-	4,263,208
Deductions	(4,253,826)	-	-	(4,253,826)
Payroll withholdings payable, December 31	134,178	-	-	134,178
Total liabilities, December 31	\$ 134,178	\$ 1,479	\$ 12	\$ 135,669

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.

Contents	Page
Financial Trends	70
These schedules contain trend information to help the reader understand how the Library's financial performance and well-being have changed over time.	
Revenue Capacity	74
These schedules contain information to help the reader assess the Library's most significant local revenue source, property taxes.	
Debt Capacity	78
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.	
Demographic and Economic Information	83
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.	
Operating Information	85
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.	

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 Nine Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year								
	<u>2003</u>	<u>2004*</u>	<u>2005*</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009*</u>	<u>2010</u>	<u>2011</u>
Governmental Activities									
Invested in capital assets, net of related debt	\$ 7,714	\$ (1,385)	\$ 7,361	\$ 26,734	\$ 49,529	\$ 51,297	\$ 59,043	\$ 59,277	\$ 59,011
Restricted	20,721	22,581	23,321	23,564	19,737	12,036	10,441	9,842	8,804
Unrestricted	<u>6,394</u>	<u>9,000</u>	<u>10,031</u>	<u>13,345</u>	<u>15,554</u>	<u>29,457</u>	<u>20,110</u>	<u>21,827</u>	<u>22,444</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>	<u>\$ 92,790</u>	<u>\$ 89,594</u>	<u>\$ 90,946</u>	<u>\$ 90,259</u>

Note:

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

*2004, 2005 & 2009 Restated

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

Expenses	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009*	2010	2011
Governmental Activities:									
Culture and recreation	\$ 49,847	\$ 35,263	\$ 38,592	\$ 35,130	\$ 40,280	\$ 37,951	\$ 47,773	\$ 42,714	\$ 43,134
Interest on long-term debt	3,680	3,726	3,527	3,826	4,557	5,413	5,317	4,945	4,675
Total primary government expenses	<u>\$ 53,527</u>	<u>\$ 38,989</u>	<u>\$ 42,119</u>	<u>\$ 38,956</u>	<u>\$ 44,837</u>	<u>\$ 43,364</u>	<u>\$ 53,090</u>	<u>\$ 47,659</u>	<u>\$ 47,809</u>
Program Revenues									
Governmental Activities:									
Charges for Services	\$ 1,288	\$ 1,908	\$ 2,353	\$ 2,151	\$ 1,882	\$ 3,059	\$ 2,908	\$ 2,607	\$ 2,344
Operating Grants and Contributions	1,070	292	24	1,114	1,164	1,069	975	932	1,709
Capital Grants and Contributions	-	-	9,002	15,200	18,312	492	-	-	-
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>	<u>\$ 4,620</u>	<u>\$ 3,883</u>	<u>\$ 3,539</u>	<u>\$ 4,053</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>	<u>\$ (38,744)</u>	<u>\$ (49,207)</u>	<u>\$ (44,120)</u>	<u>\$ (43,756)</u>
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Property taxes	\$ 44,062	\$ 33,371	\$ 35,564	\$ 35,933	\$ 36,693	\$ 38,756	\$ 36,997	\$ 35,407	\$ 34,671
Other local sources	-	3,571	3,965	3,784	3,795	5,192	7,106	8,668	7,929
State aid	-	89	83	83	-	-	-	-	-
Unrestricted grants and contributions	-	683	695	-	-	-	-	-	-
Other	57	496	749	2,046	2,407	565	490	421	386
Investment earnings	688	622	771	1,576	1,760	804	179	180	83
Donated capital assets	-	-	-	-	-	-	1,120	797	-
Gain on sale of capital assets	-	-	-	-	-	498	119	-	-
Loss on sale of investment held for resale	-	-	-	-	-	(885)	-	-	-
Special item - legal fees	-	-	-	-	-	(18,068)	-	-	-
Special item - court settlements	-	-	-	-	-	19,853	-	-	-
Total primary government	<u>\$ 44,807</u>	<u>\$ 38,832</u>	<u>\$ 41,827</u>	<u>\$ 43,422</u>	<u>\$ 44,655</u>	<u>\$ 46,715</u>	<u>\$ 46,011</u>	<u>\$ 45,473</u>	<u>\$ 43,069</u>
Changes in Net Assets									
Primary government	<u>\$ (6,362)</u>	<u>\$ 2,043</u>	<u>\$ 11,087</u>	<u>\$ 22,931</u>	<u>\$ 21,176</u>	<u>\$ 7,971</u>	<u>\$ (3,196)</u>	<u>\$ 1,353</u>	<u>\$ (687)</u>

