

CITY OF CARMEL, INDIANA

B32558



CARMEL CLAY VETERAN'S MEMORIAL, CARMEL, INDIANA

Comprehensive Annual Financial Report

Year Ended December 31, 2007

Diana L. Cordray
Clerk-Treasurer

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Office of the
Clerk-Treasurer

City of Carmel

IV

May 15, 2008

Members of the City of Carmel Common Council:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Carmel, Indiana, for the fiscal year ended December 31, 2007. This is the tenth CAFR prepared by the City for submission of the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada. The CAFR is presented as part of a continuing effort to provide the citizens of Carmel with the highest standards of financial accountability and disclosure.

We believe the information as presented is accurate in all material aspects. Responsibility for the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the City.

REPORT FORMAT

Generally Accepted Accounting Principals require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Carmel's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City of Carmel is located in Hamilton County directly north of Indianapolis. Carmel has a population of 68,677 based upon a Special Census in 2007. The metropolitan area is approximately 39 square miles with over 406 miles of public roadways. The City serves as a residential and commercial area for both Carmel and Indianapolis professionals. The City is recognized for its sound corporate environment, high quality residential neighborhoods, outstanding public schools, and well-developed infrastructure. The proximity of Carmel to Indianapolis provides increased employment, recreation, cultural events and higher education opportunities for local residents.

The City operates under a Mayor, Clerk-Treasurer, Judge of the City Court, and a seven member Common Council pursuant to Indiana statute. The legislative body for the City is the Common Council. The seven member Council is composed of two at-large and five district representatives who are elected to serve four-year terms. The Council meets formally twice a month to conduct City business. Their duties include the enactment of all ordinances and resolutions and approval of the annual budget.

The administrative body for the City is the Board of Public Works and Safety. This three member board consists of the Mayor who serves as the presiding officer and his two appointees. This Board approves all contracts for the city.

The City provides services in the following areas: public safety (police, fire, and communications), community services (planning, code enforcement and economic development), parks and recreation, transportation (streets and sidewalks), engineering, city court, and general administrative services. In addition, the City provides wastewater utility services and drinking water.

The City of Carmel includes several departments and services, including the Department of Community Services, Engineering, Human Resources, Carmel Street Department, Law Department, Department of Administration, Information Systems, Carmel Police Department, Carmel Fire Department, Carmel Clay Communications Center and the Carmel Water-Wastewater Utilities.

Certain financing and economic development functions are provided by the Carmel Civic Square Building Corporation and the Carmel Redevelopment Authority. Although both are legally separate entities, they provide service almost exclusively to the City and, therefore, are included as an integral part of the City's financial statements. Additional information on these entities is in Note I.A. in the notes to the financial statements.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements may be better understood when economic and related environmental factors specifically impacting the City of Carmel are considered. The following sections provide brief summaries of certain key factors related to the local economy, long term financial planning, cash management, risk management and other matters intended to assist readers of this report in assessing the City's financial condition.

Economic Outlook and Condition

Growth in and around the City of Carmel continues to be a significant factor affecting the state of the local economy. Population increases in the last three U. S. census surveys were as follows: 1980 increased 173.1%; 1990 increased 38.9% and 2000 increased 48.7%. Population estimates for 2007 totaled 68,677

based upon the U.S. Census Bureau's special census which represents a 32.6% increase since the last census. Recently released data from the U.S. Census Bureau also shows that the Hamilton County population has increased from 182,740 in 2000 to 261,661, in 2007 which represents a 43.2% increase. The unemployment rate in Hamilton County has been substantially lower than State and National levels, and currently is the lowest in Indiana at 3.0%.

Population growth and a strong local economy stimulated activity in both the residential and commercial building sectors. The City issued 567 new single family residential building permits in 2007. In addition, permits were issued for 14 new multifamily units in 2007. Non-residential building permits issued in 2007 totaled \$110 million in construction value. Overall, building permits issued in 2007 had an estimated construction value of \$316 million.

Major Initiatives and Projects

The Monon Center

The Monon Center in Central Park was officially opened in May of 2007. The Center contains 146,000 square feet of recreational space including a fitness center, dance studio, a 1/8 mile elevated track, indoor and outdoor aquatic centers, and gymnasium. A \$55 million 20 year lease rental bond was issued in 2004. The debt service is paid by property taxes levied on all property in Carmel and Clay Township. The average tax increase was \$96 per year for homes assessed at \$200,000.

Carmel Art and Design District

The Carmel Arts and Design Center District has attracted new businesses including art galleries, antique dealers, furniture and interior design showrooms, and restaurants. Townhouses and condominiums share the artistic atmosphere with retail storefronts and office suites, all within immediate access to the Monon Trail.

In December 2007 the City contracted with the Sculpture Foundation for the purchase of 11 additional J. Seward Johnson sculptures. Presently there are five sculptures on display in the Arts and Design District. The contract amount of \$979,000 is included in the Mayor's 2008 appropriation.

The Evan Lurie Art Gallery celebrated its grand opening in the fall of 2007 in the Carmel Arts and Design District. The Gallery will feature the work of 30 artists including one local painter. The Lurie Building is a public/private partnership between the Carmel Redevelopment Commission and a private development corporation. It is a mixed-use building comprised of the art gallery on the ground floor, second floor office space, and The Renaissance penthouse residential condominiums on the third and fourth floors.

Performing Arts Center

The City Center Theater groundbreaking was in the spring of 2007. The 500-seat staged performance theater is being designed by a local design group. It is scheduled to be completed concurrent with the Performing Arts Center which plans to open in December 2010.

The theater is an integral part of the 1600-seat Performing Arts Center being designed by a local architectural firm. It is

anticipated it will be the home of a number of Indianapolis-area groups that currently perform at other venues. Development of this site also includes 230,000 square feet of retail space, 130,000 square feet of office space, 250 upscale condominiums and apartment and a luxury hotel. Groundbreaking is expected in the summer of 2008 with opening scheduled for 2010. The City of Carmel Redevelopment Commission issued \$80 million in bonds which will be paid from tax increment revenue.

The Indiana Design Center broke ground last year to commemorate its \$14 million investment. The building will be a part of the \$300 million redevelopment of central Carmel. This 85,000-square-foot structure will become a focus for companies and consultants in home construction, design, and décor. The Carmel Redevelopment Commission invested \$2.4 million in land and demolition.

Roadway Infrastructure Projects

The Carmel Redevelopment Authority issued \$72,000,000 of its County Option Income Tax Lease Rental Revenue Bonds in the summer of 2006. The sale of the Bonds was used to finance the acquisition and construction of road and infrastructure projects. Numerous projects remain to be completed including the Cool Creek North Trail, the Monon Bridge over Carmel Drive, a Survive Alive House, a salt barn and two road improvements. The Projects are expected to be complete and ready for use by December 31, 2008 with the first lease rental payments to be due on June 15, 2009.

In the fall of 2007 Governor Mitch Daniels announced that the City of Carmel would assume ownership of Keystone Avenue (State Road 431) from 96th Street to U.S.31 from the State. Terms of the agreement include \$90 million in installments to the City

for reconstruction and redesign of the roadway with completion scheduled for 2011.

Utility Projects

In 2007 the Bond Anticipation Note-Series 2006 was refunded with another BAN of \$35 million. This note matures in the fall of 2008. These funds will be used for several water main extensions including expansion in the Meridian Corridor area on U.S. 31.

The Wastewater Utility completed two major projects. The first was installation of a gravity sewer under U.S. 31 which will serve future growth on the west side. Secondly, 600 feet of gravity sewer was installed under a major residential lake. The existing line was installed in the 1960's. The new structure will extend its life for at least fifty years.

The Wastewater utility was included in an earmark of \$500,000 from the 2008 Interior and Environment Appropriations Act. These funds, if approved, will be used for continued improvement of the existing sewer system.

Brookshire Golf Course Acquisition

The Brookshire Golf Club was purchased by the Carmel Redevelopment Commission in December 2006. This is the first municipal golf course in the City of Carmel. Improvements to the course and clubhouse included a HVAC unit, repaving of the parking lot and a new roof. The Redevelopment Commission financed the purchase of the Club with a \$2,995,000 bond anticipation note. Revenues for 2007 were \$786,957 and expenses totaled \$1,103,573. The deficit was funded by an intergovernmental transfer of funds prior to year end.

Internal Controls

The management of the City of Carmel is responsible for establishing and maintaining a system of internal financial controls. The purpose of the internal financial controls is to ensure that the assets of the City are protected from loss, theft or misuse and that adequate accounting data is compiled to allow for the efficient preparation of financial statements in conformance with generally accepted accounting principles. The internal control structure must provide reasonable assurance that these objectives are met within appropriate cost benefit performance. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be received, although the evaluation of these costs and benefits require some estimation by the City. It is the assessment of City management that the internal control structure does meet these criteria. The City consults with the Indiana State Board of Accounts, not only during the audit, but also regularly throughout the year as needed.

Budgetary Controls

In accordance with Indiana statute, the City maintains budgetary controls integrated within the accounting system. The objective of these budgetary controls is to ensure compliance with the annual appropriated budget adopted by the Common Council and approved by the Department of Local Government Finance. The annual budget includes the General Fund, Motor Vehicle Highway Fund, Local Roads and Streets Fund, Cumulative Capital Development Fund, Cumulative Capital Improvement Fund, Cumulative Capital Storm Sewer Fund, 2004 Bond and Interest and the Lease Rental Fund.

In 2000, the Office of the Clerk Treasurer enacted a Purchase Order system for the City. Invoices for goods and services which have not been fulfilled in the current fiscal year may be carried over to the subsequent year as part of its net appropriation.

The level of budgetary control is established by major budget classification within a fund, and in the General Fund within a department. The Common Council maintains budgetary control on all funds approved in the annual budget. The Common Council may transfer appropriations from one major budget classification to another within a department or fund by ordinance or resolution, as long as the annual budget for that department or fund is not exceeded. Additional appropriations in excess of the original budget must be approved by the Common Council and subsequently submitted for approval to the Department of Local Government Finance.

The annual budget is prepared between June and September taking into consideration Council priorities and the City's strategic plan objectives. Department directors prepare draft budgets in June for presentation to the Mayor and Council in a series of public workshops. A budget ordinance is prepared for introduction to the Common Council by the first meeting in September. The budget is advertised per Indiana statute and a public hearing is held prior to the final adoption in September. The Common Council has the power to decrease any major category proposed by the Mayor, but may not increase any category in the budget. Subsequent to Common Council adoption of the budget, the Department of Local Government Finance holds a budget hearing review and revision in the fall of each year prior to issuing the final budget order in January.

The budgetary process for the Carmel Water-Wastewater Utilities is different from that of the Civil City. The Board of Public

Works is the oversight body for utility operations. However, the City Council reviews and approves the annual water and wastewater budgets.

Rates and charges for the Water Utility are subject to approval by the City legislative body and the Indiana Utility Regulation Commission (IC 8-1.5-3-8). With the possible exception of public safety, Indiana municipally owned utilities are the most regulated municipal function.

Risk Management

The City carries traditional insurance for workers' compensation, automobile liability and physical damage, general liability, public official's liability, property and casualty, inland marine/boiler coverage and crime insurance coverage. The City also carries builders risk and flood insurance for the Wastewater Treatment Utility.

Pension Plans

The City of Carmel has five pension plans for its public safety employees. All full time employees, with the exception of public safety officers, are members of the Public Employee Retirement Fund of Indiana (PERF). PERF is classified as an agent, multiple-employer public employee retirement system acting as a common investment and administrative agent for governmental units in Indiana.

Police and fire department officers hired subsequent to April 30, 1977, are members of the 1977 Police Officers and Firefighters' Pension Fund administered by PERF. Both plans are fully funded on an accrual basis. Police officers hired prior to May 1, 1977, are members of the Police Pension Fund established in 1925 by

the State of Indiana. Firefighters hired prior to May 1, 1977, are members of the Fire Pension Fund established in 1937 by the State of Indiana.

Additional information on funding policies and pension costs is in Note V. in the notes to the financial statements.

Cash Management

Cash is invested by the City in short-term investments with maturities of two years or less in conformance with Indiana statute IC 5-13-4 et seq. governing investment of public funds. Investments authorized by statute are certificates of deposit at local financial institutions that are qualified as depositories for public funds, U.S. Treasury Securities and U.S. Agency Securities backed by the full faith and credit of the U.S. Government.

The City's investment portfolio in 2007 included AAA Money Market Funds and deposit accounts tied to federal fund rates.

INDEPENDENT AUDIT

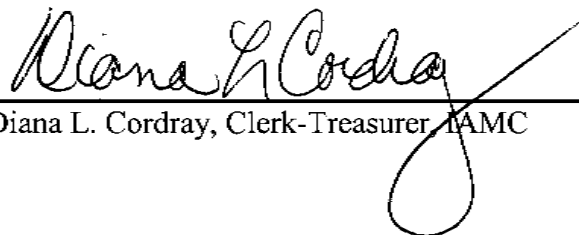
Indiana State Law requires an annual audit of the financial records and transactions of all City functions. The Indiana State Board of Accounts performed our audit for 2007. Their audit met the requirements of the state statutes and was conducted in accordance with generally accepted auditing standards and Government Auditing Standards. The State Board of Accounts concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Carmel's financial statements for the year ended December 31, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

ACKNOWLEDGEMENTS

I would like to extend my appreciation to Cindy Sheeks, Deputy Clerk Treasurer and my entire staff. This report would not be possible without their support throughout the year. Melissa Hanchar, CPA, of the State Board of Accounts was equally cooperative and dedicated to the merits of sound financial reporting. My appreciation also extends to all department directors for their cooperation in this endeavor.

My special thanks goes to James W. Treat, CPA, partner with O.W. Krohn & Associates, LLP, for his expertise and professionalism.

Respectfully submitted,

A handwritten signature in black ink, reading "Diana L. Cordray", is written over a solid horizontal line. The signature is cursive and includes a large, stylized loop at the end.

