

The INDIANAPOLIS PUBLIC Library

Indianapolis-Marion County Public Library 2017 Comprehensive Annual Financial Report For the year ended December 31, 2017



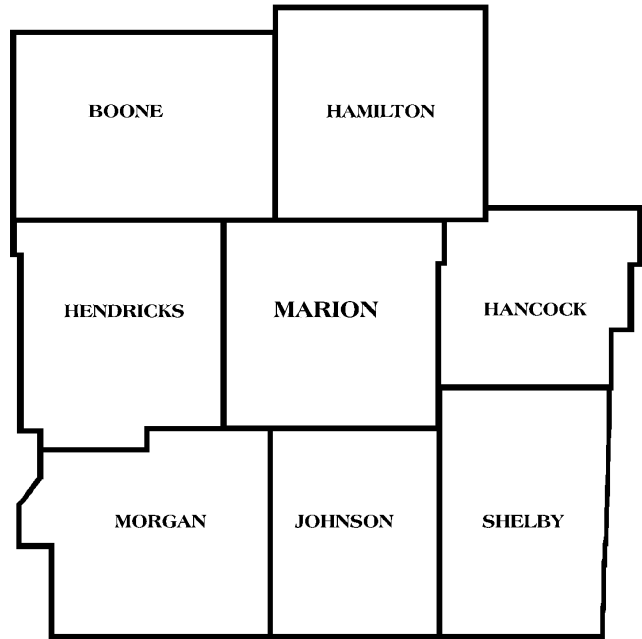
FILED

06/29/2018

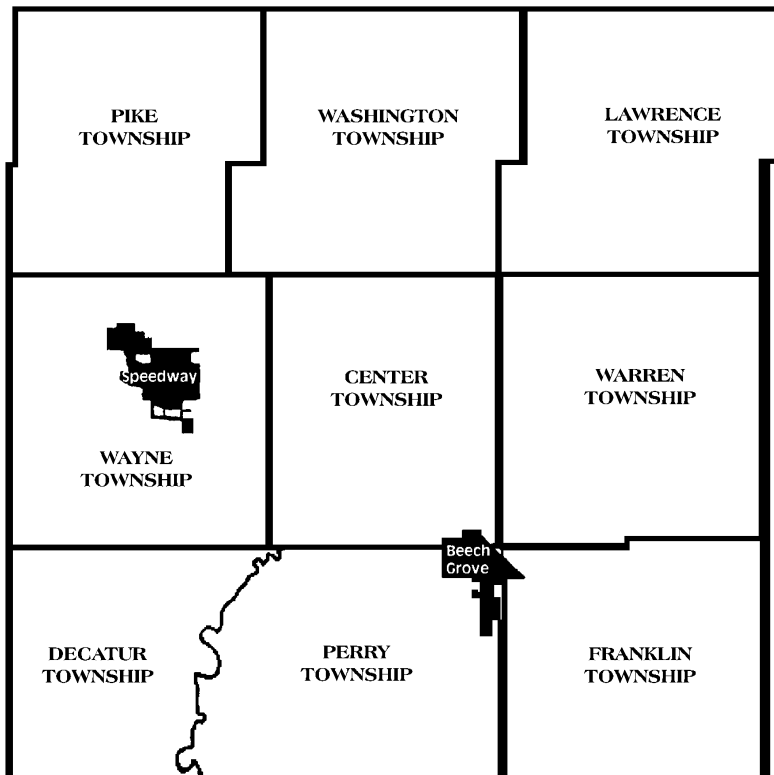
INDIANA



**INDIANAPOLIS, INDIANA
METROPOLITAN STATISTICAL AREA**



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



2017 Comprehensive Annual Financial Report

FOR THE YEAR ENDED DECEMBER 31, 2017

**Indianapolis-Marion County
Public Library**

Indianapolis, Indiana

Prepared by:

**Ijeoma Dike-Young
Treasurer of the Board and Chief Financial Officer**

**Carolyn Adams, CPA
Accounting Manager**

	<u>Page</u>
Title Page.....	1
Table of Contents.....	2 - 3
 INTRODUCTORY SECTION	
Letter of Transmittal.....	5 - 9
List of Appointed Officials.....	10
Organization Chart.....	11
GFOA Certificate of Achievement.....	12
Mission and Vision Statements.....	13
 FINANCIAL SECTION	
Independent Auditor's Report.....	15 – 17
Management's Discussion and Analysis.....	18 – 26
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	28 - 29
Statement of Activities.....	30
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	31
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	32
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities...	33
Statement of Fiduciary Net Position – Fiduciary Funds.....	34
Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	35
Notes to Financial Statements.....	36 – 65
Required Supplementary Information:	
Schedule of the Library's Proportionate Share of the Net Pension Liability Public Employees Retirement Fund.....	66
Schedule of Library Contributions Public Employees Retirement Fund.....	67
Schedules of Funding Progress.....	68
Budgetary Comparison Schedule – General Fund.....	69
Budget/GAAP Reconciliation – General Fund	70
Budgetary Comparison Schedule – Rainy Day Fund.....	71
Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds.....	72
Combining Balance Sheet – Nonmajor Governmental Funds.....	73
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	74
Budgetary Comparison Schedule – Bond and Interest Redemption Fund.....	75
Budgetary Comparison Schedule – Capital Projects Fund.....	76
Budgetary Comparison Schedule – Library Improvement Reserve Fund.....	77
Statement of Changes in Assets and Liabilities – Agency Funds.....	78
 STATISTICAL SECTION	
Statistical Section Contents.....	79
Government-Wide Net Position by Component.....	80
Government-Wide Changes in Net Position.....	81
Fund Balances of Governmental Funds.....	82
Changes in Fund Balances of Governmental Funds.....	83
Assessed and Estimated Actual Value of Taxable Property	84
Property Tax Rates – Direct and Overlapping Governments.....	85

	<u>Page</u>
Principal Property Taxpayers.....	86
Property Tax Levies and Collections.....	87
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita.....	88
Ratios of Outstanding Debt by Type.....	89
Direct and Overlapping Debt and Bonded Debt Limit.....	90 – 91
Legal Debt Margin Information.....	92
Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures.....	93
Demographic and Economic Information.....	94
Principal Employers.....	95
District Employees by Function.....	96
Library Materials Purchased and Circulated.....	97
Circulation by Location.....	98
Service Location Information	99 - 100



INTRODUCTORY

June 19, 2018

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, 2017.

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

The Indiana State Board of Accounts has issued an unmodified ("clean") opinion on the Indianapolis-Marion County Public Library's financial statements for the year ended December 31, 2017. 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 2017, 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 town of Speedway which has their own library district. The Library system services a population of approximately 937,980 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.

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 of 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 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 by the City County Council and the public by referendum if the project amount exceeds \$15 million. 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, the debt service fund (Bond and Interest Redemption Fund), Library Improvement Reserve Fund, and the Rainy Day 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 14th largest city in the U.S., the third largest city in the Midwest (behind Columbus, Ohio). According to a Downtown Indy, Inc., a KPMG study ranks the city of Indianapolis as the third most cost-effective city for business in the nation and *Time Magazine* ranks Indianapolis as one of the top 10 Cities to start a new career. In 2017, *Forbes* ranked Indianapolis the fifth city for creating the most tech jobs and *Money Magazine* ranked Indianapolis as the second best city for jobs. The Indy Partnership reported approximately 15,520 new job commitments and more than \$1.8 billion in capital investment from 140 successful corporate relocation and expansion projects in 2017. The unemployment rate for the Indianapolis Metropolitan area was 3.6% in 2017.

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. According to a 2016 Biotechnology Industry Organization and TEconomy report, the Indianapolis MSA ranks fifth nationally for employment in drugs and pharmaceuticals and second in the U.S. for employment in agricultural feedstock and chemicals.

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. FedEx recently announced a \$170 million investment in its Indianapolis hub by installing new package-handling equipment. The company plans to add more than two dozen full-time and nearly 180 part-time employees and retain current employees. These strategic advantages, along with the collaboration of the government and the private sector, make the Indianapolis region a great place to do business.

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 and the Indiana Pacers. Indianapolis hosted the Super Bowl in 2012 and received great reviews by the NFL and all the

fans that attended. Indianapolis is also known as the amateur sports capital of the United States. Several venues provide spectator sporting events as well as facilities open to the public for swimming, tennis and bicycling.

The City of Indianapolis provides a wide variety of cultural offerings, including the Indianapolis Symphony Orchestra, Indianapolis School of 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, and the Children's Museum of Indianapolis. Indianapolis is the home to 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. Completed in 2012, the Trail encompasses eight miles of public art displays, restaurants, shops and culture. Several 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

The Finance Department is responsible for financial planning and preparation of the budget for the Library. A five-year financial projection is prepared to assist management in aligning finances with service levels, meet the goals of the Library's strategic plan, and serve as a guide for long-range financial stability. The five-year plan includes estimates of anticipated revenues and expenditures for the ensuing five fiscal years. The plan is updated on a regular basis to reflect any changes that may impact the estimated revenue and/or expenditures.

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 2017, the reduction of property taxes was \$6,606,443.

The Library took a pro-active approach and began planning for the financial impact of this legislation in 2009. The Library worked with its fiscal body to change the law allowing a portion of the County Option Income Tax to be allocated to the Library. In addition, the Library restructured staffing levels and found ways to increase efficiency and reduce costs. The Library has more actively managed its budget and spending since the enactment of the property tax caps.

During 2014, the Library conducted public surveys, public meetings and an assessment of our facilities to assist us in a long-term capital improvement plan for expansion and/or replacement of branches within our system. These improvements will be funded with general obligation bonds during the next five to seven years. The first of these bonds was sold in December of 2014 for \$4.7 million for the expansion/improvements of three branch locations. In 2016, the second bond totaling \$7.5 million was sold to build a new 20,000 square foot branch to better serve the public. This branch is expected to be completed in the last quarter of 2018. In 2017, 13.6 million in bonds were sold to build 2 branches.

Major Initiatives for the Library

Progress in fulfilling the goals of the Library's 2015-2020 strategic Plan was notable during 2017. This plan is fully embraced by a staff that continues to adapt its skills to provide the best in patron experiences. In 2017, the East-Washington branch was re-opened after renovations. Land was purchased and building plans were approved for the new Eagle branch location and for a new Michigan Road branch. Land was also secured for the relocated Brightwood branch and for the new Fort Benjamin branch.

Programming efforts were guided by the strategic goals of providing meaningful learning experiences for Indianapolis' youngest children and strengthening the Library's contribution to formal education. More than 48,000 children read nearly 950,000 books during the 2017 Summer Reading Program, "Read It & Eat." Kids and teens had the opportunity to give back to the community by helping Gleaners Food Bank feed hungry Hoosiers. 3,002 pounds of non-perishable food items were donated to Gleaner's Food Bank.



In 2017, the Library celebrated the opening of the Center for Black Literature & Culture at Central Library. Made possible by Lilly Endowment Inc. through a \$1.3 million grant to the Indianapolis Public Library Foundation, the new Center for Black Literature & Culture (CBLC) offers a vibrant environment for visitors to build awareness of black culture and to discover this rich heritage through books, images, special events and more.

Enriching the desire for personal growth and learning, engaging new audiences to participate in the Library experience and embracing the Library's role as a cultural center are key principles in serving our diverse community. The 40th annual Marian McFadden Memorial Lecture sponsored by the Indianapolis Public Library Foundation featured Junot Díaz, winner of the Pulitzer prize-winning novel, *The Brief Wondrous Life of Oscar Wao*.



The Library surpassed 2017 measurements in e-circulation by over 14%. In 2017, the Library's walk-in visits were over 4 million and increase of 4% over 2016. 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 2017, the Library hosted 13,095 programs attended by 287 thousand people.

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.

Awards and Acknowledgements

In 2017, the Library received Top Innovator award by the Urban Libraries Council for its new online Library account registration tool.

The newly renovated East Washington Branch received the Historic Preservation Award in 2017 for outstanding renovation from Indiana Landmarks. In addition, the Historical Irvington Community Council presented the Irvington Branch with a 2017 Founders Award for being a center of enrichment in Irvington since 1903.

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, 2016. This was the 27th 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.

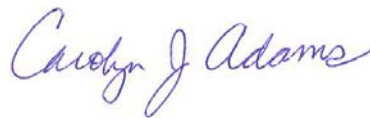
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

We wish to express our appreciation to the Indiana State Board of Accounts for the timely and professional manner in which it has conducted its 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,



Ijeoma Dike-Young, CPA
Treasurer of the Board
Chief Financial Officer



Carolyn Adams, CPA
Accounting Manager

Dr. David W. Wantz
President



Dorothy R. Crenshaw
Vice President



Lillian L. Charleston
Secretary



Dr. Terri Jett
Trustee Member



Patricia A. Payne
Trustee Member



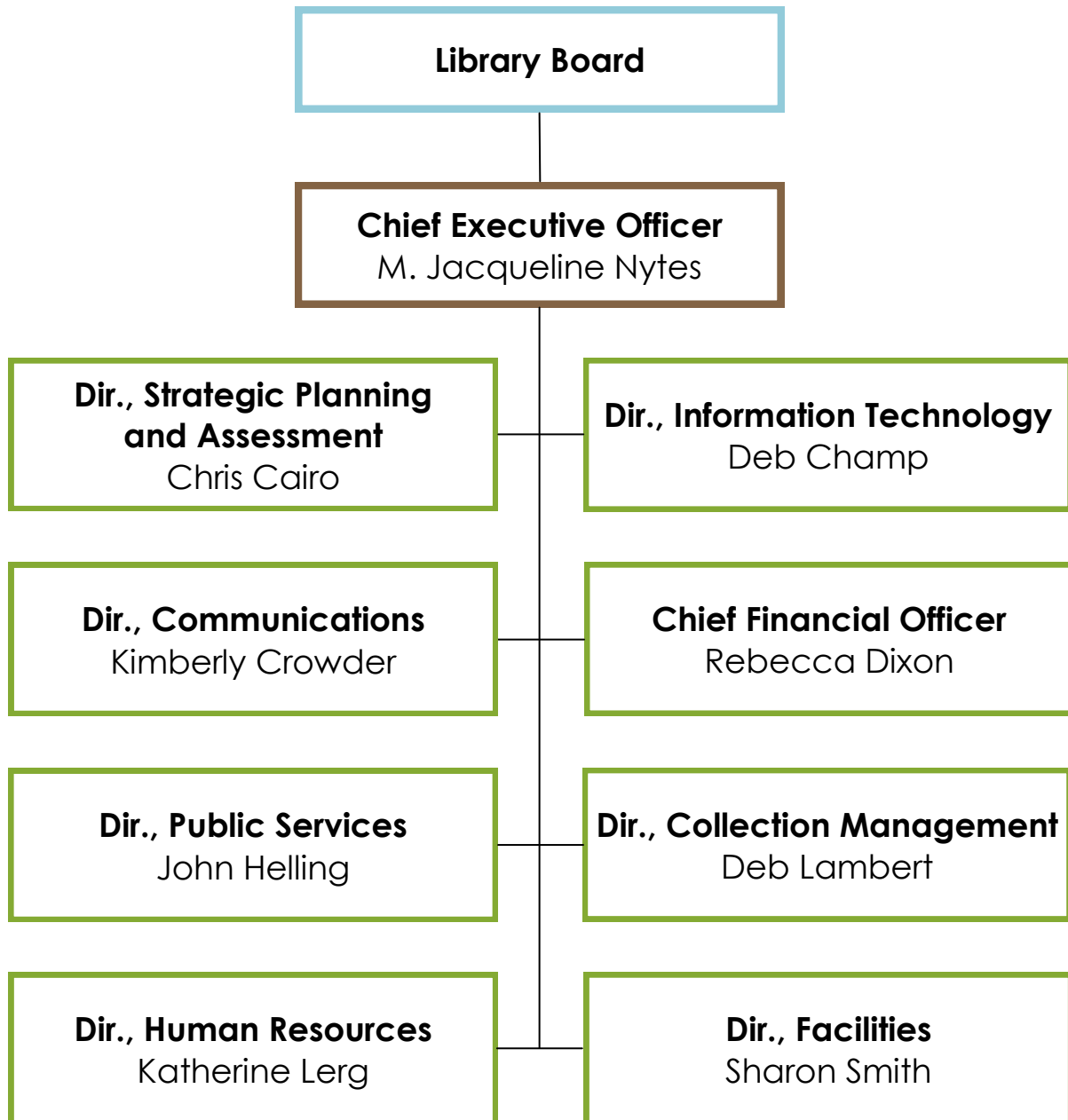
Rev. T.D. Robinson
Trustee Member



Joanne Sanders
Trustee Member



Indianapolis-Marion County Public Library Indianapolis, IN December 31, 2017





Government Finance Officers Association

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, 2016

Christopher P. Morill

Executive Director/CEO

Our Mission

The Indianapolis Public Library enriches lives and builds communities through lifelong learning.