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

*2009 Restated

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

	<u>2002</u>	<u>2003</u>	<u>2004*</u>	<u>2005*</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011**</u>
General Fund (Pre-GASB 54)										
Reserved	\$ 3,068	\$ 2,337	\$ 1,876	\$ 1,875	\$ 1,350	\$ 1,895	\$ 2,485	\$ 2,875	\$ 1,518	\$ -
Unreserved	4,283	1,493	4,035	5,547	10,230	7,564	(248)	5,602	12,808	-
Total general fund	<u>\$ 7,351</u>	<u>\$ 3,830</u>	<u>\$ 5,911</u>	<u>\$ 7,422</u>	<u>\$ 11,580</u>	<u>\$ 9,459</u>	<u>\$ 2,237</u>	<u>\$ 8,477</u>	<u>\$ 14,326</u>	<u>\$ -</u>
General Fund (Per GASB 54)										
Assigned to:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 924
Total assigned	-	-	-	-	-	-	-	-	-	924
Unassigned	-	-	-	-	-	-	-	-	-	11,168
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,092</u>
All other governmental funds (Pre-GASB 54)										
Reserved	\$ 319	\$ 1,090	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ 6,848	\$ 7,684	\$ -
Unreserved, reported in:										
Special revenue funds	1,336	1,369	962	1,115	1,112	1,294	16,009	973	1,271	-
Debt service	-	-	(421)	(162)	(383)	(528)	16	(5)	83	-
Capital projects fund	55,341	40,104	23,278	20,195	21,072	16,020	8,294	7,135	5,161	-
Total all other governmental funds	<u>\$ 56,996</u>	<u>\$ 42,563</u>	<u>\$ 23,819</u>	<u>\$ 21,148</u>	<u>\$ 21,801</u>	<u>\$ 16,786</u>	<u>\$ 24,324</u>	<u>\$ 14,951</u>	<u>\$ 14,199</u>	<u>\$ -</u>
All other governmental funds (Per GASB 54)										
Restricted for:										
Capital outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,706
Education	-	-	-	-	-	-	-	-	-	213
Erate	-	-	-	-	-	-	-	-	-	184
Total restricted	-	-	-	-	-	-	-	-	-	5,103
Committed to:										
Debt service	-	-	-	-	-	-	-	-	-	10,152
Education	-	-	-	-	-	-	-	-	-	670
Other purposes	-	-	-	-	-	-	-	-	-	82
Total committed	-	-	-	-	-	-	-	-	-	10,904
Assigned to:										
Encumbrances	-	-	-	-	-	-	-	-	-	959
Total assigned	-	-	-	-	-	-	-	-	-	959
Unassigned	-	-	-	-	-	-	-	-	-	10,951
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,917</u>

* 2004 & 2005 Restated

** Effective 2011 GASB 54 was implemented. Years prior are not restated to comply with GASB 54.

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues										
Taxes ¹	\$ 34,696	\$ 42,915	\$ 33,849	\$ 36,332	\$ 37,024	\$ 31,218	\$ 32,697	\$ 45,314	\$ 39,557	\$ 34,671
Intergovernmental	848	22	3,661	4,057	3,867	3,795	4,543	7,057	8,544	8,005
Charges for services	298	319	370	486	382	364	1,299	1,337	1,289	1,270
Fines and forfeits	1,280	936	1,018	1,656	1,684	1,646	1,673	1,602	1,398	1,147
Other	674	1,845	2,392	11,144	19,880	23,125	21,845	1,644	1,533	2,329
Total revenues	<u>37,796</u>	<u>46,037</u>	<u>41,290</u>	<u>53,675</u>	<u>62,837</u>	<u>60,148</u>	<u>62,057</u>	<u>56,954</u>	<u>52,321</u>	<u>47,422</u>
Expenditures										
Culture and recreation	31,297	31,963	28,532	28,485	26,152	28,102	35,221	35,378	32,678	33,274
Capital outlay	10,229	30,956	20,323	28,908	48,751	50,657	13,850	8,331	4,501	4,782
Debt service										
Principal	2,650	7,269	5,281	5,517	4,159	4,396	7,865	11,475	5,875	5,835
Interest	2,155	3,583	3,725	3,527	3,826	4,557	5,413	5,047	4,171	4,139
Other charges	-	66	-	-	-	-	-	131	192	132
Total expenditures	<u>46,331</u>	<u>73,837</u>	<u>57,861</u>	<u>66,437</u>	<u>82,888</u>	<u>87,712</u>	<u>62,349</u>	<u>60,362</u>	<u>47,417</u>	<u>48,162</u>
Excess of revenues over (under) expenditures	(8,535)	(27,800)	(16,571)	(12,762)	(20,051)	(27,564)	(292)	(3,408)	4,904	(740)
Other financing sources (uses)										
Transfers in	-	-	105	198	-	100	176	-	-	3,900
Transfers out	-	-	(105)	(198)	-	(100)	(176)	-	-	(3,900)
Refunding bonds issued	-	3,058	-	-	-	-	-	9,155	23,630	8,310
Payment to refunded bond escrow agent	(16,173)	(3,024)	-	-	-	-	-	(9,985)	(25,049)	(8,535)
General obligation bonds issued	59,861	8,000	-	12,000	25,000	20,000	-	-	-	-
Premium on general obligation debt	-	-	-	-	-	62	-	961	1,612	357
Discount on general obligation debt	-	(24)	-	(41)	(138)	(55)	-	-	-	-
Insurance Proceeds	-	-	-	-	-	421	-	-	-	-
Proceeds from sale of property	-	86	-	-	-	-	608	145	-	-
Total other financing sources (uses)	<u>43,688</u>	<u>8,096</u>	<u>-</u>	<u>11,959</u>	<u>24,862</u>	<u>20,428</u>	<u>608</u>	<u>276</u>	<u>193</u>	<u>132</u>
Net changes in fund balances	<u>\$ 35,153</u>	<u>\$ (19,704)</u>	<u>\$ (16,571)</u>	<u>\$ (803)</u>	<u>\$ 4,811</u>	<u>\$ (7,136)</u>	<u>\$ 316</u>	<u>\$ (3,132)</u>	<u>\$ 5,097</u>	<u>\$ (608)</u>
Debt service as a percentage of noncapital expenditures ⁴	13.3% ²	25.3%	24.0%	24.1%	23.4%	24.2%	27.4%	31.8%	23.4%	23.0%