Diana L. Cordray, Clerk-Treasurer, IAMC

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Carmel Indiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

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



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

CITY OF CARMEL ELECTED AND APPOINTED OFFICIALS

Elected Officials

(All Terms Expire 12/31/07)

Mayor James Brainard
Clerk-Treasurer Diana L. Cordray
Judge Paul Felix

Common Council

(All Terms Expire 12/31/07)

John Accetturo
Ronald E. Carter
Joseph C. Griffiths
Kevin Rider
Eric Seidensticker
Rick Sharp
Luci Snyder

Board of Public Works

(Appointed by the Mayor)

Mayor James Brainard
Mary Anne Burke
Lori Watson

Carmel Redevelopment Authority

(Appointed Officials)

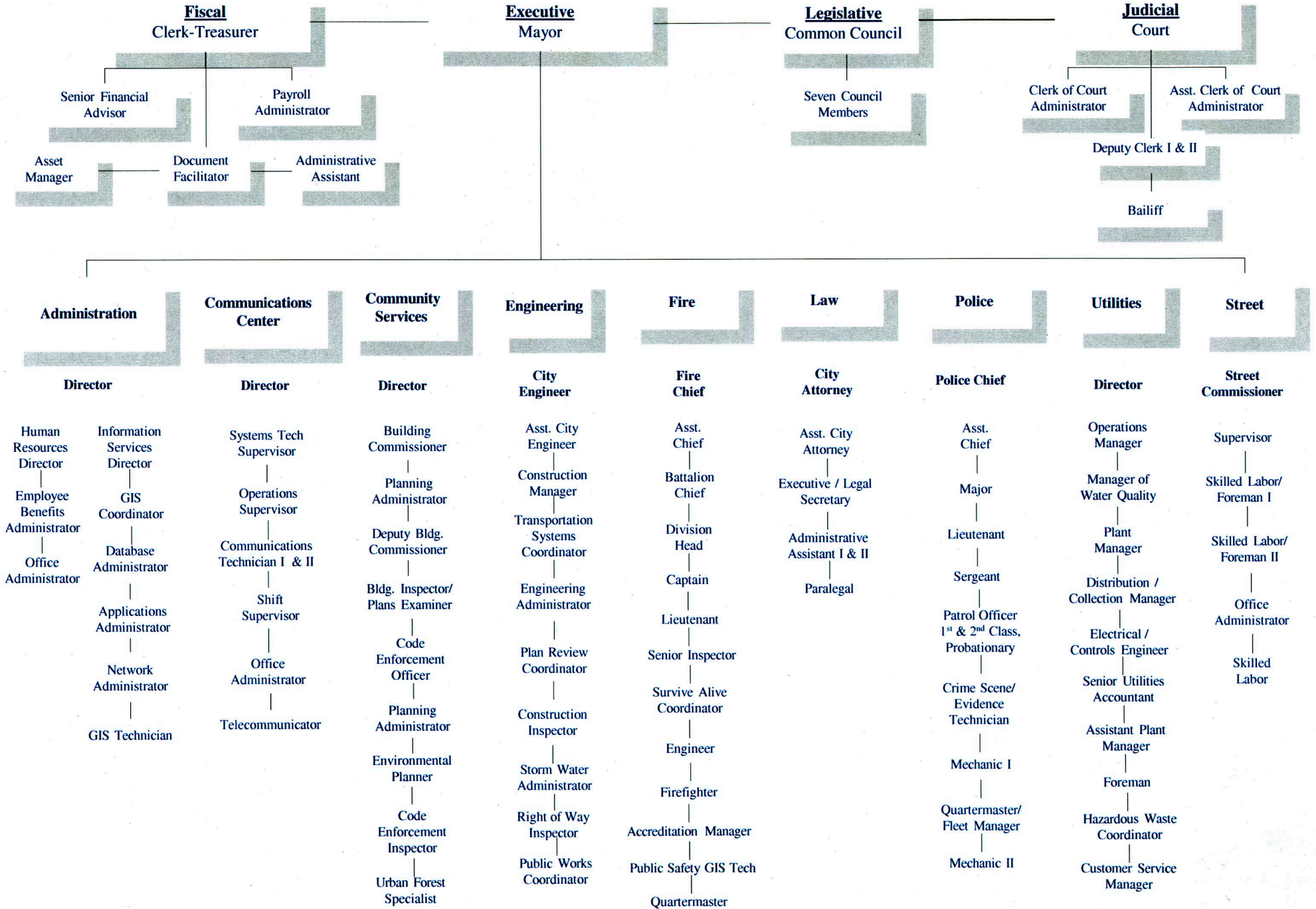
Rob Bush
Brandt Burdick
Becky Kapsalis

Carmel Revelopment Commission

(Appointed Officials)

Carolyn Anker
Ronald E. Carter
William Hammer
Rick Sharp
Jeff Worrell

City of Carmel





STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF CARMEL, HAMILTON COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Carmel (City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements. These financial statements are the responsibility of the City'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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual fund financial statements, other budgetary comparison schedules and statistical tables are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining and individual fund statements and other budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

May 15, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Carmel, Indiana, we offer readers of the City of Carmel's financial statements this narrative overview and analysis of the financial activities of the City of Carmel for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found on pages IV-IX of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Carmel exceeded its liabilities at the close of the most recent fiscal year by \$475,674,142 (*net assets*). Of this amount, \$114,181,933 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net assets increased by \$140,854,399 as compared to the 2006 total net assets. The largest portion of the increase was due to the transfer of Keystone Avenue from the State to the City. This included a \$20 million infrastructure asset and \$90 million maintenance fund.
- As of the close of the current fiscal year, the City of Carmel's governmental funds reported combined ending fund balances of \$222,806,468. Approximately 97 percent of this total amount or \$215,513,464 is available for use at the City's discretion (*unreserved fund balance*).
- The City of Carmel decreased total outstanding debt obligations by \$2,835,000 during the current fiscal year, due to principal and interest payments on current outstanding debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Carmel's basic financial statements. The City of Carmel's basic financial statements comprise three components:

1. Government-wide financial statements providing information for the City as a whole.
2. Fund financial statements providing detailed information for the City's significant funds.
3. Notes to the financial statements providing additional information that is essential to understanding the government-wide and fund statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Additional explanation of these sections of the financial statements follows.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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

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

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned, but not used, compensated absences).

Both of the government-wide financial statements distinguish functions of the City of Carmel 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 City of Carmel include general government, public safety, highways and streets, culture and recreation and economic development. The business-type activities of the City of Carmel include water and wastewater utilities.

The government-wide financial statements can be found on pages 18-21 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 City of Carmel, 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 City of Carmel can be divided into three categories: governmental funds, proprietary 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 financial 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 City of Carmel maintains 43 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, redevelopment commission operating fund, keystone avenue construction, redevelopment authority debt service fund and redevelopment authority construction fund, all of

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

which are considered to be major funds. Data from the other 38 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* elsewhere in this report.

The City of Carmel adopts an annual appropriated budget for its general fund, certain special revenue funds, certain debt service funds and certain capital projects funds. Budgetary comparison statements have been provided for the general fund in the required supplementary information and for the other funds subsequent to the combining nonmajor fund information, as other information, to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 22-25 of this report.

Proprietary funds. The City of Carmel maintains two different types of proprietary funds, *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Carmel uses enterprise funds to account for its water and wastewater utilities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Carmel's various functions. The City of Carmel uses internal service funds to account for its employee health and life insurance programs. Because these services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and wastewater utilities which are considered to be major funds of the City. The internal service funds are presented in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 26-31 of this report.

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

The basic fiduciary fund financial statements can be found on pages 32-33 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34-66 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds and fiduciary funds can be found on pages 82-102 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Carmel, assets exceeded liabilities by \$475,674,142 at the close of the most recent fiscal year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

By far the largest portion of the City of Carmel's net assets (69 percent) reflects its investment in capital assets (e.g. land, buildings, vehicles, and equipment); less any related debt used to acquire those assets that are still outstanding. The City of Carmel uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Carmel'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.

City of Carmel's Net Assets as of December 31,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Current and other assets	\$ 206,839,229	\$ 274,738,849	\$ 31,210,491	\$ 14,735,374	\$ 238,049,720	\$ 289,474,223
Capital assets	302,914,845	372,324,249	168,182,826	183,349,193	471,097,671	555,673,442
Total assets	<u>\$ 509,754,074</u>	<u>\$ 647,063,098</u>	<u>\$ 199,393,317</u>	<u>\$ 198,084,567</u>	<u>\$ 709,147,391</u>	<u>\$ 845,147,665</u>
Long-term liabilities outstanding	269,557,644	266,088,940	77,622,713	75,836,880	347,180,357	341,925,820
Other liabilities	21,736,257	23,481,151	5,411,034	4,066,552	27,147,291	27,547,703
Total liabilities	<u>\$ 291,293,901</u>	<u>\$ 289,570,091</u>	<u>\$ 83,033,747</u>	<u>\$ 79,903,432</u>	<u>\$ 374,327,648</u>	<u>\$ 369,473,523</u>
Net assets:						
Invested in capital assets, net of related debt	165,215,713	216,510,734	107,993,515	109,690,849	273,209,228	326,201,583
Restricted	36,514,923	32,888,239	2,351,038	2,402,387	38,865,961	35,290,626
Unrestricted	16,729,537	108,094,034	6,015,017	6,087,899	22,744,554	114,181,933
Total net assets	<u><u>\$ 218,460,173</u></u>	<u><u>\$ 357,493,007</u></u>	<u><u>\$ 116,359,570</u></u>	<u><u>\$ 118,181,135</u></u>	<u><u>\$ 334,819,743</u></u>	<u><u>\$ 475,674,142</u></u>

A portion of the City of Carmel's net assets (7.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$114,181,142) may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City of Carmel is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its business-type activities.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

The following is a summary of the information presented in the Statement of Activities for 2007 found on page 21 of this report:

City of Carmel Change in Net Assets							
As of December 31,							
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	
Revenue:							
Program revenues:							
Charges for services	\$ 13,502,724	\$ 15,669,549	\$ 11,812,079	\$ 15,424,613	\$ 25,314,803	\$ 31,094,162	
Operating grants and contributions	3,608,666	92,933,291	150,833	-	3,759,499	92,933,291	
Capital grants and contributions	5,360,062	34,027,106	8,008,425	3,877,426	13,368,487	37,904,532	
General revenues:							
Taxes:							
Property	35,001,997	37,655,180	-	-	35,001,997	37,655,180	
Income	22,008,393	23,542,260	-	-	22,008,393	23,542,260	
Intergovernmental	4,191,519	4,076,588	-	-	4,191,519	4,076,588	
Other	7,601,822	8,243,022	783,478	1,058,418	8,385,300	9,301,440	
Total revenues	\$ 91,275,183	\$ 216,146,996	\$ 20,754,815	\$ 20,360,457	\$ 112,029,998	\$ 236,507,453	
Expenses:							
General government	10,352,967	11,814,450	-	-	10,352,967	11,814,450	
Public safety	33,557,162	31,793,193	-	-	33,557,162	31,793,193	
Highways and streets	16,024,468	11,836,008	-	-	16,024,468	11,836,008	
Economic Development	3,422,848	3,453,143	-	-	3,422,848	3,453,143	
Culture and recreation	3,502,261	7,290,767	-	-	3,502,261	7,290,767	
Interest on long-term debt	9,252,105	10,926,601	-	-	9,252,105	10,926,601	
Water	-	-	8,457,722	11,840,245	8,457,722	11,840,245	
Wastewater	-	-	6,536,053	6,698,647	6,536,053	6,698,647	
Total expenses	\$ 76,111,811	\$ 77,114,162	\$ 14,993,775	\$ 18,538,892	\$ 91,105,586	\$ 95,653,054	
Increase in net assets	15,163,372	139,032,834	5,761,040	1,821,565	20,924,412	140,854,399	
Net assets, beginning of year	203,296,801	218,460,173	110,598,530	116,359,570	313,895,331	334,819,743	
Net assets, end of year	\$ 218,460,173	\$ 357,493,007	\$ 116,359,570	\$ 118,181,135	\$ 334,819,743	\$ 475,674,142	

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

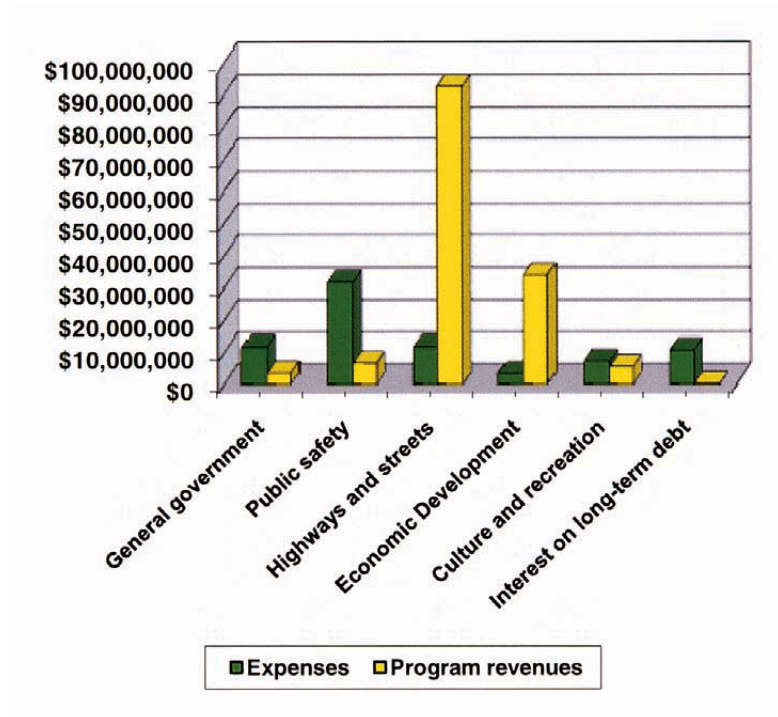
Governmental Activities

Governmental activities increased the City's net assets by \$139,032,834 accounting for 99 percent of the total growth in the net assets of the City. Notable changes in governmental and business-type activities revenues and expenses in 2007 compared to 2006 included the following:

- Operating grants and contributions increased \$89,324,625 due to a grant from the State to be used for the road infrastructure improvements to Keystone Avenue.
- Capital grants and contributions increased \$28,667,044 mainly due to transferring of Keystone Avenue from the State to the City at a value of \$23 million and \$5.6 million of infrastructure contributed by developers.
- Property tax revenues increased \$2,653,183 primarily due to an increase in tax increment revenue captured by the City from the growth in the redevelopment and economic development areas.
- Total expenses from governmental activities increased \$1,002,351 or a modest 1.3% over the prior year.
- Highways and streets expenses decreased \$4,188,460 mainly due to the substantial completion of certain road projects in 2007.
- Culture and recreation increased \$3,788,506 due to the opening of the Monon Center which was built by Clay Township and operated by the City.
- Interest expense increased \$1,674,496 due to interest payments commencing on the 2006 County Option Income Tax Lease Rental Revenue Bonds.
- Water Revenues increased by \$3,657,958 due to the City acquiring territory which included approximately 8,100 customers from Indianapolis Water Company ("IWC") late 2006. This increase was offset by the increase in the expense of \$3,382,523 mainly for purchase of the water from IWC, and other operating cost increases to serve these additional customers.

