

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

ANNUAL FINANCIAL REPORT

2005

CARMEL CIVIC SQUARE PUBLIC BUILDING CORPORATION

A COMPONENT UNIT OF THE CITY OF CARMEL

HAMILTON COUNTY, INDIANA



**FILED**

08/23/2006



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Auditor's Report.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	4
Statement of Activities.....	5
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets .....	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	9
Notes to Financial Statements .....	10-13
Exit Conference .....	14

OFFICIALS

Office

Official

Term

Secretary-Treasurer

Maurice D. Rohleder

01-01-05 to 12-31-06

President of the Building  
Authority Board

Chris Hatowicz

01-01-05 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

---

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

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

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CARMEL CIVIC SQUARE PUBLIC  
BUILDING CORPORATION HAMILTON COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities and each major fund of the Carmel Civic Square Public Building Corporation (Authority), as of and for the year ended December 31, 2005, which collectively comprise the Authority's primary government basic financial statements. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Authority as of December 31, 2005, and for the year then ended, in conformity with accounting principles generally accepted in the United States.

The Authority has not presented Management Discussion and Analysis, or Budgetary Comparison Schedules, that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

STATE BOARD OF ACCOUNTS

March 16, 2006

CARMEL CIVIC SQUARE BUILDING CORPORATION  
STATEMENT OF NET ASSETS  
December 31, 2005

	Primary Government Governmental Activities
<u>Assets</u>	
Cash and cash equivalents	\$ 594,307
Investment in capital lease	4,635,000
Deferred debits	103,851
Total assets	5,333,158
<u>Liabilities</u>	
Accrued interest payable	76,631
Short term portion of general obligation bonds payable	980,000
Long term liabilities:	
Long term portion of general obligation bonds payable	4,152,437
Total liabilities	5,209,068
<u>Net Assets</u>	
Restricted for:	
Debt service	124,090
Total net assets	\$ 124,090

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

CARMEL CIVIC SQUARE BUILDING CORPORATION  
STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 2005

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u> <u>Governmental Activities</u>
Primary government:			
Governmental activities:			
General government	\$ 177,485	\$ 167,000	\$ (10,485)
		General revenues:	
		Unrestricted interest earnings	2,345
		Change in net assets	(8,140)
		Net assets - beginning	132,230
		Net assets - ending	\$ 124,090

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

CARMEL CIVIC SQUARE BUILDING CORPORATAION  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 December 31, 2005

<u>Assets</u>	<u>Bond and Interest</u>	<u>Operation and Reserve</u>	<u>Totals</u>
Cash and cash equivalent	\$ <u>534,813</u>	\$ <u>59,494</u>	\$ <u>594,307</u>
 <u>Liabilities and fund balances</u>			
Fund balances:			
Reserved for:			
Debt service	\$ <u>534,813</u>	\$ <u>59,494</u>	\$ <u>594,307</u>

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

CARMEL CIVIC SQUARE BUILDING CORPORATION  
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
For The Year Ended December 31, 2005

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

Fund balance - governmental funds		\$	594,307
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.			
Investment in capital lease			4,635,000
Unamortized bond issuance costs are not financial resources and, therefore are not reported in the funds.			103,851
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore are not reported in the funds.			
Short term portion of general obligation bonds payable	(980,000)		
Long term portion of general obligation bonds payable	(4,152,437)		
Accrued interest payable	(76,631)		(5,209,068)
			(5,209,068)
Net assets of governmental activities		\$	124,090

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

CARMEL CIVIC SQUARE BUILDING CORPORATION  
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2005

	Bond and Interest	Operation and Reserve	Total Governmental Funds
Revenues:			
Charges for services	\$ 1,042,000	\$ -	\$ 1,042,000
Other	729	1,616	2,345
Total revenues	1,042,729	1,616	1,044,345
Expenditures			
General government	-	11,592	11,592
Debt service:			
Principal	935,000	-	935,000
Interest	117,844	-	117,844
Total expenditures	1,052,844	11,592	1,064,436
Deficiency of revenues under expenditures	(10,115)	(9,976)	(20,091)
Other financing sources (uses):			
Transfers in	5,165	-	5,165
Transfers out	-	(5,165)	(5,165)
Total other financing sources and uses	5,165	(5,165)	-
Net change in fund balances	(4,950)	(15,141)	(20,091)
Fund balances - beginning	539,763	74,635	614,398
Fund balances - ending	\$ 534,813	\$ 59,494	\$ 594,307