Notes:

¹Effective 2004 certain taxes were reclassified as intergovernmental

²Effective 2003 GASB 34 was implemented. Years prior were not restated to comply with GASB 34.

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 ¹	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		
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	43,888,737	43,888,737	5,255,541	5,255,541	49,144,278	49,144,278	100	0.0895
2008	42,605,722	42,605,722	5,264,221	5,264,221	47,869,943	47,869,943	100	0.0903
2009	33,099,166	33,099,166	5,158,800	5,158,800	38,257,966	38,257,966	100	0.1085
2010	31,997,750	31,997,750	5,141,085	5,141,085	37,138,835	37,138,835	100	0.1077
2011	31,340,323	31,340,323	4,931,529	4,931,529	36,271,852	36,271,852	100	0.1184

Source: Marion County Auditor's Office, Marion County Treasurer's Office

Note:

¹Assessed 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.

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

<u>Indianapolis-Marion County Public Library</u>					<u>Overlapping Rates</u>						Total Direct & Overlapping Rates
Fiscal Year	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u> ²	<u>Total Library</u>	<u>Total State</u>	<u>Total City</u>	<u>Total County</u>	<u>Total School</u>	<u>Total Municipal Corporations</u>	<u>Total Other</u>	
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
2008	0.0732	0.0157	0.0014	0.0903	0.0024	0.8920	0.3262	1.7668	0.2618	0.2095	3.5490
2009	0.0897	0.0155	0.0033	0.1085	³	0.8634	0.3513	1.1569	³ 0.2169	0.0578	2.7548
2010	0.0863	0.0197	0.0017	0.1077	³	0.8673	0.3534	1.3692	0.2205	0.0615	2.9796
2011	0.0947	0.0220	0.0017	0.1184	³	0.9525	0.3665	1.4065	0.2501	0.0615	3.1555

Notes:

¹Overlapping 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.

²Capital Project Fund was established in 2006.

³The State of Indiana took over payment of some services previously paid for by property taxes.

Overlapping rates listed are for District 101 (Indianapolis-Center Township) which is the only rate that includes all major services.

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

Source: Indianapolis, Controller's office and Marion County Auditor

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2011</u>		<u>2002</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	\$ 910,685,420	2.74%	\$ 683,765,460	2.51%
Indianapolis Power & Light Co.	Electric utility	203,042,430	0.61	407,042,820	1.49
Federal Express Corp.	Overnight shipping	161,539,720	0.49	164,267,211	0.60
Macquarie Office Monument Center	Chase Tower office building	138,940,600	0.42	-	0.00
Indiana Bell Telephone Co.	Telephone utility	92,458,940	0.28	-	0.00
Convention Hotels Headquarters	Hotels	86,987,100	0.26	-	0.00
American United Life	Insurance/office building	72,512,300	0.22	-	0.00
Hub Properties GA	Real estate investment	71,190,400	0.21	-	0.00
National Starch	Chemical company	70,685,210	0.21	-	0.00
Circle Centre Development Co.	Real estate management	67,809,700	0.20	-	0.00
Ameritech	Telephone utility	-	0.00	316,702,920	1.16
General Motors Corp.	Mfg. automatic transmissions	-	0.00	297,687,570	1.09
Duke-Weeks Realty	Commercial real estate developer	-	0.00	268,665,279	0.98
Visteon Corporation	Manufacturing - automotive	-	0.00	222,653,469	0.82
AEC Acquisition Corp/Rolls Royce	Mfg. gas turbine engines	-	0.00	187,611,030	0.69
Citizens Gas & Coke Utility	Gas utility	-	0.00	169,716,270	0.62
Navistar International	Manufacturing	-	0.00	165,111,681	0.61
Total Top Ten Principal Taxpayers		\$ 1,875,851,820	5.64%	\$ 2,883,223,710	10.57%
Total Assessed Valuation		\$ 33,240,892,643	100.00%	\$ 27,281,931,969	100.00%