Our Vision

To be a center of knowledge, community life and innovation for Indianapolis.



This Page Intentionally Left Blank

FINANCIAL



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the 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, 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Indianapolis-Marion County Public Library Foundation, Inc., which represent 100 percent of the assets, net position, and revenues of the discretely presented component unit. 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 Foundation, Inc., is based solely on the report of the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Indianapolis-Marion County Public Library, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Library's Proportionate Share of the Net Pension Liability, Schedule of Library Contributions Public Employees Retirement Fund, Schedule of Funding Progress, Budgetary Comparison Schedules, and Budget/GAAP Reconciliation, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The accompanying Introductory Section, Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds, other Budgetary Comparison Schedules, Schedule of Changes in Assets and Liabilities - Agency Funds, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds, other Budgetary Comparison Schedules, Statement of Changes in Assets and Liabilities - Agency Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds, other Budgetary Comparison Schedules, Statement of Changes in Assets and Liabilities - Agency Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.


Paul D. Joyce, CPA
State Examiner

June 11, 2018

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, 2017. 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 and deferred outflows of resources of the Library exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$112,892 (net position). Of this amount, \$5,004 represents unrestricted net position, which may be used to meet the Library's ongoing obligations to citizens and creditors.
- The Library's total net position increased by \$3,735 in comparison with the prior year.
- At the close of the current fiscal year, the Library's governmental funds reported combined fund balances of \$52,055, an increase of \$15,372 in comparison with the prior year. Approximately 32% of this amount, \$16,408 is available for spending at the library's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of committed, assigned, and unassigned components of fund balance) for the general fund was \$18,620, or approximately 46% of total general fund expenditures. This increase of \$3,593 compared with the prior year is the result of an increase in property tax revenue of \$3,341 and revenues of \$253 over expenditures.
- The Library's total bond related debt increased by \$3,741 during the current fiscal year. The Library issued new debt in the amount of \$13,605, offset by debt payments and amortization of bond premium in the amount of \$9,864 during 2017.

Overview of the Financial Statements

This discussion and analysis provided here is intended to serve as an introduction to the Library's 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 includes supplementary information intended to furnish additional detail to support 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 position presents information on all of the Library's assets, liabilities, deferred outflows of resources, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 for some items that will only result in cash flows in 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 include not only the Library itself (known as the primary government), but also a legally separate foundation for which the Library is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 28-30 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 other 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 nine 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 the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statement and schedules section of this report.

The Library adopts an annual appropriated budget for its General Fund, Capital Projects Fund, Bond and Interest Redemption Fund, Rainy Day Fund and Library Improvement Reserve 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 Projects Fund, Bond and Interest Redemption Fund and Library Improvement Reserve Fund subsequent to the combining non-major fund information, as other information, to demonstrate compliance with the budget.

The governmental fund financial statements can be found in pages 31-33 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 reported in the government-wide financial statement because the resources of those funds 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 34-35 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 36-65 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 66-71 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on budgets. Combining and individual fund statements and schedules can be found on pages 72-78 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Library's financial position. In the case of the Library, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$112,892 at the close of the most recent fiscal year with the Library's net position increasing by \$3,735 during 2017. This demonstrates that the Library has been able to make sound financial decisions over the past few years resulting in a solid equity base to build upon.

The largest portion, \$99,572 (89%), of the Library's net position reflects the investment in capital assets (e.g., land, buildings, equipment, and collections); less any related debt still outstanding, used in the acquisition of those assets. 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 position at 2017 and 2016:

Indianapolis-Marion County Public Library, Indiana		
Net Position		
Description	Governmental Activities	
	2017	2016
Current and other assets	\$ 31,280	\$ 28,981
Restricted assets	27,188	15,280
Capital assets	<u>148,461</u>	<u>149,025</u>
Total assets	<u>206,929</u>	<u>193,286</u>
Total deferred outflows of resources	<u>3,553</u>	<u>5,458</u>
Other liabilities	10,996	6,232
Liabilities payable from restricted assets	10,918	9,724
Long-term liabilities outstanding	<u>75,574</u>	<u>72,670</u>
Total Liabilities	<u>97,488</u>	<u>88,626</u>
Total deferred inflows of resources	<u>102</u>	<u>962</u>
Net position		
Net investment in capital assets	99,572	91,405
Restricted	8,316	8,379
Unrestricted	<u>5,004</u>	<u>9,373</u>
Total net position	<u>\$ 112,892</u>	<u>\$ 109,157</u>

An additional portion of the Library's net position, \$8,316 (7%), is restricted for capital projects, debt service, and other purposes. These assets are subject to external restrictions on how they may be used. The remaining balance of \$5,004 (4%) is unrestricted and may be used to meet the Library's ongoing obligations to its citizens and creditors.

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

Governmental Activities

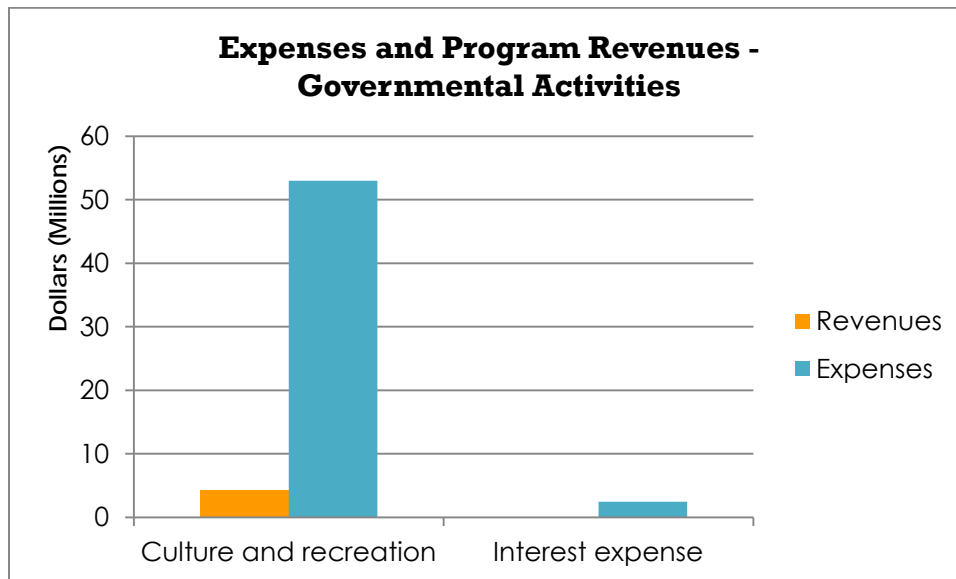
In 2017, the Library's property taxes increased by 7% and intergovernmental taxes increased by 4%, resulting in an overall increase in tax revenue of 7% compared to 2016. The impact from Circuit Breaker (Property Tax Caps) was higher in 2017 compared with 2016 by \$455. This increase is primarily the result of the growth in the assessed value in Marion County in 2017 over 2016 resulting in an increase in Circuit Breaker.

The cost of governmental activities increased by \$5,842 over the 2016 governmental activities. The increase relates to the acquisition of land for new branches and the purchase of a new ERP system.

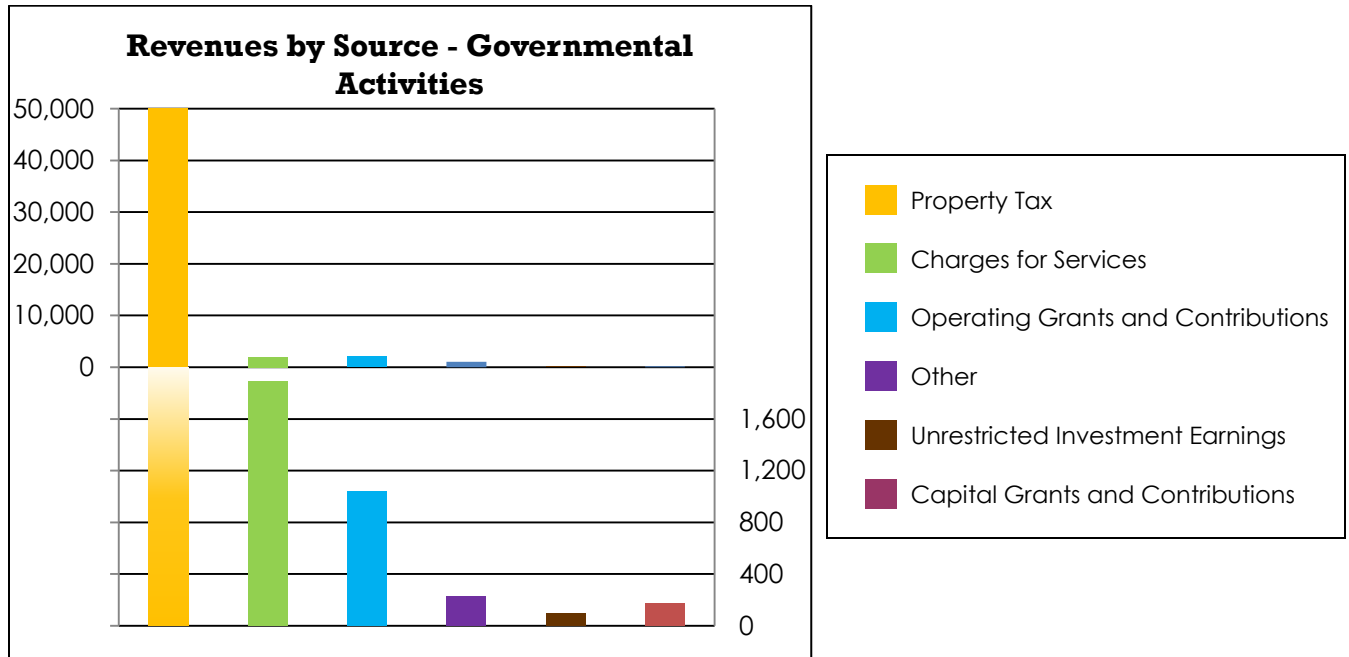
Indianapolis-Marion County Public Library, Indiana		
Changes in Net Position		
Description	Governmental Activities	
	2017	2016
Revenues:		
Program revenues		
Charges for services	\$ 1,986	\$ 1,890
Operating grants and contributions	2,132	1,037
Capital grants and contributions	195	176
General revenues		
Property and other taxes	53,642	50,254
Other	<u>1,196</u>	<u>319</u>
Total revenues	<u>59,151</u>	<u>53,676</u>
Expenses:		
Culture and recreation	52,987	47,145
Interest expense	<u>2,429</u>	<u>2,429</u>
Total expenses	<u>55,416</u>	<u>49,574</u>
Increase (Decrease) in net position	<u>3,735</u>	<u>4,102</u>
Net position at January 1	109,157	105,055
Net position at December 31	<u>\$ 112,892</u>	<u>\$ 109,157</u>

The Library's overall cash and cash equivalents position and investments, \$56,397, remained very strong.

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, 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 discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Library itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Library's Board of Trustees. At December 31, 2017, the Library's governmental funds reported combined fund balances of \$52,055 an increase of \$15,372 in comparison with the prior year. Approximately 32% of this total amount, \$16,407, constitutes unassigned fund balance, which is available for spending at the Library's discretion. The remainder of the fund balance is either restricted, committed, or assigned to indicate that it is 1) restricted for particular purposes, \$26,675, 2) committed for particular purposes, \$6,759, or 3) assigned for particular purposes, \$2,213. For more information on the components of fund balance see Note III B. on page 47 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 \$16,407 while the total General fund balance increased compared with last year to \$18,620. 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 \$40,593, excluding transfers. Unassigned fund balance represents 40% of total General Fund expenditures, while total fund balance represents 46% of that same amount.

The fund balance of the Library's General Fund increased by \$3,593 during the current fiscal year. Primary reason for this is as follows:

- Due to an increase in assessed value the resulting property tax revenue increased over the prior year.

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's Bond and Interest Redemption Fund increased by \$542 in 2017. Primary reason for this is as follows:

- This increase is the result of higher property tax revenues due to a higher than anticipated growth in the overall assessed values and an increase in delinquent tax collections.

The fund balance of the Library Construction Fund increased \$12,029 during the current fiscal year. The reason for this increase is as follows:

- The increase is due to the issuance of the 2017 and 2017B Bonds to finance the construction of a new Brightwood library branch and Eagle library branch.

The fund balance of the Rainy Day Fund decreased by \$738 during the current fiscal year. The primary reason for this decrease is as follows:

- Purchase of land for new Brightwood library branch.

General Fund Budgetary Highlights

The final budget for the Library's general fund represents the original budget plus any adjustments to appropriations during the year, plus prior year encumbrances carried over, less current year encumbrances carried over to 2018. During 2017, there were no additional appropriations to the original budget for the general fund. Adjustments were made from one budget category to another to accommodate spending patterns during the year.

Actual expenditures, excluding other financing sources, were \$2,573 (6%) less than the amended final budget for 2017. The majority of the difference (54%) was due to lower spending in personal services (salaries and fringe benefits) due to attrition and lower than anticipated health care expenses. In addition, 30% of the difference was due to lower spending on services and charges – repairs and maintenance expenses were less than projected.

During the year, revenues, excluding other financing sources, exceeded expenditures by \$2,655.

Capital Asset and Debt Administration

Capital Assets. The Library's investment in capital assets for its governmental activities as of December 31, 2017 amounts to \$148,461 (net of accumulated depreciation). This investment in capital assets includes land, buildings, artwork, rare books & other special collections, improvements, machinery and equipment, and collections.

During 2017 the Library started construction for the new Michigan Road library branch. In addition, land was purchased for the relocation of two library branches, the Brightwood library branch, and the Eagle library branch. These projects are included in the Library's long-term building expansion and improvement project expected to be completed in 2022.

The following table displays the Library's capital assets:

Indianapolis-Marion County Public Library, Indiana		
Capital Assets		
	<u>Governmental-type Activities 2017</u>	<u>Governmental-type Activities 2016</u>
Land	\$ 6,215	\$ 6,167
Construction Work In Progress	2,057	4,079
Artwork	2,301	2,279
Rare Books & Other Special Collections	2,759	2,758
Buildings	163,720	158,959
Improvements	2,926	2,849
Collections	26,433	25,369
Machinery and Equipment	<u>9,561</u>	<u>8,927</u>
Total Assets	215,972	211,387
Accumulated Depreciation	<u>(67,511)</u>	<u>(62,362)</u>
Net Capital Assets	<u>\$ 148,461</u>	<u>\$ 149,025</u>

Additional information on the Library's capital assets can be found in Note IV C. on page 53 of this report.

Noncurrent Liabilities. At the end of the current fiscal year, the Library had total noncurrent liabilities of \$84,731. General obligation bonds represent \$70,474 or the majority of total noncurrent liabilities. The remainder of the Library's noncurrent liabilities of \$14,257 comprises of net pension liability, net of related deferred outflows and inflows of resources of \$10,853, compensated absences of \$1,906, and other post-employment benefits of \$1,498.

The following table reflects the Library's noncurrent liabilities:

Indianapolis-Marion County Public Library, Indiana		
Noncurrent Liabilities		
<u>Description</u>	<u>Governmental-type Activities 2017</u>	<u>Governmental-type Activities 2016</u>
General obligation debt	\$ 70,474	\$ 66,733
Net pension liability	10,853	9,528
Compensated absences	1,906	1,732
Other post-employment benefits	<u>1,498</u>	<u>1,386</u>
Subtotal	<u>84,731</u>	<u>79,379</u>
less:		
Short term portion	<u>(11,375)</u>	<u>(9,986)</u>
Total noncurrent liabilities	<u>\$ 73,356</u>	<u>\$ 69,393</u>

The Library's total noncurrent liabilities increased by \$3,963 during the current fiscal year. The key factor for this increase was the reduction in general obligation debt resulting from the current year payments on debt obligations offset by the \$13,605 issued in 2017 for the Brightwood library branch and Eagle library branch construction projects.

The Library maintains an “AA+” rating from Fitch IBCA and an “Aa1” 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 \$259,418 which is significantly in excess of the Indianapolis-Marion County Public Library's outstanding general obligation debt as of December 31, 2017.

Additional information regarding the Library's long-term debt can be found in Note IV G. on pages 55-56.