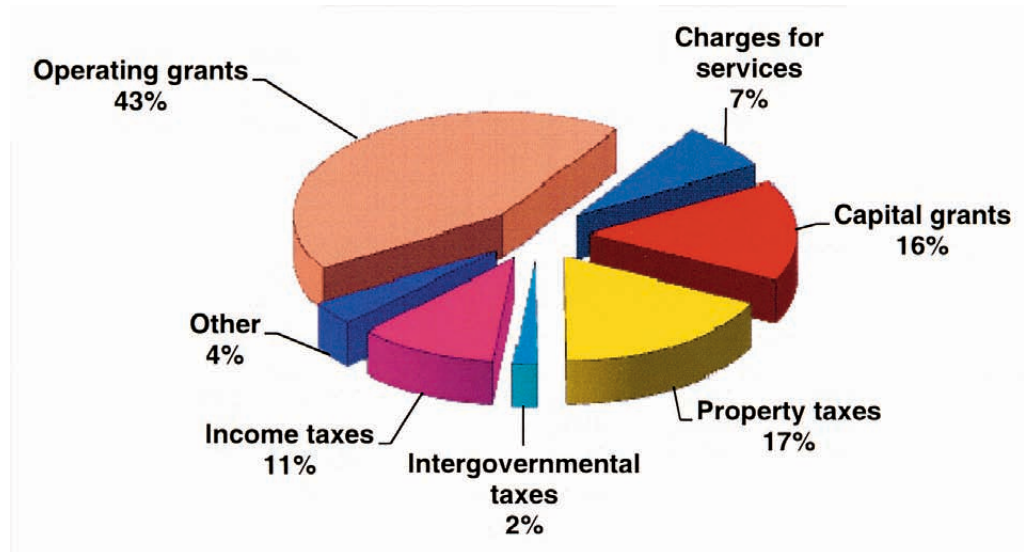
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The following chart compares expenses with program revenues for the City's governmental activities.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

The following graph shows the composition of revenues for the City's governmental activities:

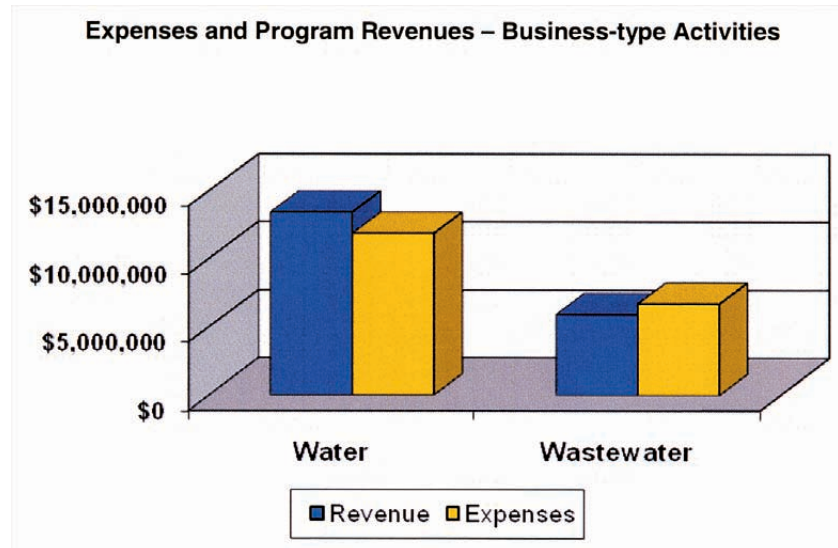


MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Business-type Activities

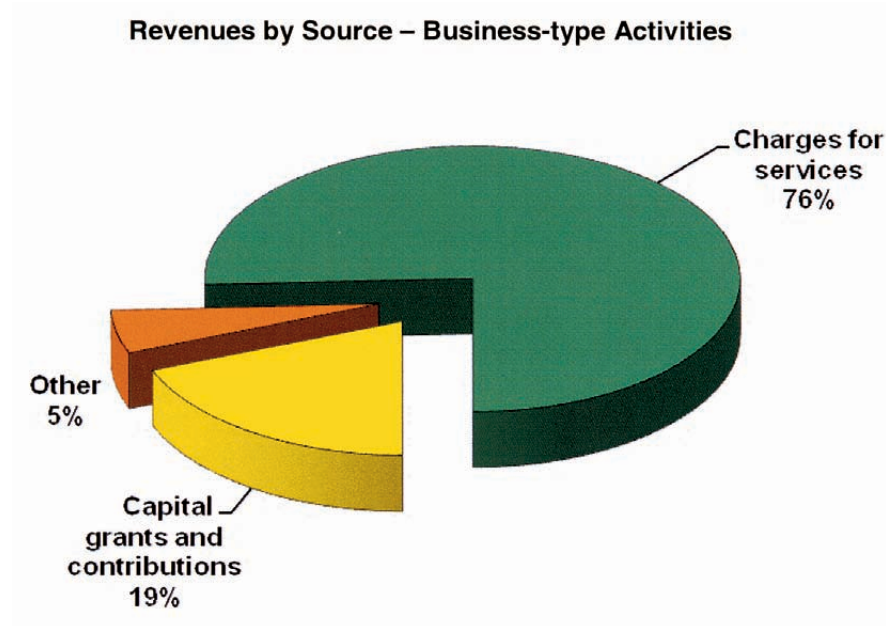
Business-type activities increased the City's net assets by \$1,821,565, accounting for 1 percent of the total growth in the City's net assets.

The following chart compares expenses with program revenues for the City's business-type activities:



**MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

The following graph shows the composition of revenues for the City's business-type activities:



Financial analysis of the Government's Funds

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

Governmental funds. The focus of the City of Carmel's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Carmel's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

As of the end of the current fiscal year, the City of Carmel's governmental funds reported combined ending fund balances of \$222,806,468, an increase of \$27,778,255 compared to the 2006 total fund balance. This increase was due mainly to the transfer of Keystone Avenue from the State to the City which included \$50 million in maintenance funds. The increase was partially offset by the expenditure of construction funds on road projects and economic development projects in City Center and the Arts and Design District. Approximately 97 percent of the total fund balance amount constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of this fund balance, \$7,293,004, is *reserved* to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period.

The general fund is the chief operating fund of the City of Carmel. At the end of the current fiscal year, unreserved fund balance of the general fund was \$13,129,222 while the total fund balance reached \$15,962,802. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 29% of total general fund expenditures, while total fund balance represents 35% of that same amount. The general fund's total fund balance increased by \$5,077,630 during the current fiscal year. This was primarily due to the increases of \$2 million and \$1.5 million in property and county option income tax while total expenditures remained fairly flat from 2006 to 2007.

Budget basis revenues for the general fund exceeded the final budgeted amounts by approximately 11.3% (\$5,235,988) related to income taxes, intergovernmental, charges for services and fines and forfeits. Total expenditures on a budgetary basis were 8.4% (\$4,190,570) under the final budget. All departments were under budget and approximately 87% of the overall favorable variance related to general government.

The Redevelopment Commission Operating fund increased \$3,650,915 during the current fiscal year. This increase was primarily due to the issuance of \$2,995,000 in bonds issued to fund property acquisition, redevelopment and economic development projects in the City Center Redevelopment area, Old Towne Economic Development area and the integrated 126th Street Corridor Economic Development area and the tax increment revenue captured in 2007 increased 74.5% due to growth. These funds were expended on economic development projects in the City Center and the Arts and Design District.

The Keystone Avenue Construction fund was established in 2007 with a \$50 million contribution from the State of Indiana of road maintenance funds.

The Redevelopment Authority Debt Service fund decreased \$4,940,949 during the current fiscal year primarily due to capitalized interest payments for the 2006 COIT Lease Rental Revenue bonds for road improvements and the 2005 Lease Rental Revenue Bonds for the Performing Arts Center.

The Redevelopment Authority Construction fund decreased \$20,984,002 during the current fiscal year due expenses related to design and engineering, right of way acquisition and construction and reconstruction of the existing roadways throughout the City, totaling approximately \$8.3 million and \$9 million for initial site and construction work on the Performing Arts Center. These expenses were offset and partially funded by \$5.7 million of investment earnings in construction funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Wastewater Utility at the end of the year amounted to \$4,075,984 and \$2,011,915, respectively. Net assets for the Water Utility increased \$2,342,246 during 2007. Net assets for the Wastewater Utility decreased \$520,681 during 2007. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Carmel's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and final amended budget appropriations can be briefly summarized as follows:

- Decrease in general government expenditures of \$3,270 allocated to Clerk Treasurer, Mayor, City Council, Board of Public Works, Plan Commission, Administration, City Court, Law Department and Community Service budgets. Although the overall decrease was insignificant, within the General Fund the most significant changes included increases of \$290,716, \$224,120 and \$107,020 in other services and charges for the Board of Public of Works, Administration and the Law Department, respectively and decreases of \$239,122 in Mayor's other services and charges and \$544,504 in the Administration's capital outlay.
- Public Safety increased \$445,582. The most significant increases were in the personal services of the Fire Department and Communication Center of \$272,486 and \$180,000, respectively. The Fire Department's other services and charges decreased \$158,276. This was partially offset by an increase in Police Department and Communication Center personal service, supplies, other services and charges, and capital outlay totaling \$166,013.
- Culture and recreation decreased \$104,467 primarily due to a decrease in the capital outlay.

The final 2007 budget projected an \$8,805,786 decrease in the general fund balance. However, because total expenditures were \$4,190,570 below the final budget and actual revenue exceeded the final budget by \$5,235,988, an increase of \$620,772 in the fund balance was realized.

Capital Asset and Debt Management.

Capital assets. The City of Carmel's investment in capital assets for its governmental and business-type activities as of December 31, 2007, totaled \$555,673,442 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, and storm sewers. The total increase in the City of Carmel's reported investment in capital assets for the current fiscal year was \$84,575,771, or 18 percent. Approximately \$69.4 million or 82% of this increase was in governmental activities related to the following additions: \$23 million in road contributions by the State of Indiana, \$33 million in completed road projects and \$5.6 million in roads constructed and contributed by developers. Approximately \$15.1 million of the net increase in capital assets in 2007 was related to business type activities primarily due to water and wastewater system improvements including but not limited to, water main extensions and expansion in the Meridian Corridor area on U.S. 31 and two gravity sewers one under U.S. 31 to serve future growth and the other under a major residential lake which was original installed in the 1960's.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Land	\$126,269,886	\$129,662,299	\$2,105,228	\$2,105,228	\$128,375,114	\$131,767,527
Buildings	12,479,646	13,303,698	28,638,095	31,321,771	41,117,741	44,625,469
Improvements other than buildings	1,841,684	2,632,974	96,082,042	97,600,130	97,923,726	100,233,104
Machinery and equipment	8,914,284	9,037,834	5,034,605	7,309,463	13,948,889	16,347,297
Infrastructure	110,371,690	178,610,724	-	-	110,371,690	178,610,724
Construction in progress	43,037,655	39,076,720	36,322,856	45,012,601	79,360,511	84,089,321
Total	<u>\$302,914,845</u>	<u>\$372,324,249</u>	<u>\$168,182,826</u>	<u>\$183,349,193</u>	<u>\$471,097,671</u>	<u>\$555,673,442</u>

Additional information on the City of Carmel's capital assets can be found in Note II B, on pages 42-45 of this report.

Long-term debt. At the end of the current fiscal year, the City of Carmel had \$311,208,227 in long-term bonds outstanding. Of this amount, \$3,400,000 is comprised of general obligation bonds backed by the full faith and credit of the government, \$144,575,000 of redevelopment bonds to be paid with county option income and special benefits taxes, \$91,218,227 of Tax Increment Financing (TIF) bonds, \$14,975,000 of bond anticipation notes, \$22,140,000 of revenue bonds issued by the Water and Wastewater Utilities secured solely by the net revenues of the utilities and \$35,000,000 of bond anticipation notes to be repaid by water revenue bonds.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

City of Carmel's Outstanding Debt as of December 31,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Governmental Activities:						
Building Corp (Property Tax)	\$ 4,100,000	\$ 3,400,000	\$ -	\$ -	\$ 4,100,000	\$ 3,400,000
Redevelopment (Property Tax)	34,270,000	33,145,000	-	-	34,270,000	33,145,000
Redevelopment (COIT)	114,185,000	111,430,000	-	-	114,185,000	111,430,000
Tax Increment Finance	91,613,227	91,218,227	-	-	91,613,227	91,218,227
Bond Anticipation Notes	11,980,000	14,975,000	-	-	11,980,000	14,975,000
Total	\$ 256,148,227	\$ 254,168,227	\$ -	\$ -	\$ 256,148,227	\$ 254,168,227
Business-Type Activities:						
Revenue Bonds	\$ -	\$ -	\$ 22,995,000	\$ 22,140,000	\$ 22,995,000	\$ 22,140,000
Revenue Bond Anticipation Notes	-	-	35,000,000	35,000,000	35,000,000	35,000,000
Total	-	-	57,995,000	57,140,000	57,995,000	57,140,000
Total Outstanding Debt	\$ 256,148,227	\$ 254,168,227	\$ 57,995,000	\$ 57,140,000	\$ 314,143,227	\$ 311,308,227

The City's total bonds payable decreased by \$2,835,000 during the current fiscal year. This change represents the net decrease due to the sale of one bond issue and reductions from scheduled debt service payments. Significant bond transactions of 2007 are summarized below:

- \$2,995,000 Bond Anticipation Note of 2007 issued to fund property acquisition, redevelopment and economic development projects in the City Center Redevelopment area, Old Towne Economic Development area and the integrated 126th Street Corridor Economic Development area.
- \$35,000,000 Waterworks Bond Anticipation Notes of 2007 improvements to existing water tower and lines to serve the growth and newly annexed areas. The 2007 BAN repaid the outstanding 2006 BAN which was for the same principal amount.

In addition to the bond issues described above, the City's business activities acquired approximately 8,100 water customers from the City of Indianapolis by issuing a note payable. This installment purchase requires \$1.8 million in annual payments to Indianapolis over the next 20 years. The present value of this obligation at the end of 2007 is \$20,233,729.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The City of Carmel's most recent underlying debt rating was "Aa3" from Moody's Investors Service and "AA-" from Standard and Poor's. The State of Indiana limits the amount of general obligation debt a City may issue to 2% of its current assessed value. For the City of Carmel, this amount is \$43,191,158. As of December 31, 2007, the City has \$16,805,000 of outstanding debt subject to this limit. The remaining outstanding City debt was issued as lease rental obligations or are payable with tax increment which are not subject to the 2% limit.

Additional information on the City's long-term liabilities can be found in Note II F, on pages 48-56 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Carmel ended the first quarter of 2008 at 3.1 percent. This compares favorably to the State's first quarter of 2008 unemployment rate of 5.6 percent and the National rate of 5.2 percent.
- The City of Carmel continues to see new construction growth, not only in residential, but also in commercial construction with record or near record levels. Providing City services to annexed areas also must be factored into future budgets. The City's total market valuation for taxes payable in 2008 increased by 6.24 percent.

All of these factors were considered in preparing the City of Carmel's budget for the 2008 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Carmel's finances for all those with an interest in the City's economic future. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Clerk Treasurer, City of Carmel, One Civic Square, Carmel, Indiana, 46032.

CITY OF CARMEL
STATEMENT OF NET ASSETS
December 31, 2007

<u>Assets</u>	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Cash and cash equivalents	\$ 84,146,237	\$ 147,570	\$ 84,293,807
Investments	134,031,572	-	134,031,572
Receivables (net of allowances for uncollectibles):			
Interest	149,829	-	149,829
Taxes	7,252,248	-	7,252,248
Accounts	647,621	306,588	954,209
Special assessments	4,160	-	4,160
Intergovernmental	45,768,758	-	45,768,758
Other	-	3,067,780	3,067,780
Internal balances	(880,987)	880,987	-
Inventories	-	300,238	300,238
Prepays	-	41,267	41,267
Restricted assets:			
Cash and cash equivalents	-	6,024,162	6,024,162
Deferred debits	3,472,439	3,966,782	7,439,221
Capital assets:			
Land, improvements and construction in progress	168,739,019	47,117,829	215,856,848
Other capital assets, net of depreciation	203,585,230	136,231,364	339,816,594
Net pension asset	<u>146,972</u>	<u>-</u>	<u>146,972</u>
Total assets	<u>647,063,098</u>	<u>198,084,567</u>	<u>845,147,665</u>

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

Continued on next page

CITY OF CARMEL
STATEMENT OF NET ASSETS
December 31, 2007
(Continued)

<u>Liabilities</u>	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
Accounts payable	2,356,082	1,195,698	3,551,780
Accrued payroll and withholdings payable	1,520,983	205,979	1,726,962
Compensated absences	603,717	132,170	735,887
Accrued interest payable	4,691,857	527,584	5,219,441
Customer deposits	-	19,020	19,020
Other current payables	-	420,166	420,166
Unpaid claims payable	460,622	-	460,622
Noncurrent liabilities:			
Due within one year:			
General obligation bonds	715,000	-	715,000
Revenue bonds	-	880,000	880,000
TIF bonds	420,000	-	420,000
Redevelopment bonds	4,370,000	-	4,370,000
Notes and loans	106,982	685,935	792,917
Capital lease obligations	1,021,302	-	1,021,302
Due in more than one year:			
General obligation bonds	2,719,958	-	2,719,958
Revenue bonds	-	21,276,222	21,276,222
TIF bonds	10,800,000	-	10,800,000
Redevelopment bonds	234,793,502	-	234,793,502
Notes and loans	855,333	19,547,795	20,403,128
Bond anticipation notes	14,975,000	35,012,863	49,987,863
Capital lease obligations	1,945,147	-	1,945,147
Net pension obligation	7,214,606	-	7,214,606
Total liabilities	289,570,091	79,903,432	369,473,523
 <u>Net Assets</u>			
Invested in capital assets, net of related debt	216,510,734	109,690,849	326,201,583
Restricted for:			
Public safety	1,119,987	-	1,119,987
Highways and roads	3,956,200	-	3,956,200
Culture and recreation	3,170,733	-	3,170,733
Debt service	24,641,319	2,402,387	27,043,706
Unrestricted	108,094,034	6,087,899	114,181,933
Net assets	\$ 357,493,007	\$ 118,181,135	\$ 475,674,142