**Indianapolis-Marion County Public Library
Property Tax Levies and Collections¹
Last Ten Fiscal Years
(amounts expressed in thousands)**

<u>Year Ended December 31</u>	<u>Total Tax Levy for the Year</u>	<u>Collected within the the Year of the Levy</u>		<u>Collections of of Taxes Levied in Prior Years</u>	<u>Delinquent Tax Receipt in 2011</u>	<u>Total Collections to Date²</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>			<u>Amount</u>	<u>Percentage of Levy</u>
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	3,490	37,706,318	100.5
2006	38,255,619	37,023,927	96.8	2,061,978	8,344	39,085,905	102.2
2007	38,932,720	31,217,956	80.2	2,098,474	16,371	33,316,430	85.6
2008	38,426,227	32,697,352	85.1	2,071,174	52,330	34,768,526	90.5
2009	38,727,435	35,718,158	92.2	2,087,409	254,822	37,805,567	97.6
2010	37,474,023	31,996,050	85.4	3,883,514	1,317,261	33,313,311	88.9
2011	39,357,216	32,770,628	83.3	1,652,618		32,770,628	83.3
					1,652,618		

¹Includes General, Debt Service and Capital Projects

²Total Collections to Date Amount and Percentage of Levy are corrected starting with year 2010. Prior to 2010, breakdown of delinquent taxes by year was not provided.

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> ¹	<u>Service Area Population</u> ²	<u>Assessed Value</u>	<u>Gross Bonded Debt</u> ^{3,4}	<u>Debt Service Monies Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Ratio of Net Bonded Debt to Personal Income</u>	<u>Net Bonded Debt Per Capita</u>
2002	835,088	27,281,931,969	86,249,789	319,423	85,430,577	.23 : 1	3.05 : 1	102
2003	836,119	37,851,600,704	86,731,570	1,089,671	85,641,899	.23 : 1	3.00 : 1	102
2004	836,790	38,275,649,835	81,362,823	-	81,362,823	.21 : 1	2.73 : 1	97
2005	836,341	38,217,505,811	90,453,683	-	90,453,683	.23 : 1	2.91 : 1	108
2006	838,603	39,076,218,596	110,497,629	-	110,497,629	.28 : 1	3.38 : 1	132
2007	849,180	43,500,245,280	126,142,688	-	126,142,688	.29 : 1	3.80 : 1	149
2008	853,554	42,553,962,335	117,719,452	20,338	117,699,114	.28 : 1	3.48 : 1	138
2009	862,844	35,693,488,773	107,835,921	-	107,835,921	.30 : 1	3.19 : 1	125
2010	877,389	34,794,821,192	102,547,158	83,341	102,463,817	.29 : 1	3.03 : 1	117
2011	887,337	33,240,892,643	97,280,448	-	97,280,448	.29 : 1	2.89 : 1	110

Notes:

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

² 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.

³ Bonding limit is 2% of assessed value.

⁴ Effective 2003, includes the deferred amount for issuance premiums

Indianapolis-Marion County Public Library
Direct and Overlapping Debt and Bonded Debt Limit ¹
December 31, 2011
(amounts expressed in thousands)

Government Unit	Assessed Value⁵	%	Bonding Limit Dollar Amount	Bonds Outstanding
Overlapping debt				
City of Indianapolis:				
Civil City	\$ 33,913,488	0.67%	\$ 227,220	\$ 76,715
Consolidated County	36,271,852	³	-	-
Park District	36,271,852	0.67%	-	17,157
Redevelopment District	33,913,488	⁶	-	6,777
Flood Control District	36,271,852	0.67%	243,021	8,511
Metropolitan Thoroughfare District	36,271,852	1.33%	482,416	32,195
Sanitary District	33,959,774	4.00%	1,358,391	41,803
Police Special Service District	10,360,126	²	-	-
Fire Special Service District	25,564,445	²	-	-
Solid Waste Collect Special Service District	33,400,090	²	-	-
Solid Waste Disposal District	33,400,090	2.00%	668,002	-
Pub Safety Command Comp Facilities District	36,271,852	0.67%	243,021	35,030
Total City of Indianapolis debt			<u>3,222,071</u>	<u>218,188</u>
Marion County	36,271,852	0.67%	<u>243,021</u>	<u>-</u>
Municipal corporations:				
Airport Authority	36,271,852	0.67%	243,021	-
Health & Hospital Corporation	36,271,852	0.67%	243,021	231,385
Capital Improvement Board	36,271,852	0.67%	243,021	-
Indpls-Marion Co. Building Authority	36,271,852	⁴	-	14,820
Indianapolis Public Transportation Corp.	32,268,101	0.67%	<u>216,196</u>	<u>7,835</u>
Total municipal corporations	-		<u>945,259</u>	<u>254,040</u>
School districts:				
Beech Grove	399,801	⁷	65,488	5,000
Decatur	1,071,405	⁷	169,850	6,430
Franklin	1,755,155	⁷	272,284	3,885
Indianapolis Public Schools	9,225,666	⁷	594,648	23,760
Lawrence	4,606,490	⁷	251,442	21,085
Perry	3,243,437	⁷	182,072	18,575
Pike	4,774,364	⁷	115,172	25,415
Speedway	587,039	⁷	11,741	-
Warren	2,489,920	⁷	49,798	-
Washington	5,505,300	⁷	151,726	11,490
Wayne	<u>2,613,275</u>	⁷	<u>305,146</u>	<u>21,291</u>
Total school districts	36,271,852		<u>2,169,367</u>	<u>136,931</u>
Other cities and towns:				
Beech Grove	426,644	0.67%	2,859	150
Lawrence	1,298,395	0.67%	8,699	5,335
Southport	46,287	0.67%	310	230
Speedway	<u>587,039</u>	0.67%	<u>3,933</u>	<u>3,535</u>
Total other cities and towns	2,358,365		<u>15,801</u>	<u>9,250</u>