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

CARMEL CIVIC SQUARE BUILDING CORPORATION  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 For The Year Ended December 31, 2005

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

Net change in fund balances - total governmental funds (statement of revenues, expenditures and changes in fund balances).	\$ (20,091)
--	-------------

Payments received on a capital lease provide current financial resources to governmental funds but have no effect on net assets.	(875,000)
--	-----------

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments	935,000	
Amortization of bond issue costs	(17,309)	
Amortization of bond premium/discount	<u>8,740</u>	926,431

Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore is not reported as an expenditure in the governmental funds.	<u>(39,480)</u>
--	-----------------

Change in net assets of governmental activities (statement of activities)	<u>\$ (8,140)</u>
---	-------------------

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

CARMEL CIVIC SQUARE PUBLIC BUILDING CORPORATION  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Carmel Civic Square Public Building Corporation (primary government) was established under the laws of the State of Indiana. The primary government has been created for the purpose of financing, constructing, acquiring, and leasing certain local public improvements.

The accompanying financial statements present the activities of the primary government. There are no significant component units which require inclusion.

B. Government-Wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment.

Separate financial statements are provided for governmental funds. 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

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 are recorded only when payment is due.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the primary government receives cash.

CARMEL CIVIC SQUARE PUBLIC BUILDING CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The primary government reports the following major governmental funds:

The bond and interest fund accounts for the collection of lease rental payments from the City of Carmel and payment of bond principal and interest.

The operation and reserve fund accounts for the operation of the building corporation.

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

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

Amounts reported as program revenues include charges to customers or applicants for goods, services or privileges provided.

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.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

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

2. Long-Term Obligations

In the government-wide financial statements long-term debt is reported as a liability. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

CARMEL CIVIC SQUARE PUBLIC BUILDING CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

3. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

II. Detailed Notes on All Funds

A. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

B. Interfund Activity

Interfund Transfers

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

Transfer From	Transfer To Bond and Interest
Operation and reserve	\$ 5,165

The primary government typically uses interfund transfers to transfer the portion of lease rental revenues for current-year debt service requirements.

C. Long-Term Liabilities

1. General Obligation Bonds

The primary government issues bonds to be paid by income derived from the acquired or constructed assets. General obligation bonds outstanding at year end are as follows:

Purpose	Interest Rates	Amount
2004 First mortgage refunding bonds	2.0% to 4.0%	\$ 5,080,000
Current portion of debt		(980,000)
Unamortized bond premium		52,437
Total long-term portion		\$ 4,152,437

CARMEL CIVIC SQUARE BUILDING CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Lease rental revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2006	\$ 980,000	\$ 146,588
2007	700,000	124,837
2008	715,000	106,831
2009	735,000	84,750
2010	760,000	60,175
2011-2014	<u>1,190,000</u>	<u>41,913</u>
Totals	<u>\$ 5,080,000</u>	<u>\$ 565,094</u>

2. Advance Refunding

On October 20, 2004, the Carmel Civic Square Building Corporation issued \$6,015,000 in refunding revenue bonds with an average interest rate of 2.97% to advance refund \$690,000 First Mortgage Refunding Bonds of 1993 and \$5,100,000 of outstanding First Mortgage Refunding Bonds of 1994, with an average interest rate of 4.7%. The net proceeds of \$5,955,017 (after payment of \$121,160 in issuance costs) and local contributions of \$67,108 were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1993 and 1994 series bonds. As a result, these bonds are considered to be defeased and the liability for these bonds has been removed from the balance sheet. The refunding resulted in no accounting gain or loss. The Carmel Civic Square Building Corporation in effect reduced its aggregate debt service payment by \$187,133 over the next seven years and realized an economic gain (difference between the present values of the old and new debt service payments) of \$176,372.

3. Changes in Long-Term Liabilities

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

Primary government	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:	<u>\$ 6,015,000</u>	<u>\$ -</u>	<u>\$ 935,000</u>	<u>\$ 5,080,000</u>	<u>\$ 980,000</u>

III. Other Information

Risk Management

The primary government is exposed to various risks of loss related to torts. The primary government has not provided coverage for their risks of loss. The City of Carmel has provided coverage for the primary government's risks of loss.

CARMEL CIVIC SQUARE PUBLIC BUILDING CORPORATION  
EXIT CONFERENCE

The Carmel Civic Square Public Building Corporation Board Treasurer did not wish to attend an exit conference. Our audit disclosed no material items that warrant comment at this time.