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

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CITY OF CARMEL
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 11,814,450	\$ 3,385,414	\$ 108,821	\$ -	\$ (8,320,215)	\$ -	\$ (8,320,215)
Public safety	31,793,193	6,663,686	80,926	-	(25,048,581)	-	(25,048,581)
Highways and streets	11,836,008	67,948	92,743,544	-	80,975,484	-	80,975,484
Economic development	3,453,143	-	-	34,027,106	30,573,963	-	30,573,963
Culture and recreation	7,290,767	5,552,501	-	-	(1,738,266)	-	(1,738,266)
Interest on long-term debt	10,926,601	-	-	-	(10,926,601)	-	(10,926,601)
Total governmental activities	77,114,162	15,669,549	92,933,291	34,027,106	65,515,784	-	65,515,784
Business-type activities:							
Water	11,840,245	10,304,244	-	3,093,714	-	1,557,713	1,557,713
Wastewater	6,698,647	5,120,369	-	783,712	-	(794,566)	(794,566)
Total business-type activities	18,538,892	15,424,613	-	3,877,426	-	763,147	763,147
Total primary government	\$ 95,653,054	\$ 31,094,162	\$ 92,933,291	\$ 37,904,532	65,515,784	763,147	66,278,931
General revenues:							
Property tax					37,655,180	-	37,655,180
County option income tax					23,542,260	-	23,542,260
Auto and aircraft excise tax					2,082,745	-	2,082,745
Food and beverage tax					1,553,541	-	1,553,541
Other taxes					440,302	-	440,302
Unrestricted investment earnings					8,067,649	874,956	8,942,605
Other					175,373	183,462	358,835
Total general revenues					73,517,050	1,058,418	74,575,468
Change in net assets					139,032,834	1,821,565	140,854,399
Net assets - beginning					218,460,173	116,359,570	334,819,743
Net assets - ending					\$ 357,493,007	\$ 118,181,135	\$ 475,674,142

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

CITY OF CARMEL
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2007

<u>Assets</u>	General	Redevelopment Commission Operating	Keystone Avenue Construction	Redevelopment Authority Debt Service	Redevelopment Authority Construction	Other Governmental Funds	Totals
Cash and cash equivalents	\$ 11,905,516	\$ 1,641,118	\$ 49,326,759	\$ 2,123,905	\$ 266,694	\$ 15,473,340	\$ 80,737,332
Investments	-	-	-	20,861,996	113,169,576	-	134,031,572
Receivables:							
Interest	-	-	-	149,829	-	-	149,829
Taxes	2,078,371	4,497,062	-	-	-	676,815	7,252,248
Accounts	-	-	-	-	-	647,621	647,621
Special assessments	-	-	-	-	-	4,160	4,160
Intergovernmental	5,380,622	-	40,000,000	-	-	388,136	45,768,758
Due from related utility	820,819	-	-	-	-	-	820,819
Total assets	\$ 20,185,328	\$ 6,138,180	\$ 89,326,759	\$ 23,135,730	\$ 113,436,270	\$ 17,190,072	\$ 269,412,339
 <u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ 509,573	\$ 75,686	\$ -	\$ -	\$ 1,490,121	\$ 280,702	\$ 2,356,082
Accrued payroll and withholdings payable	1,246,227	-	-	-	-	274,756	1,520,983
Due to related utility	1,701,806	-	-	-	-	-	1,701,806
Unavailable revenue	764,920	-	40,000,000	-	-	262,080	41,027,000
Total liabilities	4,222,526	75,686	40,000,000	-	1,490,121	817,538	46,605,871
Fund balances:							
Reserved for:							
Encumbrances	2,833,580	-	-	-	-	4,459,424	7,293,004
Unreserved, reported in:							
General fund	13,129,222	-	-	-	-	-	13,129,222
Special revenue funds	-	6,062,494	49,326,759	-	-	7,360,221	62,749,474
Debt service funds	-	-	-	23,135,730	-	1,505,589	24,641,319
Capital projects funds	-	-	-	-	111,946,149	3,047,300	114,993,449
Total fund balances	15,962,802	6,062,494	49,326,759	23,135,730	111,946,149	16,372,534	222,806,468
Total liabilities and fund balances	\$ 20,185,328	\$ 6,138,180	\$ 89,326,759	\$ 23,135,730	\$ 113,436,270	\$ 17,190,072	\$ 269,412,339

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

CITY OF CARMEL
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
December 31, 2007

Fund Balance - governmental funds	\$		\$ 222,806,468
Amounts reported for governmental activities in the Statement of Net Assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:			
Land and construction in progress		168,739,019	
Other capital assets, net of depreciation		<u>203,585,230</u>	372,324,249
Net pension asset is prepaid amount and is not a current financial resource; therefore, this is not reported in the funds.			
			146,972
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.			
			2,948,283
Net pension obligation, including the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan, is not due and payable in the current period and, therefore, is not reported in the funds, but is included in the government-wide statements.			
			(7,214,608)
Compensated absences which are not due and payable in the current period are, therefore, not reported in the funds.			
			(603,717)
Unavailable revenues are not available to pay current expenses and, therefore, are not reported as revenue in the funds.			
			41,027,000
Accrued interest on bonds payable is not due and payable in the current period and, therefore, is not reported in the funds.			
			(4,691,857)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:			
General obligation bonds		(3,434,958)	
Tax increment financing bonds		(11,220,000)	
Redevelopment bonds		(239,163,502)	
Notes and loans		(962,315)	
Bond anticipation notes		(14,975,000)	
Capital leases		(2,966,449)	
Deferred debits (asset)		<u>3,472,439</u>	<u>(269,249,785)</u>
Net assets of governmental activities			<u>\$ 357,493,007</u>

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

CITY OF CARMEL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2007

	General	Redevelopment Commission Operating	Keystone Avenue Construction	Redevelopment Authority Debt Service	Redevelopment Authority Construction	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes:							
Property	\$ 21,342,047	\$ 9,355,149	\$ -	\$ -	\$ -	\$ 6,957,984	\$ 37,655,180
Income	23,542,260	-	-	-	-	-	23,542,260
Special assessments	-	-	-	-	-	308	308
Licenses and permits	2,053,103	-	-	-	-	17,550	2,070,653
Intergovernmental	3,402,560	79,821	50,000,000	-	-	3,636,080	57,118,461
Charges for services	4,256,946	-	-	-	-	5,997,708	10,254,654
Fines and forfeits	504,881	-	-	-	-	1,584,296	2,089,177
Other:							
Interest on investments	203,910	57,813	4,125	1,353,524	5,765,207	683,070	8,067,649
Sale of property	1,237	4,430,214	-	-	-	5,000	4,436,451
Donations	-	8,657	-	-	-	166,716	175,373
Reimbursements	233,627	254,338	-	-	74,635	269,325	831,925
Total revenues	55,540,571	14,185,992	50,004,125	1,353,524	5,839,842	19,318,037	146,242,081
Expenditures:							
Current:							
General government	9,663,462	-	-	-	-	1,616,638	11,280,100
Public safety	30,172,071	-	-	-	-	311,159	30,483,230
Highways and streets	-	-	355,766	-	-	8,101,584	8,457,350
Economic development	-	3,521,256	-	-	-	366,331	3,887,587
Culture and recreation	1,963,770	-	-	-	-	5,295,904	7,259,674
Debt service:							
Principal	2,252,868	148,667	-	2,910,000	-	1,095,000	6,406,535
Interest	968,648	64,333	-	7,998,084	304,820	900,347	10,236,232
Capital outlay:							
General government	885,292	-	-	-	-	594,617	1,479,909
Public safety	89,266	-	-	-	-	530,520	619,786
Highways and streets	-	-	321,600	-	-	6,346,370	6,667,970
Economic development	-	8,289,824	-	-	27,284,981	-	35,574,805
Culture and recreation	29,318	-	-	-	-	113,305	142,623
Total expenditures	46,024,895	12,024,080	677,366	10,908,084	27,589,801	25,271,775	122,495,801
Excess (deficiency) of revenues over (under) expenditures	9,515,676	2,161,912	49,326,759	(9,554,560)	(21,749,959)	(5,953,738)	23,746,290
Other financing sources (uses):							
Transfers in	-	-	-	5,379,589	765,978	2,432,067	8,577,634
Transfers out	(5,475,211)	(1,505,997)	-	(765,978)	(21)	(830,427)	(8,577,634)
Bond anticipation notes issuance	-	2,995,000	-	-	-	-	2,995,000
Capital leases	1,036,965	-	-	-	-	-	1,036,965
Total other financing sources and uses	(4,438,246)	1,489,003	-	4,613,611	765,957	1,601,640	4,031,965
Net change in fund balances	5,077,630	3,650,915	49,326,759	(4,940,949)	(20,984,002)	(4,352,098)	27,778,255
Fund balance - beginning	10,885,172	2,411,579	-	28,076,679	132,930,151	20,724,632	195,028,213
Fund balances - ending	\$ 15,962,802	\$ 6,062,494	\$ 49,326,759	\$ 23,135,730	\$ 111,946,149	\$ 16,372,534	\$ 222,806,468

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

CITY OF CARMEL
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2007

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

Net change in fund balances - total governmental funds (Statement of Revenues, Expenditures and Changes in Fund Balances)	\$	\$ 27,778,255
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:		
Capital outlays	44,485,093	
Depreciation expense	<u>(4,666,344)</u>	39,818,749
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		
Asset disposals	(3,639,640)	
Donated assets	<u>33,230,295</u>	29,590,655
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
		39,891,418
The issuance of long-term debt (e.g., bonds, leases) provides 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:		
Bond issuance:		
Bond anticipation notes	(2,995,000)	
Capital leases	(1,036,965)	
Principal payments:		
General obligation bonds	700,000	
TIF bonds	395,000	
Redevelopment bonds	3,880,000	
Notes and loans	148,667	
Capital leases	1,282,868	
Amortization of bond discount	642,733	
Amortization of bond issuance costs	<u>(216,113)</u>	2,801,190
Accrued interest reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.		
		(690,369)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.		
		422,832
Net pension asset is prepaid amount and is not a current financial resource; therefore, this is not reported in the funds.		
		(59,237)
Compensated absences which are not due and payable in the current period are, therefore, not reported in the funds.		
		(199,487)
Net pension obligation, including the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan, is not due and payable in the current period and therefore, is not reported in the funds, but is included in the government-wide statements.		
		<u>(321,172)</u>
Change in net assets of governmental activities (Statement of Activities)		<u>\$ 139,032,834</u>

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

CITY OF CARMEL
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2007

<u>Assets</u>	Business-Type Activities - Enterprise Funds			Internal Service
	Water Utility	Wastewater Utility	Totals	Health Self-Insurance
Current assets:				
Cash and cash equivalents	\$ 93,650	\$ 53,920	\$ 147,570	\$ 3,408,905
Restricted cash and cash equivalents:				
Customer deposits	19,020	-	19,020	-
Revenue bond covenant accounts	952,843	454,741	1,407,584	-
Accounts receivable (net of allowance)	166,186	140,402	306,588	-
Other receivables	1,040,357	2,027,423	3,067,780	-
Interfund receivable:				
Due from associated City	1,701,806	-	1,701,806	-
Due from associated Utility	-	643,273	643,273	-
Inventories	82,937	217,301	300,238	-
Prepaid items	19,430	21,837	41,267	-
Total current assets	4,076,229	3,558,897	7,635,126	3,408,905
Noncurrent assets:				
Restricted cash and cash equivalents:				
Revenue bond covenant accounts	2,882,741	1,714,817	4,597,558	-
Total restricted assets	2,882,741	1,714,817	4,597,558	-
Deferred charges:				
Bond issuance costs	341,482	309,197	650,679	-
Investment in Indianapolis use of water	3,316,103	-	3,316,103	-
Total deferred charges	3,657,585	309,197	3,966,782	-
Capital assets:				
Land, improvements to land and construction in progress	36,387,398	10,730,431	47,117,829	-
Other capital assets (net of accumulated depreciation)	77,801,264	58,430,100	136,231,364	-
Total capital assets	114,188,662	69,160,531	183,349,193	-
Total noncurrent assets	120,728,988	71,184,545	191,913,533	-
Total assets	124,805,217	74,743,442	199,548,659	3,408,905

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

Continued on next page

CITY OF CARMEL
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2007
(Continued)

<u>Liabilities</u>	<u>Business-Type Activities - Enterprise Funds</u>			<u>Internal Service</u>
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Totals</u>	<u>Health Self-Insurance</u>
Current liabilities:				
Accounts payable	959,492	236,206	1,195,698	-
Interfund payables:				
Due to associated City	-	820,819	820,819	-
Due to associated Utility	643,273	-	643,273	-
Accrued wages payable	100,720	105,259	205,979	-
Compensated absences	71,914	60,256	132,170	-
Other current payables	420,166	-	420,166	-
Notes payable	685,935	-	685,935	-
Bond anticipation notes payable	35,012,863	-	35,012,863	-
Unpaid claims payable	-	-	-	460,622
Current liabilities payable from restricted assets:				
Customer deposits	19,020	-	19,020	-
Revenue bonds payable	500,000	380,000	880,000	-
Accrued interest payable	452,843	74,741	527,584	-
<u>Total current liabilities</u>	<u>38,866,226</u>	<u>1,677,281</u>	<u>40,543,507</u>	<u>460,622</u>
Noncurrent liabilities:				
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	11,021,222	10,255,000	21,276,222	-
Notes payable	19,547,795	-	19,547,795	-
<u>Total noncurrent liabilities</u>	<u>30,569,017</u>	<u>10,255,000</u>	<u>40,824,017</u>	<u>-</u>
<u>Total liabilities</u>	<u>69,435,243</u>	<u>11,932,281</u>	<u>81,367,524</u>	<u>460,622</u>
<u>Net Assets</u>				
Invested in capital assets, net of related debt	49,616,764	60,074,085	109,690,849	-
Restricted for debt service	1,677,226	725,161	2,402,387	-
Unrestricted	4,075,984	2,011,915	6,087,899	2,948,283
<u>Total net assets</u>	<u>\$ 55,369,974</u>	<u>\$ 62,811,161</u>	<u>\$ 118,181,135</u>	<u>\$ 2,948,283</u>

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

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CITY OF CARMEL
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended December 31, 2007