Indianapolis-Marion County Public Library
Direct and Overlapping Debt and Bonded Debt Limit ¹
December 31, 2011
(amounts expressed in thousands)
(Continued)

Government Unit	Assessed Value⁵	%	Bonding Limit Dollar Amount	Bonds Outstanding
Townships:				
Center	4,921,847	0.67%	32,976	-
Decatur	1,076,042	0.67%	7,209	-
Franklin	1,902,520	0.67%	12,747	-
Lawrence	4,976,521	0.67%	33,343	1,805
Perry	3,539,182	0.67%	23,713	-
Pike	4,884,524	0.67%	32,726	-
Warren	3,345,058	0.67%	22,412	-
Washington	7,609,894	0.67%	50,986	-
Wayne	4,016,265	0.67%	26,909	-
Total townships	<u>36,271,853</u>		<u>243,021</u>	<u>1,805</u>
Excluded library districts:				
Beech Grove	399,801	0.67%	2,679	-
Speedway	587,039	0.67%	3,933	185
Total excluded library districts	<u>986,840</u>		<u>6,612</u>	<u>185</u>
Ben Davis Conservancy District	898	⁸	-	-
Total overlapping debt				<u>620,399</u>
Direct debt:				
Indianapolis-Marion County Public Library	35,285,012	0.67%	236,410	<u>94,925</u>
Total direct debt				<u>94,925</u>
Total direct and overlapping debt				<u>\$ 715,324</u>

Source: City of Indianapolis

Notes:

¹ Excludes revenue bonds not payable from ad valorem taxes.

² No bonding authority.

³ No bonding authority from ad valorem taxes.

⁴ There is no debt limit for the Building Authority. Its debt service requirements are funded by rentals paid by the City of Indianapolis and Marion County from ad valorem taxes mandated by the Authority's enabling legislation.

⁵ Represents the March 1, 2010 (Marion County Auditor's "certified abstract") assessment for taxes due and payable in 2011. The Library's assessed value is the actual assessed value for the Library for taxes due and payable in 2011.

⁶ There is no statutory constitutional debt limitation to the Redevelopment Districts.

⁷ A Statutory 2% limit on school district debt does not apply to any debt that is incurred by a school district building corporation for the purpose of constructing facilities to be leased to the school district at rentals sufficient to fund the corporation's annual debt service requirements. The bonding limit shown is the sum of the statutory limit plus the outstanding building corporation debt.

⁸ Ben Davis Conservancy District has no bonding limit. Bonds are payable from either collection of special benefit taxes or revenues produced from the project per Indiana Code 13-3-3-81.

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 181,880	\$ 252,344	\$ 254,783	\$ 257,581	\$ 260,508	\$ 290,002	\$ 283,693	\$ 237,957	\$ 231,965	\$ 236,410
Total net debt applicable to limit	<u>86,250</u>	<u>86,732</u>	<u>81,363</u>	<u>90,454</u>	<u>110,498</u>	<u>126,143</u>	<u>117,719</u>	<u>107,836</u>	<u>102,547</u>	<u>97,280</u>
Legal debt margin	<u>\$ 95,630</u>	<u>\$ 165,612</u>	<u>\$ 173,420</u>	<u>\$ 167,127</u>	<u>\$ 150,010</u>	<u>\$ 163,859</u>	<u>\$ 165,974</u>	<u>\$ 130,121</u>	<u>\$ 129,418</u>	<u>\$ 139,130</u>
Total net debt applicable to the limit as the percentage of debt limit	47.42%	34.37%	31.93%	35.12%	42.42%	43.50%	41.50%	45.32%	44.21%	41.15%

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Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	\$ 35,285,012
Debt Limit (2% of one third of assessed value)	236,410
Debt applicable to limit:	
General obligation bonds	<u>97,280</u>
Legal debt margin	<u>\$ 139,130</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> ¹			<u>Total General Expenditures</u> ²	<u>Ratio of Debt Service To General Expenditures</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		
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
2008 ³	7,865,000	5,413,007	13,278,007	62,349,283	.213 : 1
2009 ⁴	11,475,000	5,046,961	16,521,961	60,361,382	.274 : 1
2010 ⁵	5,875,000	4,171,157	10,046,157	47,416,798	.212 : 1
2011 ⁶	5,835,000	4,139,508	9,974,508	48,162,202	.207 : 1

¹ Source: Indianapolis-Marion County Public Library Annual Audit

² Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

³ The 2008 principal amount includes an early extinguishment of the Library's 1998 bonds.