Economic Factors and Next Year's Budgets and Rates

- The tax rate for 2017 for the Library decreased from \$0.1318 per \$100 in assessed value in 2016 to \$0.1314 per \$100 in assessed value in 2017. This decrease is due to an increase in the assessed value for 2017 compared to 2016.
- The Library continues to receive a share of the County Option Income Taxes (COIT) from the City's portion of COIT taxes. This revenue allows us to continue with the service hours restored in May of 2012.
- Local Option Income Taxes received in 2017 were slightly higher than originally projected but less than the original amount promised when enacted. The Library expects an increase in 2018.

All of the above factors were considered in preparing the Library's budget for the 2018 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 PO Box 211, Indianapolis, Indiana 46206-0211.

BASIC FINANCIAL STATEMENTS

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
 STATEMENT OF NET POSITION
 December 31, 2017

	Primary Government Governmental Activities	Component Unit
<u>Assets</u>		
Cash and cash equivalents	\$ 17,227,482	\$ -
Investments	11,982,323	4,226,765
Receivables (net of allowances for uncollectibles):		
Accounts	1,557	11,399
Intergovernmental	762,899	-
Miscellaneous	1,078,500	-
Inventories	-	45,049
Prepaid expense	217,907	3,293
Beneficial interest in assets held by others	-	78,205
Restricted assets:		
Cash and cash equivalents	26,051,842	1,308,100
Investments	1,135,849	6,804,546
Receivables (net of allowances for uncollectibles):		
Contributions from assets held by others	-	8,597,684
Pledges	-	1,172,781
Contract advance receivable	10,000	
Capital assets:		
Land, construction in progress, artwork, rare books, and other special collections	13,331,321	
Other capital assets, net of depreciation	<u>135,129,209</u>	<u>719</u>
Total assets	<u>206,928,889</u>	<u>22,248,541</u>
<u>Deferred Outflows of Resources</u>		
Deferred charge on refunding	240,906	-
Defined benefit pension items	<u>3,311,698</u>	-
Total deferred outflows of resources	<u>3,552,604</u>	<u>-</u>

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

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
 STATEMENT OF NET POSITION
 December 31, 2017
 (Continued)

	Primary Government Governmental Activities	Component Unit
<u>Liabilities</u>		
Accounts payable	\$ 1,979,688	\$ 23,938
Contract advance payable	46,253	-
Contracts payable	6,481,964	-
Accrued payroll and withholdings payable	484,709	-
Retainage payable	10,600	-
Unearned revenue	85,913	-
Other current payables	-	19,970
Liabilities payable from restricted assets:		
Interest payable	457,700	-
Noncurrent liabilities:		
Net pension liability	14,062,339	-
Due within one year:		
General obligation bonds payable	10,460,000	-
Compensated absences	915,214	-
Due beyond one year:		
General obligation bonds payable	60,014,042	-
Compensated absences	991,482	-
Other postemployment benefits	1,497,873	-
Total liabilities	<u>97,487,777</u>	<u>43,908</u>
<u>Deferred Inflows of Resources</u>		
Defined benefit pension items	<u>102,196</u>	<u>-</u>
Total deferred inflows of resources	<u>102,196</u>	<u>-</u>
<u>Net Position</u>		
Net investment in capital assets	99,571,782	719
Restricted for:		
Capital projects	3,031,758	-
Debt service	4,985,139	-
Other purposes	299,184	-
Foundation:		
Expendable	-	10,255,251
Nonexpendable	-	7,627,860
Unrestricted	<u>5,003,657</u>	<u>4,320,803</u>
Total net position	<u>\$ 112,891,520</u>	<u>\$ 22,204,633</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, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Activities	Component Unit Library Foundation
Primary government:						
Governmental activities:						
Culture and recreation	\$ 52,987,176	\$ 1,985,976	\$ 2,131,953	\$ 194,868	\$ (48,674,379)	\$ -
Interest on long-term debt	2,429,191	-	-	-	(2,429,191)	-
Total governmental activities	55,416,367	1,985,976	2,131,953	194,868	(51,103,570)	-
Total primary government	\$ 55,416,367	\$ 1,985,976	\$ 2,131,953	\$ 194,868	\$ (51,103,570)	\$ -
Component unit:						
Indianapolis-Marion County Public Library Foundation, Inc.	\$ 4,266,691	\$ 251,483	\$ -	\$ 2,401,393	\$ -	\$ (1,613,815)
General revenues:						
Property taxes					45,265,922	-
Intergovernmental taxes					8,375,948	-
Grants and contributions - not restricted					-	1,359,294
Other general revenues					976,398	-
Contributions					-	-
Unrestricted investment earnings					220,244	524,386
Total general revenues					54,838,512	1,883,680
Change in net position					3,734,942	269,865
Net position - beginning					109,156,577	21,934,768
Net position - ending					\$ 112,891,519	\$ 22,204,633

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

**INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

<u>Assets</u>	General	Bond and Interest Redemption	Construction	Rainy Day	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 15,377,968	\$ -	\$ -	\$ 460,283	\$ 1,389,231	\$ 17,227,482
Investments	3,536,179	-	-	5,283,110	3,163,034	11,982,323
Receivables (net of allowances for uncollectibles):						
Intergovernmental	707,681	-	-	-	25,035	732,716
Accounts	-	-	-	-	1,557	1,557
Miscellaneous	926,529	-	-	-	-	926,529
Interfund receivable:						
Interfund loans	72,927	-	-	-	-	72,927
Restricted assets:						
Cash and cash equivalents	-	4,427,100	21,624,742	-	-	26,051,842
Investments	-	1,017,239	118,610	-	-	1,135,849
Total assets	\$ 20,621,284	\$ 5,444,339	\$ 21,743,352	\$ 5,743,393	\$ 4,578,857	\$ 58,131,225
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 1,430,496	\$ 1,500	\$ 276,425	\$ 3,295	\$ 267,972	\$ 1,979,688
Accrued payroll and withholdings payable	484,709	-	-	-	-	484,709
Interest payable	-	457,700	-	-	-	457,700
Retainage payable	-	-	10,600	-	-	10,600
Interfund payable:						
Interfund loans	-	-	-	-	72,927	72,927
General obligation bonds payable	-	2,985,000	-	-	-	2,985,000
Unearned revenue	85,913	-	-	-	-	85,913
Total liabilities	2,001,118	3,444,200	287,025	3,295	340,899	6,076,537
Fund balances:						
Restricted	-	2,000,139	21,456,327	-	3,219,003	26,675,469
Committed	-	-	-	5,740,098	1,018,955	6,759,053
Assigned	2,213,349	-	-	-	-	2,213,349
Unassigned	16,406,817	-	-	-	-	16,406,817
Total fund balances	18,620,166	2,000,139	21,456,327	5,740,098	4,237,958	52,054,688
Total liabilities and fund balances	\$ 20,621,284	\$ 5,444,339	\$ 21,743,352	\$ 5,743,393	\$ 4,578,857	
Amounts reported for governmental activities in the statement of net position 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).						148,460,530
The net pension liability, net of related deferred outflows and inflows, resulting from contributions in deficiency of funding requirements are not financial resources, and therefore, are not reported in the funds (see Note V C).						(10,852,837)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds (see Note II A).						650,967
Noncurrent 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).						(77,421,828)
Net position of governmental activities						\$ 112,891,520

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, 2017

	General	Bond and Interest Redemption	Construction	Rainy Day	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 33,815,018	\$ 11,450,904	\$ -	\$ -	\$ -	\$ 45,265,922
Intergovernmental	7,504,406	871,542	-	-	-	8,375,948
Charges for services	478,241	-	-	-	473,901	952,142
Fines and forfeits	1,126,961	-	-	-	-	1,126,961
Other	<u>1,261,726</u>	<u>23,435</u>	<u>105,467</u>	<u>40,575</u>	<u>2,151,714</u>	<u>3,582,917</u>
Total revenues	<u>44,186,352</u>	<u>12,345,881</u>	<u>105,467</u>	<u>40,575</u>	<u>2,625,615</u>	<u>59,303,890</u>
Expenditures:						
Current:						
Culture and recreation	36,504,566	4,250	711,040	909,665	1,907,896	40,037,417
Debt service:						
Principal	-	9,370,000	-	-	-	9,370,000
Interest and fiscal charges	-	2,429,191	-	-	-	2,429,191
Bond issuance costs	-	-	273,881	-	-	273,881
Capital outlay	<u>4,088,340</u>	<u>-</u>	<u>768,884</u>	<u>-</u>	<u>641,894</u>	<u>5,499,118</u>
Total expenditures	<u>40,592,906</u>	<u>11,803,441</u>	<u>1,753,805</u>	<u>909,665</u>	<u>2,549,790</u>	<u>57,609,607</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,593,446</u>	<u>542,440</u>	<u>(1,648,338)</u>	<u>(869,090)</u>	<u>75,825</u>	<u>1,694,283</u>
Other financing sources (uses):						
General obligation bonds issued	-	-	13,545,550	-	-	13,545,550
Premium on sale of bond	-	-	132,126	-	-	132,126
Contributions	-	-	-	-	-	-
Transfers in	31,231	-	-	131,545	-	162,776
Transfers out	<u>(31,231)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(131,545)</u>	<u>(162,776)</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>13,677,676</u>	<u>131,545</u>	<u>(131,545)</u>	<u>13,677,676</u>
Net change in fund balances	<u>3,593,446</u>	<u>542,440</u>	<u>12,029,338</u>	<u>(737,545)</u>	<u>(55,720)</u>	<u>15,371,959</u>
Fund balances - beginning	<u>15,026,721</u>	<u>1,457,699</u>	<u>9,426,989</u>	<u>6,477,643</u>	<u>4,293,678</u>	<u>36,682,730</u>
Fund balances - ending	<u>\$ 18,620,167</u>	<u>\$ 2,000,139</u>	<u>\$ 21,456,327</u>	<u>\$ 5,740,098</u>	<u>\$ 4,237,958</u>	<u>\$ 52,054,689</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, 2017**

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)	\$ 15,371,959
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).	(564,557)
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).	(93,127)
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 position. Also, governmental funds report the effect of 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).	(3,618,665)
Net pension liabilities and other postemployment benefits, including the Public Employees' Retirement Plan and Postemployment Healthcare Plan, are considered obligations of the general government and, therefore, are not reported as current expenditures in the funds (see Note II B).	(1,436,016)
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>(5,924,651)</u>
Change in net position of governmental activities (Statement of Activities)	<u>\$ 3,734,943</u>

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

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 December 31, 2017

	Private-Purpose Trust Fund	Agency Funds
	<u> </u>	<u> </u>
<u>Assets</u>		
Cash and cash equivalents	\$ 147,197	\$ 141,079
Investments	508,620	-
Receivables (net of allowances for uncollectibles):		
Accounts	<u>866</u>	<u>-</u>
Total assets	<u>656,683</u>	<u>\$ 141,079</u>
 <u>Liabilities</u>		
Accounts payable	32,553	27,349
Payroll withholdings payable	<u>-</u>	<u>113,730</u>
Total liabilities	<u>32,553</u>	<u>\$ 141,079</u>
 <u>Net Position</u>		
Net position held in trust for the Indianapolis-Marion Public Library Foundation, Inc.	<u>\$ 624,130</u>	

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

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For The Year Ended December 31, 2017

	<u>Private-Purpose Trust Fund</u>
<u>Additions</u>	
Contributions:	
Private donations	\$ 875,182
Investment income:	
Interest	<u>3,274</u>
Total additions	<u>878,456</u>
 <u>Deductions</u>	
Educational outreach	<u>825,033</u>
Change in net position	53,423
Net position - beginning	<u>570,707</u>
Net position - ending	<u>\$ 624,130</u>

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

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: adult and lifelong learning, children's initiatives, collections and information technology, cultural and community, lectures, library materials, branch projects and other programs, and recognitions.

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

Indianapolis-Marion County Public Library Foundation, Inc.
d/b/a The Indianapolis Public Library Foundation
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 Position 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.

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, but not limited to, a subsequent transfer of unused and unencumbered balance of any fund of the Library. The funds may be used to pay for any or all of the costs incurred in connection with the acquisition of land, the construction, renovation, expansion or

equipping of any building or structure to be operated by the Library and/or any improvement of any land operated or occupied by the Library. In addition, funds may be used for any other purpose for which the Library now expends funds provided that the Board, prior to making such expenditure, must determine and declare an emergency exists.

Additionally, the primary government reports the following fund types:

Agency funds account for employee payroll tax and benefit withholdings, sales of merchandise and/or donations collected on behalf of The Indianapolis Public Library Foundation, sales of totes benefiting the staff association, sales tax collected on behalf of the Indiana Department of Revenue, and sales of the statewide library card collected on behalf of the Indiana State Library.

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.

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 Position 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 as is the unrealized gain or loss on investments from a conversion of value from cost to market.

Investments of the discretely presented component unit having a readily determinable market value are carried at fair value. 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. Dividends and interest 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, 2017 the discount rates used ranged from 0.16% to 2.20%. Amortization of the discount is included in contributions.

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 January 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.

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 ten designated endowment funds with Central Indiana Community Foundation (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 each fund and a portion of the fund balance is available for distribution during the succeeding year in accordance with the spending policy adopted by the CICF Board of Directors. At the time of execution of the agreements, the spending policy provided for 5% of the December 31 fund balance as the portion available for distribution, in addition to any unspent distributable amounts from prior years. At December 31, 2017, the fair values of the designated funds were \$2,126,275 for the Operating Endowment Fund, \$2,702,436 for the Humanities Fund, \$1,367,562 for the Lifelong Learning Fund, \$1,309,604 for the Childhood Literacy Endowment Fund, \$171,964 for the Professional Development Fund, \$66,926 for the Donna D. Talley Story Theatre Fund, \$58,852 for the Dr. Michael R. Twyman Endowment Fund, \$660,645 for The Herbert Simon Early Literacy Specialist Fund, \$151,835 for the Zeff Weiss Memorial Fund, and \$59,787 for the Herbert Simon Teen Services Endowment.

7. Restricted Assets

Certain proceeds of the general obligation bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants and enabling legislation.

8. Contract Advance Receivable

The Library entered into a contractual management agreement for the operation of the parking garage at Central Library. The agreement requires the contractor to directly pay all invoices associated with the operations. An advance in the amount of \$10,000 was given to the contractor to fund operating expenses. The agreement provides for the return of the advance upon termination of the contract.

9. Capital Assets

Capital assets, which include land, buildings, vehicles, furniture, equipment, and collections, 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. Donated capital assets, donated works of art and similar assets are reported at acquisition 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 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.

10. Compensated Absences

- a. Annual Leave – primary government union eligible 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 union eligible employees earn 10 days of sick leave per year. Unused sick leave may be accumulated on an unlimited basis. Employees who retire are paid an amount equal to all accumulated sick leave in excess of 160 hours at a rate of 1 hour pay for 2 hours sick leave up to a maximum of 160 hours of sick time.
- c. Paid Time Off (PTO) – primary government non-union eligible employees earn leave at the rate of 20 to 30 days per year, based on the length of service and number of hours worked per year. Annual leave may be accumulated between 240 hours to 480 hours based on date of hire.

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

11. Unearned Revenue

Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

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 Position. Bond premiums and discounts are deferred and amortized over the life of

the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the fund financial statements.

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. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Public Employees Retirement Fund (PERF), administered by the Indiana Public Retirement System (INPRS), and the related additions to/deductions from PERF's fiduciary net position have been determined on the same basis as they are reported by PERF. For this purpose, the financial information have been prepared using the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) as applied to government units. INPRS applies all applicable GASB pronouncements in accounting and reporting for its operations. Investments are reported as follows: Pooled and non-pooled investments are reported at fair value. Short-term investments are reported at cost. Fixed income and equity securities are generally valued based on published market prices, quotations from national security exchanges and securities pricing services, or modeling techniques that include market observable inputs required to develop a fair value. Alternative investments are valued based on quoted market prices or using current estimates of fair value in the absence of readily determinable public market values. Derivative instruments are marked to market daily.

14. Encumbrances

Contracts and purchasing commitments are reported as encumbrances when the contract or purchase order is executed. When the terms of the purchase order or contract have been fulfilled and payment to the contracting party is due, the encumbrance is liquidated and the liability and expenditure are recorded. Encumbrances remaining at calendar year-end are reported within the restricted, committed or assigned fund balances of the governmental funds. The following shows encumbrances at December 31, 2017.