	Enterprise Funds			Internal Service
	Water Utility	Wastewater Utility	Totals	Health Self-Insurance
Operating revenues:				
Residential sales	\$ 7,179,430	\$ 2,608,199	\$ 9,787,629	\$ -
Commercial and industrial sales	1,852,571	2,507,393	4,359,964	-
Fire protection revenue	1,100,695	-	1,100,695	-
Other	171,548	4,777	176,325	7,146,666
Total operating revenues	10,304,244	5,120,369	15,424,613	7,146,666
Operating expenses:				
Source of supply and expense - operations and maintenance	1,495,929	-	1,495,929	-
Water treatment expense - operations and maintenance	2,268,755	-	2,268,755	-
Transmission and distribution	1,892,514	-	1,892,514	-
Collection system - operations and maintenance	-	905,219	905,219	-
Pumping - operations and maintenance	-	147,865	147,865	-
Treatment and disposal expense - operations and maintenance	-	2,447,794	2,447,794	-
Customer accounts	552,771	316,204	868,975	-
Administration and general	627,617	738,835	1,366,452	-
Payroll tax expense	166,881	164,597	331,478	-
Insurance claims and premiums	-	-	-	6,863,229
Utility receipts tax expense	131,413	-	131,413	-
Payment in lieu of taxes	186,686	162,863	349,549	-
Depreciation expense	2,340,117	1,443,486	3,783,603	-
Total operating expenses	9,662,683	6,326,863	15,989,546	6,863,229
Operating income (loss)	641,561	(1,206,494)	(564,933)	283,437
Nonoperating revenues (expenses):				
Interest and investment revenue	617,963	256,993	874,956	139,395
Miscellaneous revenue	166,570	16,892	183,462	-
Interest expense	(2,063,508)	(123,845)	(2,187,353)	-
Amortization of bond issue costs	(79,644)	(18,865)	(98,509)	-
Loss from disposition of property	(34,410)	(231,074)	(265,484)	-
Total nonoperating revenue (expenses)	(1,393,029)	(97,899)	(1,490,928)	139,395
Income (loss) before contributions	(751,468)	(1,304,393)	(2,055,861)	422,832
Capital contributions	3,093,714	783,712	3,877,426	-
Change in net assets	2,342,246	(520,681)	1,821,565	422,832
Total net assets - beginning	53,027,728	63,331,842	116,359,570	2,525,451
Total net assets - ending	\$ 55,369,974	\$ 62,811,161	\$ 118,181,135	\$ 2,948,283

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

CITY OF CARMEL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2007

	Enterprise Funds			Internal Service Funds
	Water Utility	Wastewater Utility	Totals	
Cash flows from operating activities:				
Receipts from customers and users	\$ 9,417,652	\$ 5,036,090	\$ 14,453,742	\$ 7,146,666
Payments to suppliers	(4,678,955)	(2,227,034)	(6,905,989)	-
Payments to employees	(2,241,584)	(2,182,911)	(4,424,495)	-
Payments for interfund services used	-	-	-	(6,843,290)
Other receipts	303,708	21,669	325,377	-
Net cash provided (used) by operating activities	2,800,821	647,814	3,448,635	303,376
Cash flows from capital and related financing activities:				
Proceeds from capital debt	34,964,999	-	34,964,999	-
Capital contributions	3,093,714	783,712	3,877,426	-
Acquisition and construction of capital assets	(14,968,033)	(4,691,772)	(19,659,805)	-
Principal paid on capital debt	(36,765,705)	(365,000)	(37,130,705)	-
Interest paid on capital debt	(2,366,912)	(125,761)	(2,492,673)	-
Proceeds from sale of equipment	395,691	83,070	478,761	-
Net cash provided by capital and related financing activities	(15,646,246)	(4,315,751)	(19,961,997)	-
Cash flows from investing activities:				
Interest received	617,963	256,993	874,956	139,395
Net increase in cash and cash equivalents	(12,227,462)	(3,410,944)	(15,638,406)	442,771
Cash and cash equivalents, January 1 (Including \$16,166,523 and \$5,123,528 for the Water and Wastewater Utilities, respectively, reported in restricted accounts)				
	<u>16,175,716</u>	<u>5,634,422</u>	<u>21,810,138</u>	<u>2,966,134</u>
Cash and cash equivalents, December 31 (Including \$3,854,604 and \$2,169,558 for the Water and Wastewater Utilities, respectively, reported in restricted accounts)				
	<u>\$ 3,948,254</u>	<u>\$ 2,223,478</u>	<u>\$ 6,171,732</u>	<u>\$ 3,408,905</u>

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

Continued on next page

CITY OF CARMEL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2007
(Continued)

	Enterprise Funds			Internal Service Funds
	Water Utility	Wastewater Utility	Totals	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 641,561	\$ (1,206,494)	\$ (564,933)	\$ 283,437
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	2,340,117	1,443,486	3,783,603	-
Bad debt expense	7,950	4,708	12,658	-
Nonoperating income (expense)	132,160	16,892	149,052	-
(Increase) decrease in assets:				
Accounts receivable - customer	(38,647)	1,566	(37,081)	-
Accounts receivable - other	(69,355)	(43,446)	(112,801)	-
Interfund receivables	(607,042)	(37,622)	(644,664)	-
Inventories	19,159	(26,358)	(7,199)	-
Prepaid items	11,518	9,586	21,104	-
Investment in Indianapolis use of water	1,106,671	-	1,106,671	-
Increase (decrease) in liabilities:				
Accounts payable	(825,464)	60,137	(765,327)	-
Wages payable	20,674	19,547	40,221	-
Compensated absence payable	12,593	3,115	15,708	-
Interfund payables	46,681	402,697	449,378	-
Other current liabilities	(5,655)	-	(5,655)	-
Customer deposits	7,900	-	7,900	-
Unpaid claims payable	-	-	-	19,939
Total adjustments	<u>2,159,260</u>	<u>1,854,308</u>	<u>4,013,568</u>	<u>19,939</u>
Net cash provided (used) by operating activities	<u>\$ 2,800,821</u>	<u>\$ 647,814</u>	<u>\$ 3,448,635</u>	<u>\$ 303,376</u>

Noncash transactions:

Capital assets were contributed by private developers in the amounts of \$1,508,768 and \$1,358,806 for the Water and Wastewater Utilities, respectively.

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

CITY OF CARMEL
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2007

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Cash and cash equivalents	\$ 201,093	\$ 137,133
Investments at fair value:		
U.S. Government securities	8,444,961	-
Interest receivable	<u>89,848</u>	<u>-</u>
Total assets	<u>8,735,902</u>	<u>\$ 137,133</u>
 <u>Liabilities</u>		
Withholdings payable	<u>-</u>	<u>\$ 137,133</u>
Total liabilities	<u>-</u>	<u>\$ 137,133</u>
 <u>Net Assets</u>		
Held in trust for:		
Employees' pension benefits	<u>8,735,902</u>	
Total net assets	<u>\$ 8,735,902</u>	

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

CITY OF CARMEL
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For The Year Ended December 31, 2007

<u>Additions</u>	<u>Pension Trust Funds</u>
Contributions:	
Employer	\$ 653,047
Plan members	<u>3,427</u>
Total contributions	<u>656,474</u>
Investment income:	
Net increase in fair value of investments	21,882
Interest	<u>722,898</u>
Net investment income	<u>744,780</u>
Total additions	<u>1,401,254</u>
<u>Deductions</u>	
Benefits	912,875
Administrative expense	<u>3,122</u>
Total deductions	<u>915,997</u>
Changes in net assets	485,257
Net assets - beginning	<u>8,250,645</u>
Net assets - ending	<u>\$ 8,735,902</u>

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

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Carmel (primary government) was established under the laws of the State of Indiana. The primary government operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), highways and streets, health, welfare and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and urban redevelopment.

The accompanying financial statements present the activities of the primary government and its significant component units. The component units discussed below are included in the primary government's reporting entity because of the significance of their operational or financial relationships with the primary government. Blended component units, although legally separate entities are in substance part of the government's operations and exist solely to provide services for the government; data from these units is combined with data of the primary government.

Blended Component Units

The Civic Square Building Corporation is a significant blended component unit of the primary government. It was created in 1985 by the City for the purpose of constructing and financing a master fire station, parking area, and the development of a civic square. These projects, known as Civic Square Phase I, were originally completed and leased by the City in 1987. In 1989, the Civic Square Building Corporation completed financing and constructing a police station and municipal city building, known as Phase II. The Civic Square Building Corporation is reported as if it were part of the primary government because the Building Corporation provides services entirely to the City. To exclude the financial activities of this component unit would render the City's financial statements incomplete or misleading. Complete financial statements may be obtained from the City's administrative office, One Civic Square, Carmel, Indiana, 46032.

The Carmel Redevelopment Authority (Authority) is a significant blended component unit of the primary government. It was created by the primary government for the purpose of planning, replanning, development, and redevelopment of areas within the corporate boundaries of the City. The primary government appoints a voting majority of the Authority's board and a financial benefit/ burden relationship exists between the City and the Authority. Although the Authority is legally separate from the City, it is reported as if it were a part of the primary government because it provides services entirely or almost entirely to the primary government. The Authority exists solely to finance and build/acquire assets/infrastructure for the primary government and is not involved in the operation/maintenance of these assets/infrastructure. Complete financial statements may be obtained from the City's administrative office, One Civic Square, Carmel, Indiana, 46032.

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Government-Wide and Fund Financial Statements

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

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 (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, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise 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 proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, however, report only assets and liabilities. Since they do not report equity (or changes in equity), they have no measurement focus.

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, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the primary government receives cash.

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 redevelopment commission operating fund accounts for the receipts and disbursements for redevelopment projects handled by the City.

The keystone avenue construction fund accounts for cash received from the State of Indiana to be used for reconstruction of keystone avenue.

The redevelopment authority debt service fund accounts for the receipts and disbursements related to bond and interest payments of the redevelopment authority (a blended component unit).

The redevelopment authority construction fund accounts for the bond issue proceeds and related construction costs for the redevelopment authority (a blended component unit).

The primary government reports the following major proprietary funds:

The water utility fund accounts for the operation of the primary government's water distribution system.

The wastewater utility fund accounts for the operation of the primary government's wastewater treatment plant, pumping stations and collection systems.

Additionally, the primary government reports the following fund types:

The internal service funds account for the collection and payment to an insurance third party administrator for the City's employee health insurance programs. Funding is provided by employee and City contributions.

The pension trust funds account for the activities of the 1925 police officers' and 1937 firefighters' pension funds which accumulate resources for pension benefit payments.

Agency funds account for payroll tax and benefit withholdings by the primary government as an agent for employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The primary government has elected not to follow subsequent private-sector guidance.

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water, wastewater and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

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.

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Interfund Transactions and Balances

Activity 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). All other outstanding balances between funds are reported as "interfund services provided/used." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

3. Property Taxes

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

4. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

5. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets balance sheet because they are maintained separately and their use is limited by ordinance or applicable bond covenants.

6. Capital Assets

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

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ 1	Not applicable	Not applicable
Buildings and improvements	5,000	Straight-line	50 years
Equipment	5,000	Straight-line	3 to 20 years
Roads – collectors and residential	1	Straight-line	25 to 50 years
Water collection systems	750	Straight-line	3 to 100 years
Wastewater distribution and collection systems	750	Straight-line	3 to 100 years

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the primary government in its business-type activities during the current year was \$2,187,353. Of this amount, \$212,565 was included as part of the cost of capital assets under construction in connection with the Water Utility.

7. Compensated Absences

- a. Sick Leave – primary government employees earn sick leave at the rate of 5 hours per month. Unused sick leave may be accumulated to a maximum of 300 hours. Accumulated sick leave exceeding the 300 hours (and any portion of the 300 hours which had been elected by the employee in January) is paid to employees as of the year-end, at the rate of 1 hour pay for each 3 hours leave being cashed in, through cash payments made in January of the following year.
- b. Vacation Leave – primary government employees earn vacation leave at rates from 90 hours to 157.5 hours per year, based upon the number of years of service. At year-end, a maximum of 75 hours may be carried forward to next year. Accumulated vacation leave is paid to employees through cash payments upon termination or retirement.

Vacation and sick leave is accrued when incurred and reported as a liability in the statement of net assets and the proprietary funds statements. Only amounts due and payable at year-end to terminated employees are included in the governmental funds statements.

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

8. Unavailable Revenue

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

9. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances 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.

10. Fund Equity

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

II. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Indiana Code 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 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.

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2007, the City had the following investments:

Investment Type	Fair Value
U.S. Treasuries and Securities	\$ 600,873
U.S. Agencies	<u>141,875,663</u>
Total	<u>\$ 142,476,536</u>

Statutory Authority for Investments

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

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

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

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments that are uninsured and (1) uncollateralized, (2) collateralized with securities held by the pledging financial institution, or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the government's name. At December 31, 2007, the City held investments in U.S. Agencies in the amount of \$121,614,540. All of these investments were held by the counterparty's trust department.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years. The City does not have a formal investment policy for interest rate risk for investments.

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1-2	More Than 2
Primary government: U.S. Agencies	\$ 142,476,536	\$ 90,966,321	\$ 19,862,690	\$ 31,647,525

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2007, the City's investments in U.S. Treasuries and Government Sponsored Agencies were all rated AAA by Standard and Poor's. The City does not have a formal policy in regards to credit risk.

Concentration of Credit Risk

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

Foreign Currency Risk

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

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Capital Assets

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

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 22,353,314	\$ -	\$ 3,665,882	\$ 18,687,432
Right of ways	103,916,572	7,058,295	-	110,974,867
Construction in progress	43,037,655	29,650,076	33,611,011	39,076,720
Total capital assets, not being depreciated	<u>169,307,541</u>	<u>36,708,371</u>	<u>37,276,893</u>	<u>168,739,019</u>
Capital assets, being depreciated:				
Buildings	17,423,998	1,184,010	-	18,608,008
Improvements other than buildings	3,766,527	929,499	-	4,696,026
Machinery and equipment	13,524,573	1,521,273	877,585	14,168,261
Infrastructure	135,722,049	70,983,246	-	206,705,295
Total capital assets, being depreciated	<u>170,437,147</u>	<u>74,618,028</u>	<u>877,585</u>	<u>244,177,590</u>
Less accumulated depreciation:				
Buildings	4,944,352	359,958	-	5,304,310
Improvements	1,924,843	138,209	-	2,063,052
Machinery and equipment	4,610,289	1,104,586	584,448	5,130,427
Infrastructure	25,350,359	3,063,591	319,379	28,094,571
Total accumulated depreciation	<u>36,829,843</u>	<u>4,666,344</u>	<u>903,827</u>	<u>40,592,360</u>
Total capital assets, being depreciated, net	<u>133,607,304</u>	<u>69,951,684</u>	<u>(26,242)</u>	<u>203,585,230</u>
Total governmental activities capital assets, net	<u>\$ 302,914,845</u>	<u>\$ 106,660,055</u>	<u>\$ 37,250,651</u>	<u>\$ 372,324,249</u>

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,105,228	\$ -	\$ -	\$ 2,105,228
Construction in progress	36,322,855	17,562,283	8,872,537	45,012,601
Total capital assets, not being depreciated	<u>38,428,083</u>	<u>17,562,283</u>	<u>8,872,537</u>	<u>47,117,829</u>
Capital assets, being depreciated:				
Buildings	41,036,297	3,818,458	476,546	44,378,209
Improvements other than buildings	109,424,567	4,122,288	464,344	113,082,511
Machinery and equipment	9,788,358	3,029,313	562,404	12,255,267
Totals	<u>160,249,222</u>	<u>10,970,059</u>	<u>1,503,294</u>	<u>169,715,987</u>
Less accumulated depreciation for:				
Buildings	12,398,202	974,313	316,077	13,056,438
Improvements other than buildings	13,342,524	2,196,643	56,786	15,482,381
Machinery and equipment	4,753,753	612,646	420,595	4,945,804
Totals	<u>30,494,479</u>	<u>3,783,602</u>	<u>793,458</u>	<u>33,484,623</u>
Total capital assets, being depreciated, net	<u>129,754,743</u>	<u>7,186,457</u>	<u>709,836</u>	<u>136,231,364</u>
Total business-type activities capital assets, net	<u>\$ 168,182,826</u>	<u>\$ 24,748,740</u>	<u>\$ 9,582,373</u>	<u>\$ 183,349,193</u>

CITY OF /CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Governmental activities:	
General government	\$ 435,503
Public safety	869,577
Public works, including depreciation of general infrastructure assets	3,336,109
Culture and recreation	<u>25,155</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 4,666,344</u></u>
 Business-type activities:	
Water	\$ 2,340,116
Wastewater	<u>1,443,486</u>
 Total depreciation expense - business-type activities	 <u><u>\$ 3,783,602</u></u>

C. Construction Commitments

Construction work in progress is composed of the following:

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Project	Total Project Authorized	Expended to December 31, 2007	Committed	Required Future Funding
Governmental activities:				
Redevelopment of blighted areas	\$ 80,044,370	\$ 18,306,742	\$ 61,737,628	\$ -
Road reconstruction	69,775,959	20,769,978	49,005,981	-
Total governmental activities	<u>149,820,329</u>	<u>39,076,720</u>	<u>110,743,609</u>	<u>-</u>
Business-type activities:				
Water treatment facilities	64,415,890	34,674,478	29,741,412	-
Wastewater treatment facilities	40,505,500	10,338,123	30,167,377	-
Total business-type activities	<u>104,921,390</u>	<u>45,012,601</u>	<u>59,908,789</u>	<u>-</u>
Totals	<u><u>\$ 254,741,719</u></u>	<u><u>\$ 84,089,321</u></u>	<u><u>\$ 170,652,398</u></u>	<u><u>\$ -</u></u>

D. Interfund Balances and Activity

1. Interfund Receivables and Payables

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.