⁴ The 2009 principal amount includes an early partial extinguishment of the Library's 2001 bonds and current refunding of 2001 bonds.

⁵ The 2010 principal amount includes a current refunding of 2002A bonds.

⁶ The 2011 principal amount includes a current refunding of 2003 bonds.

**Indianapolis-Marion County Public Library
Demographic and Economic Information
Last Ten Fiscal Years**

Calendar Year	Population ¹	Personal Income ²	Per Capita	Unemployment Rate	Households		Median Age	School Enrollment
			Personal Income		Total	Average Size		
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	33,237,274	37,936	4.5	356,238	2.42	35.5	167,350
2008	853,554	33,798,139	38,272	5.6	357,647	2.40	35.7	165,263
2009	862,844	33,774,144	37,911	9.1	356,311	2.43	36.1	159,728
2010	877,389	33,687,344	37,232	10.0	356,311	2.43	36.4	157,223
2011	887,337	33,687,344 ³	37,232 ³	9.4	366,176 ³	2.42	34.2 ³	153,690

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

²Amounts expressed in thousands

³Amounts used are from 2010, since 2011 data is not yet available.

Source: U.S. Bureau of Economic Analysis, U.S. Census Bureau, Demographics U.S.A. and U.S. Department of Labor, Bureau of Labor Statistics

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

Employer	2011		2002	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Indiana University Health	18,883	4.07%	-	-
Eli Lilly and Company	11,550	2.49%	15,051	3.26%
St. Vincent Hospital and Health Care Center	11,075	2.39%	-	-
Community Health Network	8,079	1.74%	5,293	1.15%
Indiana University-Purdue University at Indianapolis	7,066	1.52%	6,763	1.47%
Rolls Royce	4,316	0.93%	4,335	0.94%
Federal Express	4,311	0.93%	-	-
Roche Diagnostic	4,300	0.93%	2,300	0.50%
Wellpoint	3,950	0.85%	-	-
St. Francis Hospital and Health Centers	3,628	0.78%	-	-
Allison Transmissions/Div. of GMC	-	-	4,119	0.89%
Marsh	-	-	3,680	0.80%
Anthem, Inc.	-	-	3,509	0.76%
Kroger Company	-	-	3,224	0.70%
Visteon Corporation	-	-	2,616	0.57%
	<u>77,158</u>	<u>16.65%</u>	<u>50,890</u>	<u>11.03%</u>

Source: The Indy Partnership

**Indianapolis-Marion County Public Library
District Employees by Function
Last Ten Fiscal Years**

	Full-time-Equivalent Employees									
	2002	2003	2004	2005	2006	2007	2008	2009	2010 ¹	2011
Public Services										
Brightwood Library	4	5	4	4	3	4	4	4	3	3
Central Library	68.5	66.8	64.5	59.3	47.3	71.3	81.2	78.5	68.2	74.3
College Avenue Library	8.5	7.5	8.6	8	6.5	6	10	8.5	6	6
Decatur Library	5	7.5	6.5	6.5	6.5	6.5	7.5	7.5	6.5	6
Eagle Library	10.5	10.5	10.5	10.5	8	7.5	9	8.5	6	7
East 38th Street Library	5.5	5.5	9	8	6.5	5.5	6	6.5	7	7
East Washington Library	4	4	4	3	4	4	5	4.5	4	4
Flanner House Library	2.6	2.6	2.1	2.6	2.6	2	3	3	3	3
Fountain Square Library	4.1	4	4	4	4.5	4.5	4.8	4.8	3.5	5
Franklin Road Library	9	9.5	9.5	10	9.5	7.5	9.2	9.2	8.1	9.1
Garfield Park Library (Formerly Shelby)	6.5	5	6	7	6.5	6.5	6.5	6	6	6
Glendale Library	19.5	20	19.5	18.5	14.5	11.5	15.1	14.6	10.6	11.5
Haughville Library	4	5	7	6	5	5.5	6	5.5	5.5	5.5
InfoZone (at The Children's Museum)	3.5	3	3.5	3	3.5	3.5	3.5	5.5	4.5	4.5
Irvington Branch Library	10	12	12	11.5	9	6.5	10.3	9.8	9.3	9.3
Lawrence Library	15	15.5	15.5	15.5	15.5	12.5	14.6	15.6	13.6	14.1
Nora Library	16.5	15.5	16.5	14.5	13.5	11	13.6	14.6	10.2	11.7
Outreach Service Section	12.5	12.5	12.5	11.5	13	7	8	8	8.5	11
Pike Library	13.5	9.5	13	12	11.5	10.5	13.6	13.6	12.6	11.6
Southport Library	16.1	15.1	17.5	16	15	14	17	14.5	13	12.5
Spades Park Library	4.2	4.2	4.2	3.6	3.6	4.1	4.1	4.1	4.1	4.1
Warren Library	12.5	12	14	13	10.5	11.2	12.6	12.6	10.6	11.1
Wayne Library	11	11.5	12.5	11	9.5	10	11.5	12	10	10.5
West Indianapolis Library	4.7	4.7	4.7	4.7	4.2	4.1	4.1	4.1	3.6	3.1
Administrative Services	13	14	15	13	12	12	11	10	13	13
Information Technology Services	18	17	20	20	18.5	16.5	18	17	14	15
Collection Management Services	50	51.5	55	49.25	42.25	36.25	37.25	37	36	36
Project Development Services	9.1	10.1	10.6	10.6	10	9	7	7	9	8.5
Public Services									4	6
Community Engagement									4	2
Community Relations Services	17.5	16.5	18	17.5	16	9	9.5	10	-	-
Human Resources	8	10	10	8	6	5	5	5	5	5
Facility Services	44	44	43.5	40	30.1	34.1	34.5	35.1	24.5	25.5
Total	430.8	431.5	453.2	422.05	368.05	358.55	402.45	396.6	346.9	361.9