	<u>Amount</u>
General	\$ 2,213,349
Other Governmental Funds	<u>1,105,868</u>
Total	<u>\$ 3,319,217</u>

15. Deferred Outflows and Inflows of Resources

In addition to assets, in the government-wide statement of net position, a separate section for deferred outflows and inflows of resources is reported. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The deferred charge on refunding, reported in the deferred outflows of resources, results from the difference in the carrying value of refunded debt and its reacquisition price. The resulting accounting loss is deferred and amortized using the straight-line method over the remaining life of the old debt or the new debt, whichever is shorter. The defined benefit pension items, reported in both the deferred outflows and inflows of resources, results from differences between expected and actual experience which is amortized over the average expected remaining services lives of the plan, net differences between projected and actual investment earnings which is deferred and amortized over five years, changes in assumptions, and changes in an employer's proportionate share and the differences between and employers contributions and the proportionate share of the collective contributions which are both amortized over the average expected remaining services lives of the plan.

16. Fund Balance

The Library adopted the provisions of Governmental Accounting Standards Board Statement No. 54 (GASB 54). The intention of GASB 54 is to provide more structured classification of fund balance reporting. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources. The classifications are as follows:

Restricted

The restricted fund balance consists of amounts that can be spent only for the specific purpose stipulated by external parties (e.g., grantors, creditors, or other governments), constitutional provisions, or enabling legislation.

Committed

The committed fund balance consists of amounts that can only be used for specific purposes pursuant to formal action of the government's highest level of decision-making authority, which for the Library is a resolution by the Library Board. Committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit these amounts.

Assigned

The assigned fund balance consists of amounts constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Assigned balances are a result of encumbrances of fund balances for purchases or assignments made by the Library Board of Trustees or their designee, the Treasurer. The assigned fund balance for the general fund consists of encumbrances of \$2,213,349. This amount has been assigned to cover future purchases.

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.

The Library's policy is to apply expenditures to restricted resources first, then committed, then assigned, and unassigned, respectively, as applicable.

17. Net Position Restricted by Enabling Legislation

The government-wide Statement of Net Position reports \$8,316,081 of restricted net position, of which \$4,985,139 is restricted due to enabling legislation. Other new assets have been restricted due to bond covenants.

18. Other Revenue

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

	<u>Governmental Funds</u>				<u>Nonmajor Governmental Funds</u>
	<u>General</u>	<u>Bond and Interest Redemption</u>	<u>Construction</u>	<u>Rainy Day</u>	
Interest and dividends	\$ 35,179	\$ 23,435	\$ 105,467	\$ 40,575	\$ 24,893
Donations and grants	200,000	-	-	-	2,126,821
Noncurrent period:					
Recurrent/reimbursements	935,688	-	-	-	-
Other	<u>90,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 1,261,726</u>	<u>\$ 23,435</u>	<u>\$ 105,467</u>	<u>\$ 40,575</u>	<u>\$ 2,151,714</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 Position:

Other long-term assets:	
Prepaid expense	\$ 217,907
Intergovernmental receivables	30,183
Miscellaneous receivables	151,971
Contract advance receivable	10,000
Deferred charge on refunding	<u>240,906</u>
Total	<u>\$ 650,967</u>
Noncurrent liabilities:	
Due within one year:	
Contracts and Contract advance payable	\$ (6,528,217)
General obligation bonds payable	(7,475,000)
Compensated absences	(915,214)
Due beyond one year:	
General obligation bonds payable	(56,785,000)
Deferred premium	(3,229,042)
Compensated absences	(991,482)
Other postemployment benefits	<u>(1,497,873)</u>
Total	<u>\$ (77,421,828)</u>

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

Capital outlay, net of depreciation:	
Capital outlay	\$ 7,293,136
Depreciation	(7,828,305)
Loss on disposal of asset	<u>(29,388)</u>
Total	\$ <u>(564,557)</u>
Revenues not current financial resources:	
Receivables	\$ <u>(93,127)</u>
Total	\$ <u>(93,127)</u>
Issuance of long-term debt:	
Bonds payable	\$ 9,370,000
Bonds issued	(13,605,000)
Bond premium, net	693,918
Deferred charge on refunding	<u>(77,583)</u>
Total	\$ <u>(3,618,665)</u>
Benefit obligations:	
Net pension liability	\$ (1,324,432)
Other postemployment benefit	<u>(111,584)</u>
Total	\$ <u>(1,436,016)</u>
Other expenses:	
Compensated absences payable	\$ (174,684)
Prepaid expense	48,034
Accounts, contracts, contracts advance payable	<u>(5,798,001)</u>
Total	\$ <u>(5,924,651)</u>

III. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted for the General Fund, the Bond and Interest Redemption Fund, the Rainy Day Fund, Capital Projects Fund, and the Library Improvement Reserve 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. 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 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, 2017 are presented below:

	<u>Major</u>				<u>Nonmajor Governmental Funds</u>	<u>Total</u>
	<u>General Fund</u>	<u>Bond & Interest Redemption</u>	<u>Construction Fund</u>	<u>Rainy Day Fund</u>		
Restricted for:						
Capital outlay	\$ -	\$ -	\$ 21,456,327	\$ -	\$ 2,919,819	\$ 24,376,146
Debt Service	-	2,000,139	-	-	-	2,000,139
Education	-	-	-	-	299,184	299,184
Total Restricted	<u>-</u>	<u>2,000,139</u>	<u>21,456,327</u>	<u>-</u>	<u>3,219,003</u>	<u>26,675,469</u>
Committed to:						
Capital investment	-	-	-	5,740,098	-	5,740,098
Education	-	-	-	-	404,931	404,931
Other purposes	-	-	-	-	614,024	614,024
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,740,098</u>	<u>1,018,955</u>	<u>6,759,053</u>
Assigned to:						
Employee benefits	66,950	-	-	-	-	66,950
Collections materials	15,227	-	-	-	-	15,227
Capital and computer equipment	8,972	-	-	-	-	8,972
General operations	2,122,200	-	-	-	-	2,122,200
Total Assigned	<u>2,213,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,213,349</u>
Unassigned	<u>16,406,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,406,817</u>
Total fund balances	<u>\$ 18,620,166</u>	<u>\$ 2,000,139</u>	<u>\$ 21,456,327</u>	<u>\$ 5,740,098</u>	<u>\$ 4,237,958</u>	<u>\$ 52,054,688</u>

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, 2017, the Library had deposit balances in the amount of \$57,925,324. The Library had deposit balances in high yield savings accounts and two external investment pools at December 31, 2017, 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. Investments can have a stated maturity two to five years ("Long-term Investments") provided that the investments in long term investments are not greater than twenty five percent (25%) of the total portfolio of public funds invested by the Library.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of or interest in an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. The investments shall be made through depositories designated by the state board of finance as depositories for state deposits under IC 5-13-9.5. The money market mutual fund must be rated as AAA, or its equivalent, by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Services, Inc. or its successor. The investment is considered to have a stated final maturity of one day.

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

Credit Risk and Custodial Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The custodial risk for investments is the risk that, in the event of the failure of the counter-party to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. At December 31, 2017, the Library's investments, along with their respective ratings from Moody's Investment Services and maturity in years were as follows:

Investment Type	Fair Value	Less			Credit Rating
		Than 1 Year	1-2 Years	3-5 Years	
Fixed Income Treasuries	<u>\$ 13,626,793</u>	<u>\$ 10,185,039</u>	<u>\$ 2,467,983</u>	<u>\$ 973,771</u>	Aaa

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investment. The Library must follow state statute and limit the stated final maturities of the investments per Indiana Code. The Library's formal investment policy requires the Treasurer to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and investing operating funds primarily in shorter-term securities.

Foreign Currency Risk

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

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 savings accounts. The Foundation maintains its cash and cash equivalents in accounts which generally exceed federally insured limits. The Foundation has not experienced any losses in such 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 consist of the following at December 31, 2017:

Cash	\$ 777,626
Money market funds	133,122
Certificates of deposit	615,049
Bonds	1,998,062
Exchange traded funds	205,905
Mutual funds	5,338,167
Common stock	<u>1,963,380</u>
Total	<u>\$ 11,031,311</u>

Investment returns consist of the following for the year ended December 31, 2017:

Dividends and interest	\$ 283,332
Less investment fees	<u>(34,573)</u>
	248,759
Realized gains (losses) on investments	77,610
Unrealized gains (losses) on investments	<u>744,802</u>
	<u>822,412</u>
Total	<u>\$ 1,071,171</u>

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

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuations methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017.

- *Money market funds:* Generally transact subscription and redemption activity at a \$1 stable net asset value (NAV); however, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities held in the fund.
- *Bonds (corporate, municipal, and U.S. government):* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
- *Exchange traded funds and common stocks:* Valued at the closing price reported on the active market on which the individual securities are traded.
- *Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded
- *Beneficial interest in assets held by others:* Valued at fair value as reported by CICF, which represents the Foundation's pro rata interest in CICF's pooled investments funds, substantially all of which are valued on a mark-to-market basis.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

The following table sets forth by level, within the hierarchy, the Foundation's assets, measured at fair value on a recurring basis as of December 31, 2017:

	2017			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Investments	\$ 9,638,636	\$ 7,507,452	\$ 2,131,184	\$ -
Cash	777,626			
Certificates of Deposit	615,049			
Beneficial interest in assets held by others	8,675,889	-	-	8,675,889

The following table sets forth the change in beneficial interest in assets held by others measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2017:

Change in Beneficial Interest in Assets Held by Others	
Beginning balance:	\$ 7,726,215
Deposits	225,819
Dividends and interest, net of investment management fees	31,227
Realized gains	375,936
Unrealized gains (losses)	662,494
Operating support fees	(33,786)
Distributions	<u>(312,016)</u>
Ending balance	<u>\$ 8,675,889</u>

B. Receivables – Component Unit

Pledges receivable at December 31, 2017, are as follows:

Past due	\$ 32,750
Due within 1 year	758,200
Due in 1-5 years	<u>398,379</u>
	1,189,329
Less present value discount	(13,548)
Less allowance for uncollectible pledges	<u>(3,000)</u>
Total	<u>\$ 1,172,781</u>

Of the pledges receivable classified as "past due" at December 31, 2017, approximately \$18,507 were collected as of February 28, 2018.

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 uncollectible pledges of \$3,000 at December 31, 2017.

C. Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

Primary Government	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,166,739	\$ 48,138	\$ -	\$ 6,214,877
Construction Work in Progress	4,079,439	1,983,137	4,005,913	2,056,663
Artwork	2,279,056	23,300	1,425	2,300,931
Rare Books & Other Special Collections	<u>2,757,500</u>	<u>1,350</u>	<u>-</u>	<u>2,758,850</u>
Total capital assets, not being depreciated:	<u>15,282,734</u>	<u>2,055,925</u>	<u>4,007,338</u>	<u>13,331,321</u>
Capital Assets, being depreciated:				
Buildings	158,958,977	4,760,868	-	163,719,845
Improvements	2,848,631	77,507	-	2,926,138
Machinery and equipment	8,927,804	772,178	138,869	9,561,113
Collections	<u>25,368,854</u>	<u>3,632,571</u>	<u>2,567,864</u>	<u>26,433,561</u>
Totals	<u>196,104,266</u>	<u>9,243,124</u>	<u>2,706,733</u>	<u>202,640,657</u>
Less accumulated depreciation for:				
Buildings	34,779,100	3,191,747	-	37,970,847
Improvements	1,806,740	169,342	-	1,976,082
Machinery and equipment	6,071,968	667,021	110,909	6,628,080
Collections	<u>19,704,105</u>	<u>3,800,195</u>	<u>2,567,864</u>	<u>20,936,436</u>
Totals	<u>62,361,913</u>	<u>7,828,305</u>	<u>2,678,773</u>	<u>67,511,445</u>
Total capital assets, being depreciated, net	<u>133,742,353</u>	<u>1,414,819</u>	<u>27,960</u>	<u>135,129,212</u>
Total governmental activities capital assets, net	<u>\$ 149,025,087</u>	<u>\$ 3,470,744</u>	<u>\$ 4,035,298</u>	<u>\$ 148,460,533</u>

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

Governmental activities:	
Culture and recreation	\$ <u>7,828,305</u>

D. Construction Commitments

Construction work in progress is composed of the following:

<u>Project</u>	<u>Total Project Authorized</u>	<u>Expended to December 31, 2017</u>	<u>Committed</u>	<u>Required Future Funding</u>
Brightwood	\$ <u>5,975,000</u>	\$ <u>316,620</u>	\$ <u>5,658,380</u>	\$ -
Michigan Road	\$ <u>7,595,000</u>	\$ <u>1,144,894</u>	\$ <u>6,450,106</u>	\$ -
Eagle	\$ <u>7,746,628</u>	\$ <u>595,149</u>	\$ <u>7,151,479</u>	\$ -

E. Interfund Balances and Activity

1. Interfund Receivables and Payables

The composition of the Interfund balances for the year ended December 31, 2017, was as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u> Nonmajor Governmental
General Fund	\$ <u>72,927</u>

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

2. Interfund Transfers

The composition of interfund transfers for the year ended December 31, 2017 was as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Total</u>
General Fund (Excess Levy)	Operating Fund	31,231
Capital Projects Fund	Rainy Day Fund	<u>131,545</u>
Total		\$ <u>162,776</u>

The Library made the following one-time transfers:

1. A transfer of \$31,231 from the Levy Excess fund to the Operating fund was authorized by the Department of Local Government and Finance as part of the 2017 Budget Order. The Capital Project fund was discontinued and the closing balance of \$131,545 was transferred to the Rainy Day fund.

F. Operating Leases

The primary government has entered into various operating leases having initial or remaining noncancelable terms exceeding one year for a parking lot, buildings, copiers, and postage meters. Rental expenditures for these leases were \$517,404. The following is a schedule by years of future minimum rental payments as of December 31, 2017:

2018	524,623
2019	454,249
2020	363,915
2021	322,850
2022-2026	371,250
2027-2029	<u>32,267</u>
Total	\$ <u>2,069,154</u>

G. Noncurrent Liabilities

1. General Obligation Bonds

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

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

Purpose	Original Amount	Interest Rates	Amount
2009 Library branch improvements - refunding	9,155,000	2.0% to 5.0%	5,535,000
2010 Central library project – refunding	23,630,000	2.0% to 5.0%	11,290,000
2011 Central library project – refunding	8,310,000	1.55% to 3.0%	6,975,000
2013 Central library project - refunding	30,725,000	1.5% to 5.0%	18,785,000
2014 Multi-branch facilities improvements	4,755,000	2.0% to 3.0%	3,520,000
2016 General Obligation Bonds	7,565,000	2.75%	7,550,000
2017A Brightwood Branch Project Bonds	5,945,000	2.55%	5,930,000
2017B Eagle Branch Project Bonds*	7,660,000	2.0% to 3.0%	7,660,000
Total			<u>\$ 67,245,000</u>

*This bond issue closed December 2017.

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

Year Ended December 31	Governmental Activities		Total
	Principal	Interest	
2018	\$ 10,460,000	\$ 2,345,682	\$ 12,805,682
2019	10,565,000	1,906,972	12,471,972
2020	9,420,000	1,472,011	10,892,011
2021	8,555,000	1,097,557	9,652,557
2022	9,060,000	757,320	9,817,320
2023-2027	15,050,000	1,664,607	16,714,607
2028-2030	4,135,000	116,194	4,251,194
Totals	<u>\$ 67,245,000</u>	<u>\$ 9,360,339</u>	<u>\$ 76,605,339</u>

2. Changes in Noncurrent Liabilities

Noncurrent liability activity for the year ended December 31, 2017, was as follows:

<u>Primary Government</u>	<u>Beginning</u>			<u>Ending</u>	<u>Due Within</u>
Governmental activities	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Bonds payable:					
General obligation	\$ 62,810,000	\$ 13,605,000	\$ 9,170,000	\$ 67,245,000	\$ 10,460,000
Add deferred amount for premiums (discounts)	<u>3,922,960</u>	<u>132,126</u>	<u>826,045</u>	<u>3,229,042</u>	<u>-</u>
Total bonds payable	66,732,960	13,737,126	9,996,045	70,474,042	10,460,000
Net pension liability*	9,528,405	1,412,663	88,231	10,852,837	-
Compensated absences	1,732,013	906,938	732,255	1,906,696	915,214
Other postemployment benefits	<u>1,386,289</u>	<u>111,584</u>	<u>-</u>	<u>1,497,873</u>	<u>-</u>
Total governmental activities noncurrent liabilities	<u>\$ 79,379,667</u>	<u>\$ 16,168,311</u>	<u>\$10,816,531</u>	<u>\$ 84,731,448</u>	<u>\$ 11,375,214</u>

* The net pension liability amounts include deferred inflows and outflows related to the defined benefit pension plan.