The composition of interfund balances as of December 31, 2007, is as follows:

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Due To	Due From			Totals
	General Fund	Water Utility	Wastewater Utility	
General Fund	\$ -	\$ -	\$ 820,819	\$ 820,819
Water Utility	1,701,806	-	-	1,701,806
Wastewater Utility	-	643,273	-	643,273
Totals	\$ 1,701,806	\$ 643,273	\$ 820,819	\$ 3,165,898

2. Interfund Transfers

Interfund transfers at December 31, 2007, were as follows:

Transfer From	Transfer to			Totals
	Redevelopment Authority Debt Service	Redevelopment Authority Capital Projects	Nonmajor Governmental	
Major governmental:				
General Fund	\$ 4,607,450	\$ -	\$ 867,761	\$ 5,475,211
Redevelopment Commission - Operating	-	-	1,505,997	1,505,997
Redevelopment Authority Debt Service	-	765,978	-	765,978
Redevelopment Authority Construction	21	-	-	21
Nonmajor governmental	772,118	-	58,309	830,427
Totals	\$ 5,379,589	\$ 765,978	\$ 2,432,067	\$ 8,577,634

The primary government typically uses transfers to fund ongoing operating subsidies and to pay lease rental payments to blended component units.

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Leases

Capital Leases

The primary government has entered into various capital leases for equipment. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2007, are as follows:

Governmental activities:	
2008	\$ 1,160,437
2009	894,701
2010	621,324
2011	312,062
2012	88,424
2013-2017	<u>221,058</u>
Total minimum lease payments	3,298,006
Less amount representing interest	<u>331,557</u>
Present value of net minimum lease payments	2,966,449
Due within one year	<u>(1,021,302)</u>
Due in more than one year	<u>\$ 1,945,147</u>

The cost of assets acquired through capital leases still in effect is \$3,673,768, of machinery and equipment.

F. Long-Term Debt

1. General Obligation Bonds

The Civic Square Building Corporation (a blended component unit) issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities to be leased to the primary government.

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

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Purpose	Interest Rates	Original Principal Amount	Financial Statement Amount
Governmental activities:			
2004 First Mortgage Bonds, fire and police station	2.0% to 4.0%	<u>\$ 3,400,000</u>	\$ 3,400,000
Due within one year			(715,000)
Unamortized premium			<u>34,958</u>
Due in more than one year			<u>\$ 2,719,958</u>

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

Year Ended December 31	Governmental Activities		
	Principal	Interest	Totals
2008	\$ 715,000	\$ 106,831	\$ 821,831
2009	735,000	84,750	819,750
2010	760,000	60,175	820,175
2011	785,000	34,825	819,825
2012	<u>405,000</u>	<u>7,088</u>	<u>412,088</u>
Totals	<u>\$ 3,400,000</u>	<u>\$ 293,669</u>	<u>\$ 3,693,669</u>

2. Tax Incremental Financing (TIF) Bonds

The primary government issues TIF bonds for the construction of major capital facilities within a TIF District. The bonds are to be repaid from the Carmel Redevelopment Commission Projects Fund (Debt Service). TIF bonds are generally issued as 20 year serial bonds.

TIF bonds currently outstanding are as follows:

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Purpose	Interest Rates	Original Principal Amount	Financial Statement Amount
Governmental activities:			
1998 Merchants Square	6.5% to 7.0%	\$ 2,655,000	\$ 2,155,000
2004 Illinois Street	6.65%	<u>9,500,000</u>	<u>9,065,000</u>
Total TIF bonds		<u>\$ 12,155,000</u>	11,220,000
Due within one year			<u>(420,000)</u>
Due in more than one year			<u>\$ 10,800,000</u>

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

Year Ended December 31	Governmental Activities		
	Principal	Interest	Totals
2008	\$ 420,000	\$ 744,582	\$ 1,164,582
2009	435,000	716,389	1,151,389
2010	510,000	685,028	1,195,028
2011	545,000	649,740	1,194,740
2012	580,000	612,255	1,192,255
2013-2017	3,550,000	2,404,080	5,954,080
2018-2022	3,900,000	1,107,462	5,007,462
2023-2027	<u>1,280,000</u>	<u>85,951</u>	<u>1,365,951</u>
Totals	<u>\$ 11,220,000</u>	<u>\$ 7,005,487</u>	<u>\$ 18,225,487</u>

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Redevelopment Bonds

The primary government issues redevelopment bonds to provide for the construction of major capital facilities within its boundaries. The County Option Income Tax revenues are pledged to pay these bonds. The Redevelopment Authority issues redevelopment bonds to provide for the construction/reconstruction of roads and other facilities to be leased to the City.

The City's lease rental payments will be paid from tax increment financing, county option income tax and, if necessary, a special benefits tax.

Purpose	Interest Rates	Original Principal Amount	Financial Statement Amount
Governmental activities:			
Primary government:			
2002 Street facility and road improvements	3.125% to 4.60%	\$ 10,450,000	\$ 8,795,000
2006 City Center construction	6.5% to 7.5%	8,785,000	8,010,000
Blended component unit:			
2004 Refunding redevelopment	5.00% to 5.25%	27,985,000	22,625,000
2004 Street and roadway improvements	3.00% to 5.00%	35,000,000	33,145,000
2005 Performance Arts Center construction	4.625% to 10.2%	79,998,227	79,998,227
2006 Infrastructure construction	4.625% to 10.2%	<u>72,000,000</u>	<u>72,000,000</u>
 Total redevelopment bonds		 <u>\$ 234,218,227</u>	 224,573,227
 Due within one year			 (4,370,000)
Unamortized premium			<u>14,590,275</u>
 Due in more than one year			 <u>\$ 234,793,502</u>

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

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Year Ended December 31	Governmental Activities		
	Principal	Interest	Totals
2008	\$ 4,370,000	\$ 8,804,576	\$ 13,174,576
2009	5,770,000	9,242,224	15,012,224
2010	7,220,000	9,094,218	16,314,218
2011	10,860,216	8,861,834	19,722,050
2012	9,236,931	10,801,896	20,038,827
2013-2017	52,166,630	44,154,202	96,320,832
2018-2022	46,373,766	42,199,911	88,573,677
2022-2026	51,710,684	42,074,073	93,784,757
2027-2031	32,385,000	6,165,050	38,550,050
2032-2036	4,480,000	432,975	4,912,975
Totals	\$ 224,573,227	\$ 181,830,959	\$ 406,404,186

4. Revenue Bonds

The primary government issues revenue bonds to be paid by income derived from the acquired or constructed assets. Revenue bonds currently outstanding are as follows:

Purpose	Interest Rates	Original Principal Amount	Financial Statement Amount
Business-type activities:			
2002A Water Plant extensions and improvements	4.20% to 5.15%	\$ 4,000,000	\$ 3,900,000
2002B Water Plant extensions and improvements	3.50% to 5.10%	5,400,000	5,025,000
2003A Waterworks expansion	2.00% to 3.85%	4,005,000	2,580,000
2005 Wastewater improvements	3.15% to 4.61%	11,000,000	10,635,000
Total revenue bonds		<u>\$ 24,405,000</u>	22,140,000
Net unamortized premium/discount			16,222
Due within one year			<u>(880,000)</u>
Due in more than one year			<u>\$ 21,276,222</u>

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Business-Type Activities					
	Water			Wastewater		
	Principal	Interest	Totals	Principal	Interest	Totals
2008	\$ 500,000	\$ 521,690	\$ 1,021,690	\$ 380,000	\$ 442,271	\$ 822,271
2009	515,000	505,755	1,020,755	395,000	429,382	824,382
2010	530,000	485,662	1,015,662	415,000	415,300	830,300
2011	555,000	463,733	1,018,733	425,000	400,178	825,178
2012	575,000	442,896	1,017,896	430,000	384,337	814,337
2013-2017	3,430,000	1,799,057	5,229,057	2,470,000	1,645,538	4,115,538
2018-2022	4,385,000	836,911	5,221,911	3,115,000	1,049,386	4,164,386
2022-2026	1,015,000	25,883	1,040,883	3,005,000	284,699	3,289,699
Totals	\$ 11,505,000	\$ 5,081,587	\$ 16,586,587	\$ 10,635,000	\$ 5,051,091	\$ 15,686,091

5. Bond Anticipation Notes (BAN) Payable:

The primary government issues bond anticipation notes for the purpose of commencing construction projects. In accordance with Indiana Code 5-1-14-5, each bond anticipation note is scheduled to be replaced by redevelopment or revenue bonds after five years. Bond anticipation notes currently outstanding are as follows:

	Governmental Activities		Business-Type Activities	
	Original Principal Amount	Financial Statement Amount	Original Principal Amount	Financial Statement Amount
2003A Merchants Square BAN	\$ 2,995,000	\$ 2,995,000	\$ -	\$ -
2004A City Center BAN	2,995,000	2,995,000	-	-
2005 City Center BAN	2,995,000	2,995,000	-	-
2006 Golf Course BAN	2,995,000	2,995,000	-	-
2007 Operations BAN	2,995,000	2,995,000	-	-
2006 Water Utility BAN	-	-	35,000,000	35,000,000
Totals	\$ 14,975,000	14,975,000	\$ 35,000,000	35,000,000
Unamortized premium		-		12,863
Totals		\$ 14,975,000		\$ 35,012,863

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

6. Notes/Loans Payable

The City (redevelopment commission) has entered into two notes payable for the purchase of land for \$1,390,000. The Water Utility has entered into a note payable with Indianapolis Water Company to purchase existing water lines, for \$22,237,250, to be serviced by the City of Carmel. Annual debt service requirements to maturity for the notes are as follows:

Year Ended December 31	Governmental Activities	Business-Type Activities
2008	\$ 164,000	\$ 1,800,000
2009	214,696	1,800,000
2010	719,540	1,800,000
2011	-	1,800,000
2012	-	1,800,000
2013-2017	-	9,000,000
2018-2022	-	9,000,000
2023-2027	-	5,400,000
Totals	1,098,236	32,400,000
Less amount representing interest	(135,921)	(12,166,270)
Present value of net payments	962,315	20,233,730
Due within one year	(106,982)	(685,935)
Due in more than one year	<u>\$ 855,333</u>	<u>\$ 19,547,795</u>

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

7. Advance Refunding – Carmel Civic Square Building Corporation

In prior years, the primary government defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the primary government's financial statements. Outstanding bonds at December 31, 2007, considered defeased were \$3,260,000.

8. Advance Refunding – Carmel Redevelopment Authority

In 2002, the Authority defeased certain redevelopment bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the primary government's financial statements. Outstanding bonds, at December 31, 2007, considered defeased were \$28,705,000.

9. Changes in Long-Term Liabilities

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

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation	\$ 4,100,000	\$ -	\$ 700,000	\$ 3,400,000	\$ 715,000
Redevelopment bonds	228,453,227	-	3,880,000	224,573,227	4,370,000
TIF bonds	11,615,000	-	395,000	11,220,000	420,000
Total bonds payable	244,168,227	-	4,975,000	239,193,227	5,505,000
Capital leases	3,212,352	1,036,965	1,282,868	2,966,449	1,021,302
Notes	1,110,982	-	148,667	962,315	106,982
Bond anticipation notes	11,980,000	2,995,000	-	14,975,000	-
Compensated absences	627,133	2,357,828	2,381,244	603,717	603,717
Net pension obligation	6,893,434	321,172	-	7,214,606	-
Total governmental activities long-term liabilities	<u>\$ 267,992,128</u>	<u>\$ 6,710,965</u>	<u>\$ 8,787,779</u>	<u>\$ 265,915,314</u>	<u>\$ 7,237,001</u>

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Revenue bonds payable:					
Water Utility	\$ 11,995,000	\$ -	\$ 490,000	\$ 11,505,000	\$ 500,000
Wastewater Utility	11,000,000	-	365,000	10,635,000	380,000
Total revenue bonds payable	22,995,000	-	855,000	22,140,000	880,000
Bond anticipation notes	35,000,000	35,000,000	35,000,000	35,000,000	-
Notes	21,509,434	-	1,275,705	20,233,729	685,935
Compensated absences	116,462	259,854	244,146	132,170	132,170
Total business-type activities long-term liabilities	<u>\$ 79,620,896</u>	<u>\$ 35,259,854</u>	<u>\$ 37,374,851</u>	<u>\$ 77,505,899</u>	<u>\$ 1,698,105</u>

Compensated absences for governmental activities typically have been liquidated from the general fund and the motor vehicle highway special revenue funds.

G. Restricted Assets

The balances of restricted asset accounts in the enterprise funds are as follows:

Customer deposits	\$ 19,020
Revenue bond operations and maintenance account	<u>6,005,142</u>
Total restricted assets	<u>\$ 6,024,162</u>

H. Investment in Capital Assets Net of Related Debt

The investment in capital assets net of related debt is composed of the outstanding debt associated with the acquisition of capital assets, less the cash on hand from bond issues at year-end. The computation is as follows:

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Governmental Activities	Business-Type Activities
Capital assets, net	\$ 372,324,249	\$ 183,349,193
Related debt:		
Bonds payable (general obligation, revenue, TIF, and redevelopment)	253,818,460	22,156,222
Bond anticipation notes	14,975,000	35,000,000
Notes and loans	962,315	20,233,729
Capital leases	2,966,449	-
Unamortized premiums	-	12,863
Unamortized bond issue costs	(3,472,439)	(650,679)
Unused bond proceeds	(113,436,270)	(3,093,791)
Total related debt	155,813,515	73,658,344
Investment in capital assets, net of related debt	\$ 216,510,734	\$ 109,690,849

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

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Medical Benefits to Employees, Retirees and Dependents

The primary government has chosen to establish a risk financing fund for risks associated with employee health claims. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$50,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid into the insured funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based primarily upon the percentage of each fund's current year payroll as it relates to total payroll and are reported as quasi-external interfund transactions. Provisions are also made for unexpected and unusual claims.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of pay outs and other economic and social factors.

Changes in the balance of claim liabilities during the past two years are as follows:

	<u>2007</u>	<u>2006</u>
Unpaid claims, beginning of fiscal year	\$ 440,683	\$ 253,650
Incurred claims and changes in estimates	6,883,168	6,160,714
Claim payments	<u>6,863,229</u>	<u>5,973,681</u>
Unpaid claims, end of fiscal year	<u>\$ 460,622</u>	<u>\$ 440,683</u>

Claims and judgments typically have been liquidated from the internal service fund.