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.

¹In 2010 there was an administrative reorganization.

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

Fiscal Year	Number of Volumes Owned	Acquisition Cost of Collections	Cost of new Acquisitions	Net Book Value of Collections¹	Number of Items Circulated²	Turnover Rate³
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	14,261,358	14,183,909	7.91
2008	1,863,892 ⁴	54,084,274	5,266,352	13,660,310	15,904,690	8.53
2009	1,895,458 ⁴	60,568,139	6,483,865	13,639,746	17,186,739	9.07
2010	1,829,436	64,698,476	4,130,337	11,324,553	16,578,849	9.06
2011	1,756,058	69,023,585	4,325,109	9,282,687	14,638,562	8.34

N/A = Not Available

Notes:

¹ 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.

² Number of items circulated includes online web renewals.

³ 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.

⁴ 2008 & 2009 Restated Number of Volumes Owned

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

Location	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Brightwood Library	35,034	33,624	31,783	44,691	60,295	64,596	65,458	66,286	53,798	51,617
Central Library	549,375	390,303	423,339	476,356	436,076	311,176	732,522	810,259	717,782	622,794
College Avenue Library (Formerly Broadway Library)	157,986	166,071	171,015	198,390	215,982	238,519	239,047	245,512	235,382	214,155
Decatur Library	176,908	192,431	186,249	237,595	257,881	268,258	264,386	278,494	249,343	221,958
Eagle Library	283,158	272,605	235,437	306,753	328,867	297,268	274,597	284,071	232,618	177,128
East 38th Street Library (Formerly Emerson Library)	78,680	93,660	111,800	151,574	147,443	143,900	130,851	142,668	127,073	109,458
East Washington Library	58,816	53,221	47,255	80,011	83,221	96,423	99,132	104,261	96,911	89,243
Flanner House Library	27,114	30,694	32,435	53,976	62,827	64,970	65,111	60,012	51,167	46,486
Fountain Square Library	64,255	65,065	60,092	85,112	97,515	98,677	103,426	102,039	88,144	86,975
Franklin Road Library (Formerly Wanamaker Library)	344,483	375,137	377,378	435,930	476,547	479,648	485,000	489,949	479,377	426,604
Garfield Park Library (Formerly Shelby Library)	141,091	138,249	142,446	198,398	221,174	197,114	197,895	223,200	182,424	108,704
Glendale Library (Formerly Broad Ripple Library)	610,430	626,084	625,978	662,538	646,219	504,073	525,884	569,593	502,703	445,821
Haughville Library	61,048	77,668	97,681	138,101	151,875	160,973	178,231	162,633	135,900	129,001
InfoZone (at The Children's Museum)	38,369	39,115	38,165	45,675	51,481	46,295	49,025	36,122	51,394	59,100
Irvington Branch Library (Formerly Brown Library)	324,990	335,699	343,607	424,246	443,059	431,690	436,700	457,049	425,162	370,715
Lawrence Library	672,438	652,111	671,571	775,244	794,169	764,340	771,429	786,818	733,731	621,398
Nora Library	532,901	512,598	501,970	564,522	593,965	605,922	608,063	636,401	593,169	516,091
Outreach Service Section	142,712	144,982	117,368	153,631	188,055	238,216	276,450	306,869	361,396	368,281
Pike Library	489,278	498,540	502,021	563,445	562,561	534,367	532,218	563,773	521,175	456,806
Southport Library	669,055	670,208	676,079	683,429	764,213	772,578	771,581	789,218	722,702	630,675
Spades Park Library	52,370	50,068	48,097	65,232	69,048	70,709	68,769	72,008	61,921	49,255
Warren Library	510,581	515,683	479,227	551,207	573,544	536,500	513,671	515,557	438,853	385,170
Wayne Library	379,002	368,116	374,474	455,973	488,492	467,610	449,271	479,687	430,937	378,921
West Indianapolis Library	64,680	60,470	60,657	90,017	93,590	94,317	112,164	101,708	83,040	71,634
Total	6,464,754	6,362,402	6,356,124	7,442,046	7,808,099	7,488,139	7,950,881	8,284,187	7,576,102	6,637,990