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.

H. Endowment Composition Disclosure – Component Unit

The Foundation's endowment consists of sixteen individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment 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 ten funds held at CICF, which total \$8,675,889 at December 31, 2017. The Foundation 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 funds totaling \$1,707,148 that are classified as part of the endowment at December 31, 2017. These include cash, investments, and pledges receivable. Investable 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, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board designated endowment funds	\$ 78,205	\$ -	\$ -	\$ 78,205
Donor restricted endowment funds	<u>-</u>	<u>2,676,973</u>	<u>7,627,860</u>	<u>10,304,833</u>
	<u>\$ 78,205</u>	<u>\$ 2,676,973</u>	<u>\$ 7,627,860</u>	<u>\$10,383,038</u>

The change in endowment net assets is as follows for year ended December 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 73,295	\$ 1,872,212	\$ 7,343,776	\$ 9,289,283
Contributions	-	-	284,084	284,084
Investment return, net	-	101,938	-	101,938
Change in value of beneficial interest in assets held by others	12,381	1,023,490	-	1,035,871
Distributions	<u>(7,471)</u>	<u>(320,667)</u>	<u>-</u>	<u>(328,138)</u>
Totals	<u>\$ 78,205</u>	<u>\$ 2,676,973</u>	<u>\$ 7,627,860</u>	<u>\$10,383,038</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 endowment assets
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

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 Delta Dental 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.

Plan Amended as of January 1, 2016

The Library Board of Trustees amended the Library's plan effective January 1, 2016. Current active staff can participate in COBRA coverage as allowed by law, but would no longer be eligible to remain on the Library's plan until the age of 65. Current retirees on the plan as of January 1, 2016 were grandfathered in and can continue to remain on the plan until the age of 65.

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.

For the year ended December 31, 2017, the Library contributed \$25,366 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 \$7,069 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 \$58,427 in 2016 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, 2016. 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)	\$	163,804
Interest on net OPEB obligation		48,520
Adjustment to ARC		<u>(75,374)</u>
Annual OPEB cost		136,950
Actual employer contributions		<u>(25,366)</u>
Increase (Decrease) in net OPEB obligation		111,584
Net OPEB obligation – beginning of year		<u>1,386,289</u>
Net OPEB obligation – end of year	\$	<u>1,497,873</u>

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2017 and prior two years were as follows:

Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost</u>	Employer <u>Contributions</u>	Percentage Of Annual OPEB Cost <u>Contributed</u>	Net OPEB <u>Obligation</u>
12-31-15	\$ 291,870	\$ 25,366	8.7%	\$ 1,124,948
12-31-16	286,707	25,366	8.8%	1,386,289
12-31-17	136,950	25,366	18.5%	1,497,873

Funded Status and Funding Progress

As of December 31, 2016, the most recent actuarial date, the funded status of the plan was as follows:

Actuarial accrued liability	\$	195,256
Actuarial value of plan assets		-
Unfunded actuarial accrued liability	\$	195,256
Funded ratio		0%
Covered payroll	\$	0
Unfunded actuarial accrued liability as a percentage of covered payroll		0%

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, 2016, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 3.5% investment rate of return, an inflation rate of 2% per annum, and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% over 11 years. The UAAL is being amortized as a level dollar, 30-year open period.

The mortality assumption was updated at the last valuation dated December 31, 2016. The prior assumption used the RP-2014 Total Data Set Mortality with mortality improvement projected on a generational basis using Scale MP-2014. The 2016 assumption uses the RP-2014 Total Data Set Mortality projected back to 2006 using Scale MP-2014, then projected forward on a generational basis using Scale MP-2014. This change decreased the Actuarial Accrued Liability and Annual Required Contribution by approximately \$300 and \$30, respectively.

C. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Library contributes to the Public Employees' Retirement Fund (PERF) Hybrid Plan—a cost-sharing multiple-employer defined benefit pension plan, which includes an annuity savings account provision, administered by the Indiana Public Retirement System (INPRS) based on Title 35 of IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10.2, IC 5-10.3, and IC 5-10.5. The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for INPRS. This report may be reviewed online at www.in.gov/inprs/annualreports.htm, or by calling 1-888-526-1687, or by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204.

Benefits Provided

All employees of the Library are eligible and automatically enrolled in PERF if they work a full-time schedule (40 hours per week) or are regularly scheduled and working 20 or more hours per week or at least 1040 hours per year. PERF provides retirement, disability, and survivor benefits to plan members and beneficiaries. The PERF Hybrid Plan retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account (ASA). Pension benefits (non ASA) vest after 10 years of creditable service. Members are immediately vested in their annuity savings account. A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement. There are various retirement options available and for more information refer to the INPRS website at <http://www.in.gov/inprs/>. The annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. Average annual compensation is the highest 20 calendar quarters of salary in a covered position. The percentage of the pension benefit at retirement remains the same for the member's lifetime. The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly.

Contributions

The Library is obligated by state statute to make contributions to the plan. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. During fiscal year 2017, the Library was required to contribute 11.2 percent of covered payroll to the defined benefit pension. The Library's actual and required contribution to the plan for fiscal year ended June 30, 2017 was \$1,750,914. A contribution of 3 percent of covered payroll is required into the annuity savings account portion. The Library elected to make this contribution on behalf of their members in 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the Library reported a liability of \$14,062,339 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017, the Library's proportion was 0.32 percent, which was not a significant increase from its proportion measured as of December 31, 2016.

For the year ended December 31, 2017, the Library recognized pension expense of \$3,075,346. At December 31, 2017, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 267,059	\$ 10,914
Changes in assumptions	225,782	-
Net difference between projected and actual earnings on pension plan investments	1,519,378	-
Changes in proportion and differences between Library contributions and proportionate share of contributions	448,979	91,282
Library contributions subsequent to the measurement date	<u>850,500</u>	<u>-</u>
Total	<u>\$3,311,698</u>	<u>\$102,196</u>

\$850,500 reported as the balance of deferred outflows of resources related to defined benefit pension items resulting from Library contributions subsequent to the measurement date will be recognized as a reduction of the collective net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2018	\$1,002,253
2019	1,101,868
2020	330,532
2021	(75,651)
2022	0
Thereafter	0

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using member census data as of June 30, 2014 and adjusted, where appropriate, to reflect changes between June 30, 2014 and June 30, 2017. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2014 to

June 30, 2017. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation are presented below:

Experience study date	Period of 4 years ended June 30, 2014
Inflation	2.25%
Cost of living increase	1.00%
Future salary increases	2.50% – 4.25%, including inflation
Investment rate of return	6.75%, net of investment expense, including inflation
Mortality rates	Based on the RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006

The long-term return expectation on investments for the INPRS defined benefit retirement plan was determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and long-term expected real rate of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Geometric Basis
		Long-Term Expected Real Rate of Return
Public Equity	22.0%	4.9%
Private Equity	14.0%	5.7%
Fixed Income–Ex Inflation-Linked	20.0%	2.3%
Fixed Income – Inflation-Linked	7.0%	0.6%
Commodities	8.0%	2.2%
Real Estate	7.0%	3.7%
Absolute Return	10.0%	3.9%
Risk Parity	12.0%	5.1%
Total	100.0%	

Discount rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determine required rates computed in accordance with the current

funding policy adopted by the INPRS Board, and contributions required by the State of Indiana (the non-employer contributing entity) would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on those assumptions, the defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the library's proportionate share of the net pension liability to changes in the discount rate. The following table presents the Library's proportionate share of the net pension liability calculated using the discount rate of 6.75 percent, as well as what the Library's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Library's proportionate share of the net pension liability	\$20,509,354	\$14,062,339	\$8,703,075

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued INPRS 2017 Comprehensive Annual Financial Report found at <http://www.in.gov/inprs/annualreports.htm>.

D. Tax Abatements

The Library is impacted by tax abatement agreements entered into by the City of Indianapolis ("The City"). The City promotes a series of real and personal property tax abatement programs under I.C. 6-1.1-12.1 and I.C. 6-1.1-10.44. The abatements can span over a one to ten year period and are granted based on qualifying new investment, retained and committed jobs, wages and the economic impact of the project. The City's Metropolitan Development Commission (The "MDC") is responsible for approving the abatement and determining the time period for the abatement. In some cases, City-County Council approval is also required for the abatement. Under the programs, companies can apply for reductions in property taxes, which the City administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100%.

The City's tax abatement programs have the stated objectives of spurring job creation and retention, growing the income and property tax base, supporting the redevelopment of areas experiencing a cessation of growth, attracting and retaining businesses in targeted industries, assisting distressed businesses, among other objectives.

For real property tax abatements, projects with new construction, expansion or renovation may be eligible to receive tax abatement on the real property improvements. Up to a two-year abatement is also available to a company, according

to local qualifications, based on occupying a building that has been vacant for more than a year.

For personal property tax abatements, projects involving the acquisition and installation of new manufacturing equipment, research and development equipment, logistical distribution equipment, and information technology equipment may qualify for tax abatement on increases in the assessed value of the personal property improvements. The City may also grant up to a ten-year personal property tax exemption to a business engaged in computing, networking or data storage for new investments in qualified enterprise information technology equipment.

Indiana property tax laws complicate the calculation of the exact impact of property tax abatements on the tax revenues of a given unit of local government. Constraints on the growth of the annual tax levy and constitutional limitations on taxes (also known as property tax caps) are the chief complicating factors. The increase in the annual tax levy is limited to the growth in the 6-year moving average of nonfarm personal income growth, which is known as the Assessed Value Growth Quotient ("AVGQ"). Statutory property tax caps for homesteads, agricultural and other residential and commercial are equal to 1%, 2% and 3%, respectively, of associated assessed valuations.

The tax rate, which is established for each taxing unit by the Department of Local Government Finance, is based on the tax levy requested by the taxing unit (as limited by the AVGQ) divided by the net assessed value of the property in a physical taxing district. The theory behind the AVGQ is that the costs of government should not be increasing at a greater rate than taxpayer incomes.

Tax abatements are granted on the assessed value of the property abated. The taxpayer's taxes are then calculated based on this reduced assessment, thus resulting in a lower tax liability. But because a given district's tax rate is calculated based on the total net assessed value in the district (net of abatements and other adjustments), the certified levy of each unit in the district is the same as if the abatements had not been granted.

Additionally, to the extent that parcels have reached the constitutional limit of tax liability as a percentage of gross assessed value, the property tax rate caps ("circuit breaker credits") reduce the property tax collections of the affected taxing units. The degree to which property tax abatements exacerbate circuit breaker losses differs by parcel and is dependent on the proportion of abated assessed value to total gross assessed value, as well as prevailing property tax rates.

For the year ending December 31, 2017, the estimated gross amount, on an accrual basis, by which the Library's property tax revenues were reduced as a result of the aforementioned abatement programs, is \$737,774.

**INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE LIBRARY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC EMPLOYEES RETIREMENT FUND**

Last 10 Fiscal Years¹

	2017	2016	2015	2014	2013 ¹
Library's proportion of the net pension liability	0.32%	0.30%	0.29%	0.29%	0.28%
Library's proportionate share of the net pension liability	\$ 14,062,339	\$ 13,706,102	\$ 11,960,484	\$ 7,575,811	\$ 9,717,634
Library's covered - employee payroll	\$ 15,255,177	\$ 14,889,851	\$ 14,900,205	\$ 14,263,470	\$ 14,035,736
Library's proportionate share of the net pension liability as percentage of covered-employee payroll	92.18%	92.05%	80.27%	53.11%	69.23%
Plan fiduciary net position as a percentage of the total pension liability	76.60%	75.35%	77.35%	84.29%	78.79%

Note:

¹ Effective 2015 GASB 68 was implemented. GASB 68 requires disclosure of a 10-year schedule. The financial information was not available for years prior to 2013. The amounts presented for each fiscal year were determined as of December 31.

**INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF LIBRARY CONTRIBUTIONS
 PUBLIC EMPLOYEES RETIREMENT FUND
 Last 10 Fiscal Years¹**

	2017	2016	2015	2014
Contractually required contribution	\$ 1,750,914	\$ 1,695,536	\$ 1,642,372	\$ 1,570,881
Contributions in relation to the contractually required contribution	(1,750,914)	(1,695,536)	(1,642,372)	(1,570,881)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Library's covered-employee payroll	\$ 15,255,177	\$ 14,889,851	\$ 14,900,205	\$ 14,263,470
Contributions as a percentage of covered-employee payroll	11.48%	11.39%	11.02%	11.01%

Note:

¹ Effective 2015 GASB 68 was implemented. GASB 68 requires disclosure of a 10-year schedule. The financial information was not available for years prior to 2014. The amounts presented for each fiscal year were determined as of December 31.

Notes to Required Supplementary Information:

Changes in benefit terms: None

Changes in assumptions:

- (1) The inflation assumption changed from 3.00% to 2.25% per year.
- (2) The future salary increase assumption changed from an aged-based table ranging from 3.25% to 4.50% to an age-based table ranging from 2.50% to 4.25%.
- (3) The mortality assumption changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report.
- (4) The retirement assumption was updated based on recent experience. Additionally, for actives who are eligible for early retirement (reduced benefit), 33% are assumed to commence benefits immediately and 67% are assumed to commence benefits at unreduced retirement eligibility. 100% of actives were assumed to commence benefits immediately upon early retirement eligibility in the prior year.
- (5) The termination assumption was updated based on recent experience. For members earning less than \$20,000, the tables were updated from a select and ultimate table to just an ultimate table as there is little correlation with service. For members earning more than \$20,000, the tables were updated from using a 5-year select period to a 10-year select period to correspond with the vesting schedule.
- (6) The disability assumption was updated based on recent experience.
- (7) The ASA Annuitization assumption was updated from 50% of members assumed to annuitize their ASA balance to 60% of members assume to annuitize their ASA balance prior to January 1, 2017.

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)
12-31-13	\$ -	\$ 2,993,274	\$ 2,993,274	0.00%	\$ 14,035,736	21%
12-31-14	-	2,757,879	2,757,879	0.00%	14,263,470	19%
12-31-15	-	2,757,879	2,757,879	0.00%	14,900,205	19%
12-31-16	-	195,256	195,256	0.00%	-	0%
12-31-17	-	195,256	195,256	0.00%	-	0%

**INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended December 31, 2017**

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 39,263,804	\$ 32,609,009	\$ 33,783,787	\$ 1,174,778
Intergovernmental	7,494,966	6,887,763	7,489,489	601,726
Charges for services	529,140	529,140	478,241	(50,899)
Fines and forfeits	800,840	800,840	1,137,037	336,197
Other	<u>790,000</u>	<u>790,000</u>	<u>545,873</u>	<u>(244,127)</u>
Total revenues	<u>48,878,750</u>	<u>41,616,752</u>	<u>43,434,427</u>	<u>1,817,675</u>
Expenditures:				
Current:				
Culture and recreation:				
Personal services	24,933,242	24,782,292	23,381,472	1,400,820
Supplies	1,883,329	1,573,495	1,090,658	482,837
Other services and charges	15,463,498	12,983,789	12,218,511	765,278
Capital outlay	<u>3,905,187</u>	<u>4,012,722</u>	<u>4,088,340</u>	<u>(75,618)</u>
Total culture and recreation	<u>46,185,256</u>	<u>43,352,298</u>	<u>40,778,981</u>	<u>2,573,317</u>
Total expenditures	<u>46,185,256</u>	<u>43,352,298</u>	<u>40,778,981</u>	<u>2,573,317</u>
Other financing sources (uses):				
Transfer in	-	-	31,231	31,231
Transfer out	<u>-</u>	<u>-</u>	<u>(31,231)</u>	<u>(31,231)</u>
Net change in fund balances	2,693,494	(1,735,546)	2,655,446	4,390,992
Fund balances - beginning	<u>16,239,261</u>	<u>16,239,261</u>	<u>16,239,261</u>	<u>-</u>
Fund balances - ending	<u>\$ 18,932,755</u>	<u>\$ 14,503,715</u>	<u>\$ 18,894,707</u>	<u>\$ 4,390,992</u>

**INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET/GAAP RECONCILIATION
GENERAL FUND
For The Year Ended December 31, 2017**

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:

	<u>General</u>
Excess of revenues over expenditures (budgetary basis)	\$ 2,655,446
Adjustments:	
To adjust revenues for accruals	751,925
To adjust expenditures for accruals	<u>186,075</u>
Excess of revenues over expenditures (GAAP basis)	<u>\$ 3,593,446</u>

**INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 RAINY DAY FUND
 For The Year Ended December 31, 2017**

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ 26,000	\$ 26,000	\$ 54,019	\$ 28,019
Total revenues	<u>26,000</u>	<u>26,000</u>	<u>54,019</u>	<u>28,019</u>
Expenditures:				
Other services and charges	407,957	606,945	591,144	15,801
Capital Outlay	<u>1,260,726</u>	<u>465,526</u>	<u>344,592</u>	<u>120,934</u>
Total expenditures	<u>1,668,683</u>	<u>1,072,471</u>	<u>935,736</u>	<u>136,735</u>
Other financing sources (uses):				
Transfer in	-	-	131,545	131,545
Net change in fund balances	(1,642,683)	(1,046,471)	(750,172)	296,299
Fund balances - beginning	<u>6,507,010</u>	<u>6,507,010</u>	<u>6,507,010</u>	-
Fund balances - ending	<u>\$ 4,864,327</u>	<u>\$ 5,460,539</u>	<u>\$ 5,756,838</u>	<u>\$ 296,299</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)	\$ (750,172)
Adjustments:	
To adjust revenues for accruals	(13,444)
To adjust expenditures for accruals	<u>26,071</u>
Deficiency of revenues under expenditures (GAAP basis)	<u>\$ (737,545)</u>

SPECIAL REVENUE FUNDS

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

Shared System Fund – This fund is used to account for money received from participating Indianapolis schools for computerizing, cataloging and processing library materials.