B. Postemployment Benefits

In addition to the pension benefits described below, the primary government provides postemployment health benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the primary government with at least 20 years of services or who retire under disability. Currently, 16 retirees meet these eligibility requirements. The primary government's share of these postemployment benefits is as follows: 50% for 20 years of service plus 2% for each additional year over 20, up to a maximum of \$600 per month. If an employee retires as disabled, the City pays 100% of this benefit, not subject to the \$600 limit. Expenditures for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2007, expenditures of \$89,367 were recognized for post-employment benefits.

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Conduit Debt Obligation

From time to time, the primary government has issued Economic Development Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the primary government, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

At December 31, 2007, there were three series of Economic Development Bonds outstanding with an aggregate principal amount payable of \$32,835,000.

D. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

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

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

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

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the primary government and the Utilities is not available. Therefore, the prepayment for Net Pension Obligation (NPO) is considered an asset of the primary government and is presented in the governmental activities of the financial statements and is not presented as an asset/liability of the proprietary funds.

b. 1925 Police Officers' Pension Plan

Plan Description

The primary government contributes to the 1925 Police Officers' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The primary government's annual pension cost and related information as provided by the actuary is presented in this note. Contributions and benefits of this pension plan are recognized when due and payable in accordance with the terms of the plan.

The Net Pension Obligation (NPO) is considered an obligation of the City and is reflected in the Statement of Net Assets. As provided by state statute, all administrative costs are paid from employer contributions to the fund.

c. 1937 Firefighters' Pension Plan

Plan Description

The primary government contributes to the 1937 Firefighters' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note. Contributions and benefits of this pension plan are recognized when due and payable in accordance with the terms of the plan.

The Net Pension Obligation (NPO) is considered an obligation of the City and is reflected in the Statement of Net Assets. As provided by state statute, all administrative costs are paid from employer contributions to the fund.

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Annual required contribution	\$ 847,367	\$ 389,800	\$ 656,800
Interest on net pension obligation	(14,950)	192,000	221,600
Adjustment to annual required contribution	<u>17,037</u>	<u>(238,700)</u>	<u>(275,400)</u>
Annual pension cost	849,454	343,100	603,000
Contributions made	<u>790,217</u>	<u>324,006</u>	<u>300,922</u>
Increase in net pension obligation	59,237	19,094	302,078
Net pension obligation, beginning of year	<u>(206,209)</u>	<u>3,200,611</u>	<u>3,692,823</u>
Net pension obligation, end of year	<u>\$ (146,972)</u>	<u>\$ 3,219,705</u>	<u>\$ 3,994,901</u>

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	5.25%	21%	21%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-07	01-01-08	01-01-08
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	30 years	30 years	30 years
Amortization period (from date)	07-01-97	01-01-05	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital
<u>Actuarial Assumptions</u>			
Investment rate of return	7.25%	4%	6%
Projected future salary increases:			
Total	5%	4%	4%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	0%	0%
Cost-of-living adjustments	2%	2.75%/4%*	2.75%/4%*

* 2.75% for converted members; 4% for nonconverted members

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-05	\$ 503,797	113%	\$ (283,446)
	06-30-06	740,135	90%	(206,209)
	06-30-07	849,454	93%	(146,972)
1925 Police Officers' Pension Plan	12-31-04	853,400	34%	3,035,824
	12-31-05	357,300	54%	3,200,611
	12-31-06	343,100	94%	3,219,705
1937 Firefighters' Pension Plan	12-31-04	740,800	40%	3,524,500
	12-31-05	617,600	73%	3,692,823
	12-31-06	603,000	50%	3,994,901

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2007, was comprised of the following:

	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Retires and beneficiaries currently receiving benefits	14	14
Terminated employees entitled to but not yet receiving benefits	-	-
Current active employees	-	1

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Statements of Fiduciary Net Assets:

<u>Assets</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Cash and cash equivalents	\$ 59,076	\$ 142,017
Investments at fair value:		
U.S. Government Securities	3,729,710	4,715,251
Interest receivable	<u>41,394</u>	<u>48,454</u>
Total assets	<u>3,830,180</u>	<u>4,905,722</u>
<u>Net Assets</u>		
Held in trust for:		
Employees' pension benefits	<u>3,830,180</u>	<u>4,905,722</u>
Total net assets	<u>\$ 3,830,180</u>	<u>\$ 4,905,722</u>

Statements of Changes in Fiduciary Net Assets:

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Additions</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Contributions:		
Employer	\$ 336,187	\$ 316,860
Employee	3,427	-
	<u>339,614</u>	<u>316,860</u>
Total contributions		
Investment income:		
Net increase in fair value of investments	10,502	11,380
Interest	327,285	395,613
	<u>337,787</u>	<u>406,993</u>
Net investment income		
	<u>677,401</u>	<u>723,853</u>
Total additions		
<u>Deductions</u>		
Benefits	441,295	471,580
Administrative expenses	1,830	1,292
	<u>443,125</u>	<u>472,872</u>
Total deductions		
Changes in net assets	234,276	250,981
Net assets - beginning	<u>3,595,904</u>	<u>4,654,741</u>
Net assets - ending	<u>\$ 3,830,180</u>	<u>\$ 4,905,722</u>

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The primary government contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

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

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the primary government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the primary government are established by the Board of Trustees of PERF. The primary government's contributions to the plan for the years ending December 31, 2007, 2006, and 2005, were \$2,834,114, \$2,717,526, and \$2,445,125, respectively, equal to the required contributions for each year.

E. Subsequent Events

Beginning in 2009, the State Pension Relief Fund shall pay to each unit of local government with Pre-1977 Local Police and Fire Fighter Pension obligations, the total amount of pension, disability, and survivor benefit payments. The Pre-1977 funds include the 1925 Police Pension Fund, the 1937 Firefighters' Fund, and the 1953 Police Pension Fund. For property taxes first due and payable after December 31, 2008, the Department of Local Government Finance shall reduce the maximum permissible property tax levy of any civil taxing unit and special service district by the amount of the payment to be made in 2009 by the State for the obligations.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CARMEL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 5,838,690	\$ 8,218,134	\$ (2,379,444)	71%	\$ 11,010,431	(22%)
07-01-06	7,112,631	8,960,229	(1,847,598)	79%	12,180,445	(15%)
07-01-07	8,323,758	10,713,926	(2,390,168)	78%	13,742,720	(17%)

1925 Police Officers' Pension Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-02	\$ 3,286,055	\$ 8,149,700	\$ (4,863,645)	40%	\$ 183,400	(2,652%)
01-01-03	3,472,830	7,568,300	(4,095,470)	46%	235,700	(1,738%)
01-01-04	3,580,789	8,161,200	(4,580,411)	44%	197,900	(2,315%)
01-01-05	3,571,842	6,253,000	(2,681,158)	57%	50,800	(5,278%)
01-01-06	3,472,229	5,254,400	(1,782,171)	66%	-	0%
01-01-07	3,595,904	5,376,600	(1,780,696)	67%	-	0%

1937 Firefighters' Pension Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-02	\$ 3,984,324	\$ 7,691,400	\$ (3,707,076)	52%	\$ 183,500	(2,020%)
01-01-03	4,260,736	6,972,000	(2,711,264)	61%	235,700	(1,150%)
01-01-04	4,437,783	7,473,700	(3,035,917)	59%	197,900	(1,534%)
01-01-05	4,453,497	6,832,800	(2,379,303)	65%	152,500	(1,560%)
01-01-06	4,475,485	8,449,700	(3,974,215)	53%	161,000	(2,468%)
01-01-07	4,654,741	8,519,200	(3,864,459)	55%	167,300	(2,310%)

The notes to the required supplementary information are an integral part of the required supplementary information.

CITY OF CARMEL
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CONTRIBUTIONS FROM THE
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12-31-01	\$ 781,000	74%
12-31-02	893,900	56%
12-31-03	903,400	49%
12-31-04	978,000	30%
12-31-05	375,800	51%
12-31-06	389,800	83%

1937 Firefighters' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12-31-01	\$ 844,800	69%
12-31-02	839,900	60%
12-31-03	825,500	53%
12-31-04	896,100	33%
12-31-05	639,000	70%
12-31-06	656,800	46%

The notes to the required supplementary information are an integral part of the required supplementary information.

CITY OF CARMEL
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2007

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis Amounts	
	Original	Final		
Revenues:				
Property taxes	\$ 19,977,391	\$ 19,977,391	\$ 19,875,681	\$ (101,710)
Income taxes	20,752,758	20,752,758	22,224,393	1,471,635
Licenses and permits	2,406,000	2,406,000	2,053,103	(352,897)
Intergovernmental	1,676,102	1,676,102	1,971,007	294,905
Charges for services	350,000	350,000	4,661,422	4,311,422
Fines and forfeits	318,000	318,000	504,881	186,881
Other	857,268	857,268	283,020	(574,248)
Total revenues	46,337,519	46,337,519	51,573,507	5,235,988
Expenditures:				
Current:				
General government:				
Clerk-Treasurer:				
Personal services	529,406	529,406	510,973	18,433
Supplies	11,900	12,810	11,710	1,100
Other services and charges	155,885	184,680	155,915	28,765
Capital outlay	715,191	710,797	9,914	700,883
Mayor's Office:				
Personal services	564,880	561,028	547,816	13,212
Supplies	7,500	9,628	6,137	3,491
Other services and charges	1,297,450	1,058,328	1,001,402	56,926
Capital outlay	21,200	14,041	8,616	5,425
City Council:				
Personal services	137,300	137,300	135,235	2,065
Supplies	1,650	1,050	801	249
Other services and charges	115,400	157,614	59,134	98,480
Capital outlay	3,500	2,900	-	2,900
Board of Public Works:				
Personal services	77,615	73,840	20,094	53,746
Other services and charges	734,840	1,025,556	1,002,624	22,932
Plan Commission:				
Other services and charges	-	41,307	7,328	33,979

The notes to the required supplementary information are an integral part of the required supplementary information.

Continued on next page

CITY OF CARMEL
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis Amounts	
	Original	Final		
Expenditures (continued):				
Current (continued):				
General government (continued):				
Administration:				
Personal services	1,337,475	1,352,475	1,226,143	126,332
Supplies	79,900	95,751	73,087	22,664
Other services and charges	3,028,174	3,252,294	2,480,536	771,758
Capital outlay	2,101,700	1,557,196	812,051	745,145
City Court:				
Personal services	652,219	645,969	521,638	124,331
Supplies	7,325	10,236	9,422	814
Other services and charges	55,120	61,352	44,746	16,606
Capital outlay	7,700	10,350	7,194	3,156
Law Department:				
Personal services	320,690	343,740	342,948	792
Supplies	1,450	1,108	1,063	45
Other services and charges	270,320	377,340	376,991	349
Capital outlay	599,960	599,348	6,880	592,468
Community Services:				
Personal services	1,716,000	1,716,000	1,614,630	101,370
Supplies	35,200	43,774	33,066	10,708
Other services and charges	517,112	520,763	444,248	76,515
Capital outlay	61,700	54,511	40,637	13,874
Total general government	<u>15,165,762</u>	<u>15,162,492</u>	<u>11,512,979</u>	<u>3,649,513</u>
Public safety:				
Fire Department:				
Personal services	15,470,664	15,743,150	15,714,142	29,008
Supplies	194,161	187,712	187,687	25
Other services and charges	1,357,505	1,198,779	1,197,363	1,416
Police Department:				
Personal services	10,743,375	10,763,725	10,683,869	79,856
Supplies	387,700	446,080	437,143	8,937
Other services and charges	1,437,230	1,468,749	1,450,746	18,003
Capital outlay	45,200	52,874	50,067	2,807

The notes to the required supplementary information are an integral part of the required supplementary information.

Continued on next page

CITY OF CARMEL
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis Amounts	
	Original	Final		
Expenditures (continued):				
Current (continued):				
Public safety (continued):				
Communication Center:				
Personal services	1,716,000	1,896,000	1,858,071	37,929
Supplies	35,200	38,615	35,175	3,440
Other services and charges	396,200	440,875	367,361	73,514
Capital outlay	61,700	53,958	39,199	14,759
Total public safety	<u>31,844,935</u>	<u>32,290,517</u>	<u>32,020,823</u>	<u>269,694</u>
Culture and recreation:				
Parks Department:				
Personal services	1,482,002	1,481,409	1,222,931	258,478
Supplies	98,050	97,380	95,346	2,034
Other services and charges	641,100	607,807	598,727	9,080
Capital outlay	101,000	31,089	29,318	1,771
Total culture and recreation	<u>2,322,152</u>	<u>2,217,685</u>	<u>1,946,322</u>	<u>271,363</u>
Total expenditures	49,332,849	49,670,694	45,480,124	4,190,570
Other financing sources (uses):				
Transfers out	<u>(5,472,611)</u>	<u>(5,472,611)</u>	<u>(5,472,611)</u>	<u>-</u>
Net change in fund balances	(8,467,941)	(8,805,786)	620,772	9,426,558
Fund balances - beginning	<u>11,284,744</u>	<u>11,284,744</u>	<u>11,284,744</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,816,803</u>	<u>\$ 2,478,958</u>	<u>\$ 11,905,516</u>	<u>\$ 9,426,558</u>

The notes to the required supplementary information are an integral part of the required supplementary information.

CITY OF CARMEL
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGET/GAAP RECONCILIATION
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2007

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

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

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

	General
Net change in fund balances (budgetary basis)	\$ 620,772
Adjustments:	
To adjust revenues for accruals:	
Beginning	(2,727,009)
Ending	6,694,073
To adjust expenditures for accruals:	
Beginning	3,126,581
Ending	<u>(2,636,787)</u>
Net change in fund balances (GAAP basis)	<u>\$ 5,077,630</u>

The notes to the required supplementary information are an integral part of the required supplementary information.

CITY OF CARMEL
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 December 31, 2007

Note I. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedules:

- a. The executive and fiscal officers submit to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. The City advertises the budget prior to adoption and the City Council holds public hearings to obtain taxpayer comments.
- c. The budget is approved in September of each year by the City Council through passage of an ordinance.
- d. Copies of the budget ordinance and advertisements are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the City receives approval from the Indiana Department of Local Government Finance. The budget ordinance as approved by the Indiana Department of Local Government Finance becomes the City's expenditures budget. The City's maximum tax levy is restricted by Indiana Law, with certain adjustments and exceptions. If the advertised budget exceeds the spending and tax limits of the state control laws, an excess levy can be granted by the Indiana Department of Local Government Finance, upon appeal by the City.
- e. The legal level of budgetary control (the level at which expenditures may not exceed appropriations without the governing body's approval) is by object classification for all funds except for the General Fund, which is by object classification within each department. The City's management cannot transfer budgeted appropriations between object classifications of a budget, without approval of the City Council. Any revisions that alter the total appropriations for any fund or any department of the General fund must be approved by the City Council and in some instances, by the Indiana Department of Local Government Finance.
- f. Formal budgetary integration is required by state statute and is employed as a management control device. An annual budget was legally adopted for the following funds:

Major funds:

General Fund

Nonmajor funds:

Special revenue funds:

Motor Vehicle Highway, Local Road and Street

Debt service funds:

Lease Rental, 2004 Bond and Interest

CITY OF CARMEL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2007
(Continued)

Capital projects funds:

Cumulative Capital Improvement, Cumulative Capital Development, Cumulative Capital Storm Sewer

- g. The City's budgetary process is based upon GAAP. Appropriations lapse with the expiration of the budgetary period unless encumbered by a purchase order or contract. Encumbered appropriations are carried over and added to the subsequent year's budget.
- h. Budgeted amounts are as originally adopted or as amended by the City Council and approved by the Indiana Department of Local Government Finance in the regular legal manner. Net increase to the original appropriations totaled \$1,112,999 in 2007.