Notes:

¹ Central Library was closed for 3 months during 2007 due to the Renovation Project.

² Garfield Park Library was closed for 4 months during 2011 due to the Renovation Project.

³ In 2011 there was a 26% reduction in hours of operation from 2010.

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

	Current Address	Current Status	Current									
			2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
LIBRARIES												
Brightwood Library	2435 N. Sherman Dr. Indianapolis, IN 46218	L	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600
College Avenue Library (Formerly Broadway Library)	4180 N. College Ave. Indianapolis, IN 46205	O	15,970	15,970	15,970	15,970	15,970	15,970	15,970	15,970	15,970	15,970
Decatur Library	5301 Kentucky Ave. Indianapolis, IN 46221	O	11,300	11,300	11,300	11,300	11,300	11,300	11,300	11,300	11,300	11,300
Eagle Library	3325 Lowry Rd. Indianapolis, IN 46222	O	12,215	12,215	12,215	12,215	12,215	12,215	12,215	12,215	12,215	12,215
East 38th Street Library (Formerly Emerson Library)	5420 E. 38th St. Indianapolis, IN 46218	O	7,510	15,900	15,900	15,900	15,900	15,900	15,900	15,900	15,900	15,900
East Washington Library	2822 E. Washington St. Indianapolis, IN 46201	O	6,810	6,810	6,810	6,810	6,810	6,810	6,810	6,810	6,810	6,810
Flanner House Library	2424 Dr. M.L. King Jr. St. Indianapolis, IN 46208	L	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050
Fountain Square Library	1066 Virginia Ave. Indianapolis, IN 46203	L	5,145	5,145	5,145	5,145	5,145	5,145	5,145	5,145	5,145	5,145
Franklin Road Library (Formerly Wanamaker Library)	5550 S. Franklin Rd. Indianapolis, IN 46239	O	18,345	18,345	18,345	18,345	18,345	18,345	18,345	18,345	18,345	18,345
Garfield Park Library (Formerly Shelby Library)	2502 Shelby St. Indianapolis, IN 46203	O	6,435	6,435	6,435	6,435	6,435	6,435	6,435	6,435	6,435	6,435
Glendale Library (Formerly Broad Ripple Library)	6101 N. Keystone Ave. Indianapolis, IN 46220	L	29,338	29,338	29,338	29,338	29,338	29,338	29,338	29,338	29,338	29,338
Haughville Library	2121 W. Michigan St. Indianapolis, IN 46222	O	3,700	11,600	11,600	11,600	11,600	11,600	11,600	11,600	11,600	11,600
InfoZone (at The Children's Museum) ¹	3000 N. Meridian St. Indianapolis, IN 46208	L	3,000	3,000	3,000	3,000	3,000	3,000	3,000	4,133	4,133	4,133
Central Library ²	40 E. Saint Clair St. Indianapolis, IN 46204	O	98,000	98,000	98,000	98,000	98,000	292,183	292,183	292,183	292,183	292,183
Irvington Branch Library (Formerly Brown Library)	5625 E. Washington St. Indianapolis, IN 46219	O	16,050	16,050	16,050	16,050	16,050	16,050	16,050	16,050	16,050	16,050
Lawrence Library	7898 N. Hague Rd. Indianapolis, IN 46256	O	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
Nora Library	8625 Guilford Ave. Indianapolis, IN 46240	O	18,500	18,500	18,500	18,500	18,500	18,500	18,500	18,500	18,500	18,500
Outreach Service Section	2450 N. Meridian St. Indianapolis, IN 46206	O	8,540	8,540	8,540	8,540	8,540	8,540	5,970	5,970	5,970	5,970

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

	Current Address	Current Status										
			2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
LIBRARIES												
Pike Library	6525 Zionsville Rd. Indianapolis, IN 46268	O	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Southport Library	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	7,560	7,560	7,560	7,560	7,560	7,560	7,560	7,560	7,560	7,560
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
SUPPORT SERVICES												
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:

¹ In 2009, InfoZone moved to a new space within The Children's Museum.

² 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. The 292,183 square footage listed for Central Library does not include the 183,000 square footage for the parking garage.

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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 38th 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

Garfield Park Branch Library

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

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

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 21st 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
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www.imcpl.org