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

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 and repair 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 obligations. Disbursements from this fund are made without appropriation and may be disbursed solely for the purpose for which these obligations were created.

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.

Sales Tax Fund – This fund was established to account for sales tax collected on behalf of the Indiana Department of Revenue. These funds are remitted to the Indiana Department of Revenue monthly.

Public Library Access Card (PLAC) Fund – This fund was established to account for sales of the statewide library card. Purchase of a PLAC allows an individual to borrow materials directly from any public library in Indiana. These funds are remitted to the Indiana State Library quarterly.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2017

	Special Revenue			Capital Projects		Total Nonmajor Governmental Funds
	Shared System Fund	Grant Fund	Parking Garage Fund	Library Improvement Reserve Fund	Capital Projects Fund	
<u>Assets</u>						
Cash and cash equivalents	\$ 147,512	\$ 538,938	\$ 419,456	\$ 283,325	\$ -	\$ 1,389,231
Investments	305,172	-	199,680	2,658,182	-	3,163,034
Receivables (net of allowances for uncollectibles):						
Intergovernmental	25,035	-	-	-	-	25,035
Accounts	477	-	1,080	-	-	1,557
Total assets	<u>\$ 478,196</u>	<u>\$ 538,938</u>	<u>\$ 620,216</u>	<u>\$ 2,941,507</u>	<u>\$ -</u>	<u>\$ 4,578,857</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 338	\$ 239,754	\$ 6,192	\$ 21,688	\$ -	\$ 267,972
Retainage Payable	-	-	-	-	-	-
Interfund payable:						
Interfund loans	72,927	-	-	-	-	72,927
Total liabilities	<u>73,265</u>	<u>239,754</u>	<u>6,192</u>	<u>21,688</u>	<u>-</u>	<u>340,899</u>
Fund balances:						
Restricted	-	299,184	-	2,919,819	-	3,219,003
Committed	404,931	-	614,024	-	-	1,018,955
Unassigned	-	-	-	-	-	-
Total fund balances	<u>404,931</u>	<u>299,184</u>	<u>614,024</u>	<u>2,919,819</u>	<u>-</u>	<u>4,237,958</u>
Total liabilities and fund balances	<u>\$ 478,196</u>	<u>\$ 538,938</u>	<u>\$ 620,216</u>	<u>\$ 2,941,507</u>	<u>\$ -</u>	<u>\$ 4,578,857</u>

**INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2017**

	Special Revenue		Capital Projects			Total Nonmajor Governmental Funds
	Shared System Fund	Grant Fund	Parking Garage Fund	Library Improvement Reserve Fund	Capital Projects Fund	
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	94,345	-	379,556	-	-	473,901
Fines and forfeits	-	-	-	-	-	-
Other	2,107	2,113,646	1,580	19,959	14,422	2,151,714
Total revenues	<u>96,452</u>	<u>2,113,646</u>	<u>381,136</u>	<u>19,959</u>	<u>14,422</u>	<u>2,625,615</u>
Expenditures:						
Current:						
Culture and recreation	152,142	1,766,442	97,355	(131,274)	23,231	1,907,896
Capital outlay	-	173,985	-	372,948	94,961	641,894
Total expenditures	<u>152,142</u>	<u>1,940,427</u>	<u>97,355</u>	<u>241,674</u>	<u>118,192</u>	<u>2,549,790</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(131,545)	(131,545)
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(131,545)</u>	<u>(131,545)</u>
Net change in fund balances	<u>(55,690)</u>	<u>173,219</u>	<u>283,781</u>	<u>(221,715)</u>	<u>(235,315)</u>	<u>(55,720)</u>
Fund balances - beginning	460,621	125,965	330,243	3,141,534	235,315	4,293,678
Fund balances - ending	<u>\$ 404,931</u>	<u>\$ 299,184</u>	<u>\$ 614,024</u>	<u>\$ 2,919,819</u>	<u>\$ -</u>	<u>\$ 4,237,958</u>

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
 BUDGETARY COMPARISON SCHEDULE
 BOND AND INTEREST REDEMPTION FUND
 For The Year Ended December 31, 2017

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 11,654,081	\$ 11,236,170	\$ 11,450,904	\$ 214,734
Intergovernmental	886,153	801,686	871,542	69,856
Other	7,000	7,000	26,193	19,193
Total revenues	<u>12,547,234</u>	<u>12,044,856</u>	<u>12,348,639</u>	<u>303,783</u>
Expenditures:				
Debt service:				
Principal	9,140,000	9,140,000	9,170,000	(30,000)
Lease Payment				-
Interest and fiscal charges	<u>2,945,804</u>	<u>2,945,804</u>	<u>2,544,390</u>	<u>401,414</u>
Total expenditures	<u>12,085,804</u>	<u>12,085,804</u>	<u>11,714,390</u>	<u>371,414</u>
Other financing sources (uses):				
Transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	461,430	(40,948)	634,249	675,197
Fund balances - beginning	<u>4,812,848</u>	<u>4,812,848</u>	<u>4,812,848</u>	<u>-</u>
Fund balances - ending	<u>\$ 5,274,278</u>	<u>\$ 4,771,900</u>	<u>\$ 5,447,097</u>	<u>\$ 675,197</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)	\$ 634,249
Adjustments:	
To adjust revenues for accruals	(2,758)
To adjust expenditures for accruals	<u>(89,051)</u>
Deficiency of revenues under expenditures (GAAP basis)	<u>\$ 542,440</u>

**INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
For The Year Ended December 31, 2017**

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Other	-	-	14,422	14,422
Total revenues	-	-	14,422	14,422
Expenditures:				
Supplies	131,056	124,281	124,281	-
Other services and charges	156,037	120,327	120,327	-
Capital outlay	94,655	94,961	94,961	-
Total expenditures	381,748	339,569	339,569	-
Other financing sources (uses):				
Transfer out	-	(131,545)	(131,545)	-
Net change in fund balances	(381,748)	(471,114)	(456,692)	14,422
Fund balances - beginning	486,692	486,692	486,692	-
Fund balances - ending	\$ 104,944	\$ 15,578	\$ 30,000	\$ 14,422

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)	\$ (456,692)
Adjustments:	
To adjust revenues for accruals	-
To adjust expenditures for accruals	221,377
Excess of revenues over expenditures (GAAP basis)	\$ (235,315)

**INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
BUDGETARY COMPARISON SCHEDULE
LIBRARY IMPROVEMENT RESERVE FUND
For The Year Ended December 31, 2017**

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ 18,000	\$ 18,000	\$ 26,837	\$ 8,837
Total revenues	18,000	18,000	26,837	8,837
Expenditures:				
Supplies	-	13,851	13,851	-
Other services and charges	-	6,975	5,032	1,943
Capital outlay	1,194,331	400,102	372,948	27,154
Total expenditures	1,194,331	420,928	391,831	29,097
Other financing sources (uses):				
Transfer in	-	-	-	-
Net change in fund balances	(1,176,331)	(402,928)	(364,994)	37,934
Fund balances - beginning	3,313,380	3,313,380	3,313,380	
Fund balances - ending	\$ 2,137,049	\$ 2,910,452	\$ 2,948,386	\$ 37,934

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)	\$ (364,994)
Adjustments:	
To adjust revenues for accruals	(6,878)
To adjust expenditures for accruals	150,157
	150,157
Excess of revenues over expenditures (GAAP basis)	\$ (221,715)

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended December 31, 2017

	Payroll Deductions	Foundation Fund	Staff Association	Sales Tax	Public Library Access Card	Total Agency Funds
Assets:						
Cash and cash equivalents, January 1	\$ 174,876	\$ 891	\$ 10	\$ 579	\$ 15,360	\$ 191,716
Additions	5,446,343	11,109	26	14,709	47,387	5,519,573
Deductions	(5,507,489)	(11,491)	(34)	(13,951)	(37,246)	(5,570,210)
Cash and cash equivalents, December 31	113,730	509	2	1,337	25,501	141,079
Accounts receivable, January 1	12,524	-	-	-	-	12,524
Additions	96,871	-	6	13,635	-	110,512
Deductions	(109,395)	-	(6)	(13,635)	-	(123,036)
Accounts receivable, December 31	-	-	-	-	-	-
Total assets, December 31	113,730	509	2	1,337	25,501	141,079
Liabilities:						
Accounts payable, January 1	\$ -	\$ 891	\$ 10	\$ 579	\$ 15,360	\$ 16,840
Additions	-	22,600	59	28,272	84,633	135,564
Deductions	-	(22,982)	(67)	(27,514)	(74,492)	(125,055)
Accounts payable, December 31	-	509	2	1,337	25,501	27,349
Payroll withholdings payable, January 1	187,400	-	-	-	-	187,400
Additions	6,782,711	-	-	-	-	6,782,711
Deductions	(6,856,381)	-	-	-	-	(6,856,381)
Payroll withholdings payable, December 31	113,730	-	-	-	-	113,730
Total liabilities, December 31	\$ 113,730	\$ 509	\$ 2	\$ 1,337	\$ 25,501	\$ 141,079

STATISTICAL

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 These schedules contain trend information to help the reader understand how the Library's financial performance and well-being have changed over time.	80
Revenue Capacity These schedules contain information to help the reader assess the Library's most significant local revenue source, property taxes.	84
Debt Capacity 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.	88
Demographic and Economic Information 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.	94
Operating Information 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.	96

Source:

Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant year.

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u> ¹	<u>2015</u>	<u>2016</u> ²	<u>2017</u>
Governmental Activities										
Net investment in capital assets	\$ 51,297	\$ 59,043	\$ 59,277	\$ 59,011	\$ 60,689	\$ 67,955	\$ 68,479	\$ 79,906	\$ 91,405	\$ 99,572
Restricted	12,036	10,441	9,842	8,804	13,389	8,846	14,490	9,650	8,378	8,316
Unrestricted	<u>28,681</u>	<u>19,397</u>	<u>21,248</u>	<u>21,827</u>	<u>17,839</u>	<u>17,067</u>	<u>10,218</u>	<u>9,451</u>	<u>9,374</u>	<u>5,004</u>
Total primary government net position	<u>\$ 92,014</u>	<u>\$ 88,881</u>	<u>\$ 90,367</u>	<u>\$ 89,642</u>	<u>\$ 91,917</u>	<u>\$ 93,868</u>	<u>\$ 93,187</u>	<u>\$ 99,007</u>	<u>\$ 109,157</u>	<u>\$ 112,892</u>

¹ 2014 restated for prior period adjustment.

² 2016 beginning balance was restated due to Beech Grove Library merger. See note on merger.

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

Expenses	2008	2009	2010	2011	2012	2013	2014 ¹	2015	2016	2017
Governmental Activities:										
Culture and recreation	\$ 37,830	\$ 47,709	\$ 42,581	\$ 43,172	\$ 43,982	\$ 43,102	\$ 41,530	\$ 43,382	\$ 47,145	\$ 52,987
Interest on long-term debt	5,413	5,317	4,945	4,675	3,725	3,417	2,825	2,676	2,430	2,429
Total primary government expenses	<u>\$ 43,243</u>	<u>\$ 53,026</u>	<u>\$ 47,526</u>	<u>\$ 47,847</u>	<u>\$ 47,707</u>	<u>\$ 46,519</u>	<u>\$ 44,355</u>	<u>\$ 46,058</u>	<u>\$ 49,575</u>	<u>\$ 55,416</u>
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 3,059	\$ 2,908	\$ 2,607	\$ 2,344	\$ 2,769	\$ 1,993	\$ 1,496	\$ 1,657	\$ 1,890	\$ 1,986
Operating Grants and Contributions	1,069	975	932	1,709	1,363	1,414	1,286	1,167	1,037	2,132
Capital Grants and Contributions	492	-	-	-	-	-	-	40	177	194
Total primary government program revenues	<u>\$ 4,620</u>	<u>\$ 3,883</u>	<u>\$ 3,539</u>	<u>\$ 4,053</u>	<u>\$ 4,132</u>	<u>\$ 3,407</u>	<u>\$ 2,782</u>	<u>\$ 2,864</u>	<u>\$ 3,104</u>	<u>\$ 4,312</u>
Net (expense)/revenue										
Primary government	<u>\$ (38,623)</u>	<u>\$ (49,143)</u>	<u>\$ (43,987)</u>	<u>\$ (43,794)</u>	<u>\$ (43,575)</u>	<u>\$ (43,112)</u>	<u>\$ (41,573)</u>	<u>\$ (43,194)</u>	<u>\$ (46,471)</u>	<u>\$ (51,104)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property taxes	\$ 38,756	\$ 36,997	\$ 35,407	\$ 34,671	\$ 37,647	\$ 37,896	\$ 41,912	\$ 40,463	\$ 42,165	\$ 45,266
Other local sources	5,192	7,106	8,668	7,929	7,764	6,944	7,443	7,786	8,089	8,377
State aid	-	-	-	-	-	-	-	-	-	-
Other	565	490	421	386	378	181	1,168	672	193	976
Investment earnings	804	179	180	83	61	42	86	93	126	220
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>\$ 46,715</u>	<u>\$ 46,011</u>	<u>\$ 45,473</u>	<u>\$ 43,069</u>	<u>\$ 45,850</u>	<u>\$ 45,063</u>	<u>\$ 50,609</u>	<u>\$ 49,014</u>	<u>\$ 50,573</u>	<u>\$ 54,839</u>
Changes in Net Position										
Primary government	<u>\$ 8,092</u>	<u>\$ (3,132)</u>	<u>\$ 1,486</u>	<u>\$ (725)</u>	<u>\$ 2,275</u>	<u>\$ 1,951</u>	<u>\$ 9,036</u>	<u>\$ 5,820</u>	<u>\$ 4,102</u>	<u>\$ 3,735</u>

Note:
¹ 2014 restated for prior period adjustment.

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

	Fiscal Year						
	<u>2008</u>	<u>2009</u>	<u>2010</u>				
General Fund							
Reserved	\$ 2,485	\$ 2,875	\$ 1,518				
Unreserved	(248)	5,602	12,808				
Total general fund	<u>\$ 2,237</u>	<u>\$ 8,477</u>	<u>\$ 14,326</u>				
All other governmental funds							
Reserved	\$ 5	\$ 6,848	\$ 7,684				
Unreserved, reported in:							
Special revenue funds	16,009	973	1,271				
Debt service	16	(5)	83				
Capital projects fund	8,294	7,135	5,161				
Total all other governmental funds	<u>\$ 24,324</u>	<u>\$ 14,951</u>	<u>\$ 14,199</u>				
	<u>2011*</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016¹</u>	<u>2017</u>
General Fund							
Assigned to:							
Employee benefits	\$ -	\$ 587	\$ 13	\$ 1	\$ 21	\$ 13	\$ 67
Bond expense	-	-	25	-	-	-	-
Interest expense	-	554	120	-	-	-	-
Collections materials	627	423	262	50	237	23	15
Electronic collections materials	-	179	155	-	-	-	-
Capital and computer equipment	-	108	16	12	404	330	9
General operations	297	1,214	794	830	1,127	2,318	2,122
Total assigned	<u>924</u>	<u>3,065</u>	<u>1,385</u>	<u>893</u>	<u>1,789</u>	<u>2,684</u>	<u>2,213</u>
Unassigned	11,168	11,449	12,363	14,335	14,968	12,343	16,407
Total general fund	<u>\$ 12,092</u>	<u>\$ 14,514</u>	<u>\$ 13,748</u>	<u>\$ 15,228</u>	<u>\$ 16,757</u>	<u>\$ 15,027</u>	<u>\$ 18,620</u>
All other governmental funds							
Restricted for:							
Capital outlay	\$ 4,706	\$ 4,342	\$ 5,352	\$ 9,551	\$ 10,967	\$ 12,803	\$ 24,376
Debt service	-	5,100	1,093	2,504	2,549	1,458	2,000
Education	213	132	145	195	183	126	299
Erate	184	-	-	-	-	-	-
Total restricted	<u>5,103</u>	<u>9,574</u>	<u>6,590</u>	<u>12,250</u>	<u>13,699</u>	<u>14,387</u>	<u>26,675</u>
Committed to:							
Debt service	10,152	5,086	-	-	-	-	-
Capital investment	-	-	4,508	4,534	4,101	6,478	5,740
Education	670	650	586	581	518	461	405
Other purposes	82	69	54	57	98	330	614
Total committed	<u>10,904</u>	<u>5,805</u>	<u>5,148</u>	<u>5,172</u>	<u>4,717</u>	<u>7,269</u>	<u>6,759</u>
Assigned to:							
Capital and computer equipment	3	-	-	-	-	-	-
General operations	33	-	-	-	-	-	-
Total assigned	<u>36</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	(218)	(600)	(118)	-	-	-	-
Total all other governmental funds	<u>\$ 15,825</u>	<u>\$ 14,779</u>	<u>\$ 11,620</u>	<u>\$ 17,422</u>	<u>\$ 18,416</u>	<u>\$ 21,656</u>	<u>\$ 33,434</u>

* Effective in 2011, GASB Statement No. 54 was implemented; the new fund balance classifications are disclosed above.

¹ 2016 beginning balance was restated due to Beech Grove Library merger. See note on merger.

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues										
Taxes	\$ 32,697	\$ 45,314	\$ 39,557	\$ 34,671	\$ 37,647	\$ 37,895	\$ 41,912	\$ 40,463	\$ 42,165	\$ 45,266
Intergovernmental	4,543	7,057	8,544	8,005	7,768	6,993	7,440	7,793	8,086	8,376
Charges for services	1,299	1,337	1,289	1,270	1,590	592	899	732	826	952
Fines and forfeits	1,673	1,602	1,398	1,147	1,160	1,046	985	925	1,036	1,127
Other	<u>21,845</u>	<u>1,644</u>	<u>1,533</u>	<u>2,329</u>	<u>1,889</u>	<u>1,700</u>	<u>2,594</u>	<u>2,051</u>	<u>1,602</u>	<u>3,583</u>
Total revenues	<u>62,057</u>	<u>56,954</u>	<u>52,321</u>	<u>47,422</u>	<u>50,054</u>	<u>48,226</u>	<u>53,830</u>	<u>51,964</u>	<u>53,715</u>	<u>59,304</u>
Expenditures										
Culture and recreation	35,221	35,378	32,678	33,274	33,286	33,787	35,010	36,640	38,963	40,038
Capital outlay	13,850	8,331	4,501	4,782	5,422	5,176	5,756	3,678	8,952	9,370
Debt service										
Principal	7,865	11,475	5,875	5,835	6,265	10,650	7,855	8,395	10,168	2,429
Interest	5,413	5,047	4,171	4,139	3,706	2,541	2,825	2,679	2,429	274
Other charges	-	131	192	132	111	197	132	49	105	5,499
Total expenditures	<u>62,349</u>	<u>60,362</u>	<u>47,417</u>	<u>48,162</u>	<u>48,790</u>	<u>52,351</u>	<u>51,578</u>	<u>51,441</u>	<u>60,617</u>	<u>57,610</u>
Excess of revenues over (under) expenditures	(292)	(3,408)	4,904	(740)	1,264	(4,124)	2,253	523	(6,902)	1,694
Other financing sources (uses)										
Transfers in	176	-	-	3,900	-	2,478	59	-	2,700	163
Transfers out	(176)	-	-	(3,900)	-	(2,478)	(59)	-	(2,700)	(163)
Refunding bonds issued	-	9,155	23,630	8,310	9,100	30,725	-	-	-	-
Payment to refunded bond escrow agent	-	(9,985)	(25,049)	(8,535)	(9,599)	(34,186)	-	-	-	-
General obligation bonds issued	-	-	-	-	-	-	4,755	2,000	7,625	13,546
Premium on general obligation debt	-	961	1,612	357	611	3,660	274	-	-	132
Discount on general obligation debt	-	-	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of property	<u>608</u>	<u>145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>608</u>	<u>276</u>	<u>193</u>	<u>132</u>	<u>112</u>	<u>199</u>	<u>5,029</u>	<u>2,000</u>	<u>7,625</u>	<u>13,678</u>
Net changes in fund balances	\$ <u>316</u>	\$ <u>(3,132)</u>	\$ <u>5,097</u>	\$ <u>(608)</u>	\$ <u>1,376</u>	\$ <u>(3,925)</u>	\$ <u>7,282</u>	\$ <u>2,523</u>	\$ <u>723</u>	\$ <u>15,372</u>
Debt service as a percentage of noncapital expenditures	22.2%	31.8%	23.8%	22.9%	23.2%	27.9%	23.0%	24.3%	24.5%	5.4%

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		
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
2012	30,767,450	30,767,450	4,966,628	4,966,628	35,734,078	35,734,078	100	0.1281
2013	30,387,646	30,387,646	5,305,621	5,305,621	35,693,267	35,693,267	100	0.1301
2014	32,350,360	32,350,360	5,383,475	5,383,475	37,733,835	37,733,835	100	0.1373
2015	32,437,179	32,437,179	5,517,958	5,517,958	37,955,137	37,955,137	100	0.1290
2016	32,911,895	32,911,895	5,637,304	5,637,304	38,549,199	38,549,199	100	0.1318 ²
2017	33,406,062	33,406,062	5,898,644	5,898,644	39,304,706	39,304,706	100	0.1367

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

Note:

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

² This does not include the tax rate of \$0.2257 for the Beech Grove Library Unit which was assessed on an AV of \$388,385,402 for the Beech Grove district prior to the merger with the Indianapolis-Marion County Public Library.

This table includes information for all of Marion County. Since another public library district exists in Marion County, a portion of the property values does 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 Overlapping¹ Governments
 Last Ten Fiscal Years

Indianapolis-Marion County Public Library					Overlapping Rates ¹						Total Direct & Overlapping Rates
Fiscal Year	Operating	Debt Service	Capital Projects ²	Total Library	Total State	Total City	Total County	Total School	Other Municipal Corporations	Total Other	
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
2012	0.1003	0.0278	N/A	0.1281	³	1.0034	0.4007	1.2711	0.2677	0.0670	3.1380
2013	0.1006	0.0275	0.0020	0.1301	³	0.9802	0.3932	1.5149	0.3013	0.0607	3.3804
2014	0.1018	0.0318	0.0037	0.1373	³	0.7667	0.4034	1.2889	0.2967	0.0620	2.9550
2015	0.0958	0.0291	0.0041	0.1290	³	0.6964	0.3825	1.3504	0.2915	0.0607	2.9105
2016	0.0987	0.0293	0.0038	0.1318	⁴ ³	0.7136	0.3883	1.4399	0.3136	0.0630	3.0502
2017	0.1060	0.0307		0.1367	³	0.7313	0.3943	0.9735	0.3150	0.0619	2.6127

Notes:

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

² The Library combined their capital items into the Operating Fund in 2007 and 2012. The Capital Projects Fund was closed at the end of 2016. Future expenditures for capital projects are budgeted in the Operating Fund.

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

⁴ This does not include the tax rate of \$0.2257 for the Beech Grove Library Unit which was assessed on an AV of \$388,385,402 for the Beech Grove district prior to the merger with the Indianapolis-Marion County Public Library.

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>2016 Pay 2017</u>		<u>2007 Pay 2008</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	1,446,493	3.74%	\$ 1,274,299	2.99%
Citizens Gas & Coke Utility	Gas utility	543,187	1.40	183,897	0.43
Indianapolis Power & Light Co.	Electric utility	425,406	1.10	375,105	0.88
Federal Express Corporation	Courier services	305,735	0.79	38,883	0.09
White Legacy Properties, LLC	Hotels & restaurant	181,603	0.47		
AT&T/Indiana Bell Telephone Co./Southwestern Bell	Telephone utility	171,279	0.44	320,937	0.75
Hertz Indianapolis 111 Monument LLC	Salesforce office building	154,820	0.40		
The Dow Chemical Company	Chemical company	151,898	0.39		
Duke Realty/Dugan Realty	Commercial real estate developer	125,739	0.32		
Roche Diagnostics Corp.	Health care mfg. and sales of diagnostic instruments and biochemicals	115,401	0.30		
General Motors	Automobile mfg.			289,988	0.68
Macquarie Office Monument	Investment/ Financial Advisors			181,601	0.43
American United Life	Insurance/Office Building			157,193	0.37
Cingular Wireless	Cellular Services			77,127	0.18
Automotive Components	Manufacturing			36,672	0.09
Total Top Ten Principal Taxpayers		<u>\$ 3,621,561</u>	<u>9.35%</u>	<u>\$ 2,935,702</u>	<u>6.90%</u>
Total Assessed Valuation		\$ 38,719,071	100.00%	\$ 42,553,962	100.00%

Source: Township Assessors in Marion County

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

Year Ended	Total Tax Levy for the Year	Collected within the the Year of the Levy		Collections of Taxes Levied in Prior Years ⁵	Total Collections to Date	
		Amount	Percentage of Levy		Amount ⁵	Percentage of Levy
<u>December 31</u>						
2008	² 38,426,227	32,697,352	85.1	2,071,174	32,697,352	85.1
2009	38,727,435	35,718,158	92.2	2,087,409	37,805,567	97.6
2010	^{3,4} 34,889,046	31,996,050	91.7	3,883,514	35,879,564	102.8
2011	⁴ 34,947,859	32,947,750	94.3	1,723,091	34,670,841	99.2
2012	⁴ 38,143,534	36,075,533	94.6	1,571,569	37,647,102	98.7
2013	⁴ 37,535,447	36,105,357	96.2	1,514,376	37,619,733	100.2
2014	⁴ 43,376,742	40,061,857	92.4	1,519,490	41,581,347	95.9
2015	⁴ 41,925,057	38,974,371	93.0	1,385,254	40,359,625	96.3
2016	^{4,6} 41,288,311	40,826,643	98.9	1,157,948	41,984,591	101.7
2017	⁴ 43,851,179	43,551,525	99.3	1,495,161	45,046,686	102.7

¹Includes General, Debt Service and Capital Projects

²In 2007 and 2008 tax payments were delayed due to levy freeze and reassessment.

³In 2010 there was an excess levy which was applied towards the 2011 tax distribution. In 2010 tax distributions were caught up on past due property tax collections.

⁴Total tax levy for the year includes the impact of the circuit breaker legislation.

⁵Collections of taxes levied in prior years includes delinquent taxes and penalties.

The total collections to date include penalties resulting in a higher levy collection than the actual levy.

⁶This includes the property taxes collected in 2016 for the Beech Grove Public Library which are as follows:

Total tax levy for the Year ⁴	511,778
Amount collected within the year	511,790
Percentage of current year collected	100.0
Collection of taxes levied in prior years	26,012
Total collections to date ⁵	537,802
Percentage collected to date	105.1

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	<u>Debt Service Monies Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2008	853,554	42,553,962,335	117,719,452	20,338	117,699,114	28%	138
2009	862,844	35,693,488,773	107,835,921	-	107,835,921	30%	125
2010	877,389	34,794,821,192	102,547,158	83,341	102,463,817	29%	117
2011	887,337	33,240,892,643	97,280,448	-	97,280,448	29%	110
2012	891,284	33,005,181,323	91,101,179	-	91,101,179	28%	102
2013	889,910	33,168,703,752	79,797,504	1,092,680	78,704,824	24%	88
2014	905,596	33,109,498,271	76,690,048	2,504,266	74,185,782	23%	82
2015	909,076	35,872,739,097	69,554,004	2,548,730	67,005,274	19%	74
2016	929,127	36,172,878,039 ⁴	66,732,960	1,457,699	65,275,261	18%	70
2017	937,980	36,995,952,545 ⁵	70,474,042	2,000,139	68,473,903	19%	73

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 through 2015. Due to the merger with Beech Grove Library, 2016 population is all of Marion County except for the Town of Speedway.

³ Bonding limit is 2% of 1/3 of the assessed value. The total outstanding debt is the total gross bonded debt.

⁴ This includes the 2016 Certified AV for the Beech Grove Library in the amount of \$388,385,402 due to the merger.

Indianapolis-Marion County Public Library
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

<u>Year</u> ¹	<u>General Obligation Debt</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Total Debt Per Capita</u>
2008	117,719,452	117,719,452	3.46%	138
2009	107,835,921	107,835,921	3.05%	125
2010	102,547,158	102,547,158	2.76%	117
2011	97,280,448	97,280,448	2.43%	110
2012	91,101,179	91,101,179	2.20%	102
2013	79,797,504	79,797,504	1.94%	90
2014	76,690,048	76,690,048	1.81%	85
2015	69,554,004	69,554,004	1.56%	77
2016	66,732,960	66,732,960	1.47%	72
2017	70,474,042	70,474,042	1.55%	75

Notes:

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

Indianapolis-Marion County Public Library
 Direct and Overlapping Debt and Bonded Debt Limit¹
 December 31, 2017
 (amounts expressed in thousands)

Government Unit	Assessed Value ²	Bonding Limit		Bonds Outstanding ⁷
		%	Dollar Amount	
Overlapping debt				
City of Indianapolis:				
Civil City	\$ 36,846,144	0.67%	\$ 246,869	\$ 59,795
Park District	39,304,706	0.67%	263,342	4,925
Redevelopment District	36,846,144	³	-	-
Stormwater Control District	39,304,706	0.67%	263,342	-
Metropolitan Thoroughfare District	39,304,706	1.33%	522,753	24,585
Solid Waste Disposal District	36,893,905	2.00%	737,878	-
Pub Safety Command Comp Facilities District	39,304,703	0.67%	263,342	39,145
Premium on General Obligation Debt			-	-
Total City of Indianapolis General Obligation Debt			<u>2,297,526</u>	<u>128,450</u>
Other direct debt				
Tax increment bonds				583,142
Revenue bonds				295,000
Note payable and certificate of participations				102,005
Bond Anticipation Notes				23,395
Capital leases				9,531
Total City of Indianapolis direct debt				<u>1,141,523</u>
Marion County	39,304,706	0.67%	<u>263,342</u>	<u>-</u>
Municipal corporations:				
Airport Authority	39,304,706	0.67%	263,342	-
Health & Hospital Corporation	39,304,706	0.67%	263,342	183,080
Capital Improvement Board	39,304,706	0.67%	263,342	-
Indpls-Marion Co. Building Authority	39,304,706	⁴	-	-
Indianapolis Public Transportation Corp.	37,273,340	0.67%	<u>249,731</u>	<u>-</u>
Total municipal corporations			<u>1,039,757</u>	<u>183,080</u>
School districts:				
Beech Grove	429,053	⁵	36,928	9,561
Decatur	1,639,900	⁵	158,050	5,572
Franklin	2,173,219	⁵	259,393	695
Indianapolis Public Schools	10,749,502	⁵	695,731	12,326
Lawrence	4,827,902	⁵	330,552	37,492
Perry	3,353,785	⁵	170,302	13,265
Pike	4,672,351	⁵	126,317	25,225
Speedway	726,535	⁵	14,531	-
Warren	2,477,950	⁵	122,531	-
Washington	5,861,206	⁵	155,189	24,278
Wayne	2,710,226	⁵	<u>297,870</u>	<u>29,454</u>
Total school districts	<u>39,621,629</u>		<u>2,367,394</u>	<u>157,868</u>
Other cities and towns:				
Beech Grove	427,197	0.67%	2,862	1,205
Lawrence	1,397,970	0.67%	9,366	4,052
Southport	47,761	0.67%	320	310
Speedway	585,635	0.67%	<u>3,924</u>	<u>4,772</u>
Total other cities and towns	<u>2,458,563</u>		<u>16,472</u>	<u>10,339</u>

Indianapolis-Marion County Public Library
 Direct and Overlapping Debt and Bonded Debt Limit¹
 December 31, 2017
 (amounts expressed in thousands)
 (Continued)

Government Unit	Assessed Value ²	Bonding Limit		Bonds Outstanding ⁷
		%	Dollar Amount	
Townships:				
Center	6,158,476	0.67%	41,262	-
Decatur	1,497,502	0.67%	10,033	117
Franklin	2,310,140	0.67%	15,478	-
Lawrence	5,190,934	0.67%	34,779	1,345
Perry	3,651,846	0.67%	24,467	-
Pike	4,518,407	0.67%	30,273	-
Warren	3,351,177	0.67%	22,453	-
Washington	8,327,830	0.67%	55,796	-
Wayne	4,060,984	0.67%	27,209	798
Total townships	39,067,296		261,750	2,260
Excluded library districts:				
Speedway	585,635	0.67%	3,924	175
Total excluded library districts	585,635		3,924	175
Ben Davis Conservancy District	394,273	⁶	-	-
Total overlapping debt				1,495,245
Direct debt:				
Indianapolis-Marion County Public Library ⁸	38,719,071	0.67%	259,418	70,474
Total direct debt				70,474
Total direct and overlapping debt				\$ 1,565,719
IMCPL's percentage of Total Direct and Overlapping Debt ⁹				4.5%

Source: City of Indianapolis

Notes:

¹ Excludes revenue bonds not payable from ad valorem taxes.

² Represents the March 1, 2015 (Marion County Auditor's "certified abstract") assessment for taxes due and payable in 2016. The Library's assessed value is the actual assessed value for the Library for taxes due and payable in 2016.

³ There is no statutory constitutional debt limitation to the Redevelopment Districts.

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 Building Authority's enabling legislation.

⁵ 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.

⁶ 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.

⁷ Governmental activities debt of the overlapping governments is not readily available; only general obligation debt is reported in this column.

⁸ This includes the abstracted assessed value for Beech Grove Library.

⁹ This is calculated as the Library's direct debt divided by the total direct and overlapping debt.

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	Fiscal Year		<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
					<u>2012</u>	<u>2013</u>				
Debt limit	\$ 283,693	\$ 237,957	\$ 231,965	\$ 236,410	\$231,942	\$233,089	\$ 246,410	\$ 247,802	\$ 254,414	\$ 247,873
Total net debt applicable to limit	<u>117,719</u>	<u>107,836</u>	<u>102,547</u>	<u>97,280</u>	<u>91,101</u>	<u>79,798</u>	<u>71,115</u>	<u>64,805</u>	<u>62,810</u>	<u>67,245</u>
Legal debt margin	<u>\$ 165,974</u>	<u>\$ 130,121</u>	<u>\$ 129,418</u>	<u>\$ 139,130</u>	<u>\$140,841</u>	<u>\$153,291</u>	<u>\$ 175,295</u>	<u>\$ 182,997</u>	<u>\$ 191,604</u>	<u>\$ 180,628</u>
Total net debt applicable to the limit as the percentage of debt limit	41.50%	45.32%	44.21%	41.15%	39.28%	34.23%	28.86%	26.15%	24.69%	27.13%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value	\$36,995,953 ¹
Debt Limit (2% of one third of assessed value)	247,873
Debt applicable to limit:	
General obligation bonds	<u>67,245</u>
Legal debt margin	<u>\$180,628</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.

¹ Represents the certified net assessed value for taxes due and payable in 2017. The Library's assessed value is the actual assessed value for the Library for taxes due and payable in 2017.

Indianapolis-Marion County Public Library
 Annual Debt Service Expenditures for
 Last Ten Fiscal Years
 (Continued)

<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>		
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
2012 ⁷	6,265,000	3,706,102	9,971,102	48,790,291	.204 : 1
2013 ⁸	10,650,000	2,540,532	13,190,532	52,350,722	.252 : 1
2014	7,855,000	2,824,589	10,679,589	51,577,167	.207 : 1
2015	8,395,000	2,679,104	11,074,104	51,441,266	.215 : 1
2016 ⁹	10,168,196	2,429,413	12,597,609	60,617,132	.208 : 1
2017	9,370,000	2,429,191	11,799,191	57,609,607	.205 : 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 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.

⁷ The 2012 principal amount includes a current refunding of 2002 bonds.

⁸ The 2013 principal amount includes current and advance refundings of 2005, 2006, and 2007 bonds. The principal amount includes a one-time cash payment of \$5,700,000 towards the refunding.

⁹ The 2016 Principal amount includes the final lease financing payment for Beech Grove Library.

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		
2008	853,554	33,980,409	38,202	5.6	357,647	2.40	35.7	165,263
2009	862,844	35,331,899	39,328	9.1	356,311	2.43	36.1	159,728
2010	877,389	37,182,040	41,100	10.0	366,176	2.42	36.4	157,223
2011	887,337	40,070,457	43,992	8.9	358,552	2.50	34.2	153,690
2012	891,284	41,430,836	45,095	8.3	363,157	2.49	34	153,027
2013	889,910	41,197,692	44,369	8.0	360,072	2.59	34	154,945
2014	905,596	42,449,278	45,423	6.7	381,610	2.42	33.8	161,625
2015	909,076	44,610,603	47,508	5.1	365,296	2.52	34.1	151,755
2016	929,127 ³	45,416,786	48,253	4.4	365,472	2.5	34.1	164,428
2017	937,980 ⁴	45,416,786 ⁴	48,253 ⁴	3.6	365,472 ⁴	2.50 ⁴	34.1 ⁴	164,428 ⁴

¹Estimated population of I-MCPL service area which until June 1, 2016 was all of Marion County except for the City of Beech Grove and Speedway.

²Amounts expressed in thousands. In November 2016, The U.S. Bureau of Economic Analysis revised this data for 1998-2014, Amounts shown are the revised amounts.

³Starting in 2016, estimated population includes Beech Grove.

⁴Amounts used are from 2016, since 2017 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	2017		2008	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Indiana University Health	23,187	4.80%	12,763	2.76%
St. Vincent Hospitals and Health Care Centers	17,398	3.61%	10,640	2.30%
Community Health Network	12,000	2.49%	5,341	1.15%
Eli Lilly and Company	11,312	2.34%	11,550	2.49%
Wal-Mart	8,850	1.83%		
The Kroger Company	7,840	1.62%		
IU School of Medicine	6,000	1.24%		
Indiana University-Purdue University at Indianapolis	5,100	1.06%	7,066	1.53%
Federal Express	5,000	1.04%	6,311	1.36%
Roche Diagnostics Corporation	4,500	0.93%		
Rolls Royce Allison			4,300	0.93%
Franciscan St. Francis Health			4,152	0.90%
Wellpoint Insurance Company			4,000	0.86%
Allison Transmissions/Div. of GMC			3,800	0.82%
	<u>101,187</u>	<u>20.97%</u>	<u>69,923</u>	<u>15.10%</u>

Source: The Indy Partnership

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

	2008	2009	2010 ¹	2011	2012	2013	2014	2015	2016	2017
Public Services										
Beech Grove ³	-	-	-	-	-	-	-	-	4	4.5
Brightwood Library	4	4	3	3	4	4	4	4	4	3
Central Library	81.2	78.5	68.2	74.3	76.7	76.5	68.9	71.6	68.6	67.1
College Avenue Library	10	8.5	6	6	7	6.1	5.7	7.1	7.1	7.1
Decatur Library	7.5	7.5	6.5	6	6.5	6.5	6.5	7	6	6.7
Eagle Library	9	8.5	6	7	7.5	8.5	8	8	8	8
East 38th Street Library	6	6.5	7	7	6.5	6	7.5	7.5	7.5	7.5
East Washington Library	5	4.5	4	4	4.5	4.5	3	4	4	4
Flanner House Library	3	3	3	3	3	3	3	3	3	3
Fountain Square Library	4.8	4.8	3.5	5	4	4	3.5	4	4	4
Franklin Road Library	9.2	9.2	8.1	9.1	9.1	9.6	9.5	9.5	9.5	9.5
Garfield Park Library (Formerly Shelby)	6.5	6	6	6	6	7	7	7	7	7
Glendale Library	15.1	14.6	10.6	11.5	12.5	12.5	12	12	11.6	11.6
Haughville Library	6	5.5	5.5	5.5	5	6	6	6	6	6
InfoZone (at The Children's Museum)	3.5	5.5	4.5	4.5	5	5	5	5	5.1	5.1
Irvington Branch Library	10.3	9.8	9.3	9.3	9.5	9.5	9.5	9	9	9.5
Lawrence Library	14.6	15.6	13.6	14.1	14.1	14.1	13.6	14.1	14.6	14.6
Nora Library	13.6	14.6	10.2	11.7	11.7	12.7	11.6	13.1	11.1	12.1
Outreach Service Section	8	8	8.5	11	10	9	10	10	11	8
Pike Library	13.6	13.6	12.6	11.6	12.1	14.6	13.1	12.1	12.1	12.1
Southport Library	17	14.5	13	12.5	14	12.5	14	14.1	13.1	12.1
Spades Park Library	4.1	4.1	4.1	4.1	4	4	4	4	4	4
Warren Library	12.6	12.6	10.6	11.1	12.1	12.1	11.6	12.6	11.6	10.1
Wayne Library	11.5	12	10	10.5	9	10	9	9	10	10
West Indianapolis Library	4.1	4.1	3.6	3.1	3.7	3.7	3.7	3.7	3.7	2.7
Administrative Services	11	10	13	13	13	13	12	12	13	12
Collection Management Services	37.25	37	36	36	35.5	35.5	35.5	32.5	35	38
Communications	9.5	10	4	2	-	-	-	6	6	5
Information Technology Services	18	17	14	15	15	15	15	13	14	15
Project Development Services	7	7	9	8.5	9	9	10	8	9.75	9.75
Public Services ²	-	-	4	6	4	4	4	6	7	7
Human Resources	5	5	5	5	6.6	5.6	9.6	7.6	10	9
Facility Services	34.5	35.1	24.5	25.5	25.5	24.5	19.5	20	19	20
Total	402.45	396.6	346.9	361.9	366.1	368	355.3	362.5	369.4	365.05

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.

¹ In 2010 there was an administrative reorganization.

² Public Services includes Support Programs & Volunteer Resources.

³ Beech Grove Library merged with the Indianapolis-Marion County Public Library in 2016.

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 Collections	Number of Items Circulated ¹	Turnover Rate ²
2008	1,863,892 ³	54,084,274	5,266,352	13,660,310	15,904,690	8.53
2009	1,895,458 ³	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
2012	1,797,433	73,986,474	4,962,889	7,614,915	14,994,195	8.34
2013	1,908,605	78,517,601	4,531,127	6,961,067 ⁴	15,258,399	7.99
2014	1,911,917	82,722,069	4,204,468	6,659,637	14,774,581	7.73
2015	1,818,622	86,358,766	3,636,697	5,962,540	14,534,039	7.99
2016	1,639,727	90,085,809	3,727,043	5,664,748	15,037,190	9.17
2017	1,705,428	93,718,380	3,632,571	5,497,124	14,435,169	8.46

Notes:

¹ Number of items circulated includes web renewals.

² 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.

³ 2008 & 2009 Restated Number of Volumes Owned

⁴ 2013 Restated net book value of collections

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

Location	2008	2009	2010	2011 ³	2012	2013 ⁵	2014	2015	2016 ⁶	2017
Beech Grove Library ⁷	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	76,706 ⁷	138,925
Brightwood Library	65,458	66,286	53,798	51,617	64,149	126,708	128,199	111,736	132,537	115,297
Central Library	732,522	810,259	717,782	622,794	581,372	1,279,402	1,197,984	1,141,922	1,008,083	832,015
College Avenue Library	239,047	245,512	235,382	214,155	220,585	509,940	502,083	529,645	564,920	486,813
Decatur Library	264,386	278,494	249,343	221,958	221,672	437,977	382,261	350,650	290,623	246,256
Eagle Library	274,597	284,071	232,618	177,128	181,353	307,047	290,162	277,691	237,122	201,885
East 38th Street Library	130,851	142,668	127,073	109,458	119,716	184,665	173,955	170,991	167,670	118,939
East Washington Library	99,132	104,261	96,911	89,243	96,869	124,878	106,009	101,451	46,007	70,122
Flanner House Library	65,111	60,012	51,167	46,486	53,038	86,671	71,479	73,934	85,242	73,092
Fountain Square Library	103,426	102,039	88,144	86,975	83,123	156,128	142,577	137,038	114,093	81,822
Franklin Road Library	485,000	489,949	479,377	426,604	432,716	881,481	804,838	798,109	741,727	669,534
Garfield Park Library (Formerly Shelby Library)	197,895	223,200	182,424	108,704	171,004	297,868	279,558	270,785	275,370	226,327
Glendale Library	525,884	569,593	502,703	445,821	445,566	945,546	898,903	868,776	778,337	721,752
Haughville Library (Museum)	178,231	162,633	135,900	129,001	134,147	228,615	200,628	193,161	133,970	135,160
Irvington Branch Library	49,025	36,122	51,394	59,100	57,922	104,753	117,472	116,426	109,010	107,485
Lawrence Library	436,700	457,049	425,162	370,715	378,195	760,746	740,602	672,852	599,195	495,853
Nora Library	771,429	786,818	733,731	621,398	584,143	1,389,870	1,286,522	1,213,260	1,038,874	923,412
Outreach Service Section	608,063	636,401	593,169	516,091	494,832	1,204,064	1,116,162	1,056,716	948,411	833,728
Pike Library	276,450	306,869	361,396	368,281	396,831	452,194	446,088	438,743	280,110	271,501
Southport Library	532,218	563,773	521,175	456,806	448,462	1,156,041	1,084,420	983,206	822,318	713,252
Spades Park Library	771,581	789,218	722,702	630,675	613,734	1,215,595	1,113,954	1,066,127	849,837	855,376
Warren Library	68,769	72,008	61,921	49,255	56,280	143,251	128,845	122,872	96,067	90,816
Wayne Library	513,671	515,557	438,853	385,170	396,273	849,838	831,073	760,000	575,085	504,431
West Indianapolis Library	449,271	479,687	430,937	378,921	373,641	755,430	724,103	642,093	556,025	458,430
Total	7,950,881	8,284,187	7,576,102	6,637,990	6,689,915	13,741,867	12,897,276	12,227,616	10,629,679	9,451,615

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.

⁴ In 2012 the Library restored 20% of the 26% reduced in 2011.

⁵ Beginning in 2013, web renewals were tracked by branch location and included in total circulation.

⁶ Total does not include circulation to shared system partners or web downloadables.

⁷ Beech Grove Library merged with the Indianapolis-Marion County Public Library in 2016.

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

LIBRARIES	Current Address	Current Status	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Beech Grove Library	1102 Main Street Beech Grove, IN 46107	O	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	27,620	27,620
Brightwood Library	2435 N. Sherman Dr. Indianapolis, IN 46218	L	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400
Central Library ²	40 E. Saint Clair St. Indianapolis, IN 46204	O	292,183	292,183	292,183	292,183	292,183	292,183	292,183	292,183	292,183	292,183
College Avenue 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	5420 E. 38th St. Indianapolis, IN 46218	O	15,900	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	9,566	9,566
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	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	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	11,600	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	4,133	4,133	4,133	4,133	4,133	4,133	4,133	4,133	4,133
Irvington Branch 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 ³	2450 N. Meridian St. Indianapolis, IN 46208	O	5,970	5,970	5,970	5,970	5,970	5,970	5,970	8,195	8,195	8,195

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

	Current Address	Current Status	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	16,310	16,310
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	16,310	16,310
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 ⁴	2450 N. Meridian St. Indianapolis, IN 46208	O	73,950	73,950	73,950	73,950	73,950	73,950	73,950	71,725	71,725	71,725

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.

³ In 2015, our literacy tutoring tenant moved to another location within our system and Outreach Service Section utilized the additional space.

⁴ Library Service Center's square footage has been restated to exclude the separately listed Outreach Service Section located in the Library Service Center.

⁵ Changes for 2016 included the merger of Beech Grove Library merged with the Indianapolis-Marion County Library and renovations at the East Washington, Southport and Warren locations which added square footage to these locations.

Indianapolis-Marion County Public Libraries

Central Library

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

Beech Grove Branch Library

1102 Main Street
Beech Grove, Indiana 46107
317-275-4560

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

InfoZone

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

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



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

www.indypl.org

Like us on Facebook!
<https://www.facebook.com/indypl>