Note II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis which is not consistent with accounting principles generally accepted in the United States. All annual appropriations lapse at fiscal year end.

On or before August 31, the City Clerk-Treasurer submits to the Common Council 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 Common Council to obtain taxpayer comments. In September of each year, the Common Council through the passage of an ordinance approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the City Clerk-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 Common Council. 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 and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

Expenditures did not exceed appropriations for any funds or any departments within the General Fund, which required legally approved budgets.

NONMAJOR GOVERNMENTAL FUNDS

Special revenue fund - used to account for revenues derived for a specific purpose. The title of the funds is descriptive of the activities involved. The city maintains the following nonmajor special revenue funds:

Motor Vehicle Highway - To account for street construction and the operations of the street and maintenance department. Financing is provided by a specific annual property tax levy and by state motor vehicle highway distributions.

Local Road and Street - To account for operation and maintenance of local and arterial road and street systems. Financing is provided by state gasoline tax distributions.

Park Impact - To account for expenditures relating to the maintenance, landscapes and residential and commercial construction.

Park and Recreational Nonreverting Operating - To account for parks recreation program and facilities including general maintenance, acquisition, repairs and/or replacement of capital improvements, for equipment, for other property, goods and services. Financing is provided by fees collected from program participants.

Tree City Grant Project - To account for federal grant monies used for planting trees in urban areas.

Brookshire Golf Course - To account for receipts and expenditures related to golf course operations.

Local Law Enforcement Continuing Education - To account for expenditures related to continuing education of law enforcement officers employed by the City. Financing is provided by fees collected for the violation of City ordinances and distributed by the Hamilton County Clerk of the Circuit Court.

Law Enforcement Aid VII - To account for police department expenditures related to the Hamilton County Drug Task Force Program. Financing is provided by federal grant monies and reimbursement from other local governmental entities.

Emergency Ambulance and Fire - To account for expenditures related to capital improvements financed by property tax levies and charges for services of emergency ambulance services.

Fire Gift - To account for donations received for fire department expenditures.

Police Gift - To account for donations received for police department expenditures.

Park Gift - To account for donations received for park expenditures.

Community Relations Gift - To account for donations received for the community relations department.

Court Records Perpetuation - To account for document storage fees and facsimile transmission fees collected by the Carmel City Court. Disbursements are for the purpose of developing a record retention program.

**NONMAJOR GOVERNMENTAL FUNDS
(Continued)**

Grant Fund - To account for state and federal grants received and expended during the year.

Rainy Day - To account for monies transferred from other funds for use on future unexpected expenditures.

Economic Development - To account for preliminary expenses in connection with negotiations concerning the terms and conditions for the financing of economic development. Financing is provided by miscellaneous revenues.

Housing Authority - To account for the clearance, replanning and reconstruction of areas within the City where unsanitary or unsafe conditions exist. Initial funding provided by the City General Fund.

Barrett Law - To account for the costs of certain Barrett Law projects approved by the Common Council.

Deferral Fund - To account for fees collected from City ordinance violations via participation in the City's deferral program and collected by the City Court. These funds are remitted monthly to the Clerk-Treasurer from the Court Clerk.

Thoroughfare - To be used for exclusively for the purpose of accepting and disbursing monies received for City thoroughfare development projects. Deposits in such fund shall reflect obligations voluntarily undertaken by developers to contribute the resources necessary at the time their real estate is being developed, to bring thoroughfares adjacent to the same into conformance with the City's Thoroughfare Development Plan, without regard to the size or number of lots or units to be located within the development.

City Court - To account for fines and fees collected by the City Court.

Court Interpreter - To account for fees collected to pay for an interpreter to be used during court sessions.

Debt service funds - used to account for the accumulation of resources for and retirement of, general long-term debt principal and interest. The City maintains the following nonmajor debt service fund:

Lease Rental - To account for expenditures to the Civic Square Public Building Corporation for the retirement of debt relating to the Municipal Office Building, Fire Station and Police Station. Financing is provided by a specific annual property tax levy.

2002 Bond and Interest - To account for bonds payable related to the construction of the Street Department facility and road and infrastructure projects. Financing is provided by County Option Income Taxes (COIT).

2004 Bond and Interest - To account for the expenditures to the City of Carmel Redevelopment Authority for the retirement of the debt relating to the 2004 Road Projects bond issue. Financing is provided by a specific annual property tax levy and payment from the City's General Fund.

**NONMAJOR GOVERNMENTAL FUNDS
(Continued)**

Redevelopment Commission Bond and Interest - To account for the repayment of Tax Increment Financing bonds related to economic development and infrastructure projects within the TIF district. Financing is provided from the proceeds of the TIF bonds.

Civic Square Building Corporation - To account for expenditures related to the costs of land acquisition, demolition, utility relocation, parking facilities and other infrastructure improvements in or serving the City Center Redevelopment Area. Financing is provided by bond issues.

Capital project funds - used to account for acquisition and construction of major capital facilities other than those financed by proprietary funds.

Cumulative Capital Improvement - To account for financial resources related to improvement projects financed by state cigarette tax distributions or the payment of debt incurred for the improvements to City property.

Cumulative Capital Development - To account for expenditures related to capital improvements for the City. Financing is provided by a specific property tax levy.

Cumulative Capital Storm Sewer - To account for expenditures related to sanitary sewer improvement projects. Financing is provided by property tax levy.

2002 Bond Construction - To account for expenditures related to the Street Department facility and road and infrastructure projects. Financing was provided from the sale of bonds.

Civic Square Construction - To account for expenditures related to Carmel Civic Square capital improvements. Financing was originally provided from the sale of bonds.

Land Acquisition - To account for expenditures related to land acquisition. Financing is provided by property tax levies.

1997 Road Construction - To account for expenditures related to capital improvements for roads and infrastructure projects. Financing was provided by the sale of bonds.

2004 Road Construction - To account for expenses related to the road projects as outlined in bond documents.

Park Capital - To account for monies used to acquire specific real property, making capital improvements, or as otherwise permitted by law for parks. Financing is provided by the City and Clay Township.

Redevelopment Commission Construction - To account for receipts, disbursements, and retirement of debt related to the construction of road and infrastructure projects.

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FIDUCIARY FUNDS

Pension trust funds - used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans. The City maintains the following nonmajor pension trust funds.

Police Pension - To account for resources related to police pension benefit payments to qualified police officers.

Fire Pension - To account for resources related to fire pension benefit payments to qualified firefighters.

Agency funds - used to account for resources that are custodial in nature. They generally are amounts held by the City on behalf of third parties. The City maintains the following nonmajor agency funds.

Payroll - To account for the payroll of City employees. Gross payroll is treated as expenditures in other City funds and transferred into this fund, which serves as a clearing account.

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CITY OF CARMEL
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2007

<u>Assets</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
Cash and cash equivalents	\$ 9,392,416	\$ 1,502,885	\$ 4,578,039	\$ 15,473,340
Receivables:				
Taxes	567,095	3,828	105,892	676,815
Accounts	647,621	-	-	647,621
Special assessments	4,160	-	-	4,160
Intergovernmental	364,626	269	23,241	388,136
Total assets	<u>\$ 10,975,918</u>	<u>\$ 1,506,982</u>	<u>\$ 4,707,172</u>	<u>\$ 17,190,072</u>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 110,371	\$ -	\$ 170,331	\$ 280,702
Accrued payroll and withholdings payable	274,756	-	-	274,756
Unavailable revenue	206,359	1,393	54,328	262,080
Total liabilities	<u>591,486</u>	<u>1,393</u>	<u>224,659</u>	<u>817,538</u>
Fund balances:				
Reserved for:				
Encumbrances	3,024,211	-	1,435,213	4,459,424
Unreserved, reported in:				
Special revenue funds	7,360,221	-	-	7,360,221
Debt service funds	-	1,505,589	-	1,505,589
Capital projects funds	-	-	3,047,300	3,047,300
Total fund balances	<u>10,384,432</u>	<u>1,505,589</u>	<u>4,482,513</u>	<u>16,372,534</u>
Total liabilities and fund balances	<u>\$ 10,975,918</u>	<u>\$ 1,506,982</u>	<u>\$ 4,707,172</u>	<u>\$ 17,190,072</u>

CITY OF CARMEL
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007

	Special Revenue	Debt Service	Capital Projects	Totals
Revenues:				
Property taxes	\$ 5,807,428	\$ 66,154	\$ 1,084,402	\$ 6,957,984
Special assessments	308	-	-	308
Licenses and permits	17,550	-	-	17,550
Intergovernmental	3,372,171	2,964	260,945	3,636,080
Charges for services	5,997,708	-	-	5,997,708
Fines and forfeits	1,584,296	-	-	1,584,296
Other:				
Interest on investments	333,672	19,622	329,776	683,070
Sale of property	5,000	-	-	5,000
Donations	166,716	-	-	166,716
Reimbursements	71,133	198,192	-	269,325
Total revenues	<u>17,355,982</u>	<u>286,932</u>	<u>1,675,123</u>	<u>19,318,037</u>
Expenditures:				
Current:				
General government	1,484,281	-	132,357	1,616,638
Public safety	311,159	-	-	311,159
Highways and streets	8,011,696	-	89,888	8,101,584
Economic development	-	-	366,331	366,331
Culture and recreation	5,252,232	-	43,672	5,295,904
Debt service:				
Principal	-	1,095,000	-	1,095,000
Interest	-	900,347	-	900,347
Capital outlay:				
General government	-	-	594,617	594,617
Public safety	530,520	-	-	530,520
Highways and streets	1,009,774	-	5,336,596	6,346,370
Culture and recreation	113,305	-	-	113,305
Total expenditures	<u>16,712,967</u>	<u>1,995,347</u>	<u>6,563,461</u>	<u>25,271,775</u>
Excess (deficiency) of revenues over (under) expenditures	<u>643,015</u>	<u>(1,708,415)</u>	<u>(4,888,338)</u>	<u>(5,953,738)</u>
Other financing sources (uses):				
Transfers in	605,180	1,740,619	86,268	2,432,067
Transfers out	(11,802)	(818,625)	-	(830,427)
Total other financing sources and uses	<u>593,378</u>	<u>921,994</u>	<u>86,268</u>	<u>1,601,640</u>
Net change in fund balances	1,236,393	(786,421)	(4,802,070)	(4,352,098)
Fund balance - beginning	<u>9,148,039</u>	<u>2,292,010</u>	<u>9,284,583</u>	<u>20,724,632</u>
Fund balances - ending	<u>\$ 10,384,432</u>	<u>\$ 1,505,589</u>	<u>\$ 4,482,513</u>	<u>\$ 16,372,534</u>

CITY OF CARMEL
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2007

<u>Assets</u>	Motor Vehicle Highway	Local Road and Street	Park Impact	Park and Recreation Nonreverting Operating	Tree City Grant Project	Brookshire Golf Course	Local Law Enforcement Continuing Education	Law Enforcement Aid VII
Cash and cash equivalents	\$ 1,898,751	\$ 1,593,288	\$ 2,293,996	\$ 816,943	\$ 60,833	\$ 181,109	\$ 94,099	\$ 262,988
Receivables:								
Taxes	567,095	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental	237,246	127,380	-	-	-	-	-	-
Total assets	\$ 2,703,092	\$ 1,720,668	\$ 2,293,996	\$ 816,943	\$ 60,833	\$ 181,109	\$ 94,099	\$ 262,988
 <u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ 92,540	\$ 10,911	\$ -	\$ 4,309	\$ -	\$ -	\$ 900	\$ -
Accrued payroll and withholdings payable	157,750	-	-	117,006	-	-	-	-
Unavailable revenue	206,359	-	-	-	-	-	-	-
Total liabilities	456,649	10,911	-	121,315	-	-	900	-
Fund balances:								
Reserved for:								
Encumbrances	1,956,748	1,067,463	-	-	-	-	-	-
Unreserved, reported in:								
Special revenue funds	289,695	642,294	2,293,996	695,628	60,833	181,109	93,199	262,988
Total fund balances	2,246,443	1,709,757	2,293,996	695,628	60,833	181,109	93,199	262,988
Total liabilities and fund balances	\$ 2,703,092	\$ 1,720,668	\$ 2,293,996	\$ 816,943	\$ 60,833	\$ 181,109	\$ 94,099	\$ 262,988

Continued on next page

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2007
(Continued)

<u>Assets</u>	Emergency Ambulance and Fire	Fire Gift	Police Gift	Park Gift	Community Relations Gift	Court Records Perpetuation	Grant Fund	Rainy Day
Cash and cash equivalents	\$ 117,890	\$ 4,289	\$ 33,287	\$ 440,724	\$ 1,504	\$ 27,243	\$ 438,499	\$ 6,335
Receivables:								
Taxes	-	-	-	-	-	-	-	-
Accounts	647,621	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Total assets	\$ 765,511	\$ 4,289	\$ 33,287	\$ 440,724	\$ 1,504	\$ 27,243	\$ 438,499	\$ 6,335
 <u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ 1,711	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	-
Unavailable revenue	-	-	-	-	-	-	-	-
Total liabilities	1,711	-	-	-	-	-	-	-
Fund balances:								
Reserved for:								
Encumbrances	-	-	-	-	-	-	-	-
Unreserved, reported in:								
Special revenue funds	763,800	4,289	33,287	440,724	1,504	27,243	438,499	6,335
Total fund balances	763,800	4,289	33,287	440,724	1,504	27,243	438,499	6,335
Total liabilities and fund balances	\$ 765,511	\$ 4,289	\$ 33,287	\$ 440,724	\$ 1,504	\$ 27,243	\$ 438,499	\$ 6,335

Continued on next page

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2007
(Continued)

<u>Assets</u>	<u>Economic Development</u>	<u>Housing Authority</u>	<u>Barrett Law</u>	<u>Deferral Fund</u>	<u>Thoroughfare</u>	<u>City Court</u>	<u>Court Interpreter</u>	<u>Totals</u>
Cash and cash equivalents	\$ 32,513	\$ 57,157	\$ 158,029	\$ 397,547	\$ 438,940	\$ 36,437	\$ 15	\$ 9,392,416
Receivables:								
Taxes	-	-	-	-	-	-	-	567,095
Accounts	-	-	-	-	-	-	-	647,621
Special assessments	-	-	4,160	-	-	-	-	4,160
Intergovernmental	-	-	-	-	-	-	-	364,626
Total assets	\$ 32,513	\$ 57,157	\$ 162,189	\$ 397,547	\$ 438,940	\$ 36,437	\$ 15	\$ 10,975,918
 <u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,371
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	274,756
Unavailable revenue	-	-	-	-	-	-	-	206,359
Total liabilities	-	-	-	-	-	-	-	591,486
Fund balances:								
Reserved for:								
Encumbrances	-	-	-	-	-	-	-	3,024,211
Unreserved, reported in:								
Special revenue funds	32,513	57,157	162,189	397,547	438,940	36,437	15	7,360,221
Total fund balances	32,513	57,157	162,189	397,547	438,940	36,437	15	10,384,432
Total liabilities and fund balances	\$ 32,513	\$ 57,157	\$ 162,189	\$ 397,547	\$ 438,940	\$ 36,437	\$ 15	\$ 10,975,918

CITY OF CARMEL
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 December 31, 2007

<u>Assets</u>	Lease Rental	2002 Bond and Interest	2004 Bond and Interest	Redevelopment Commission Bond and Interest	Civic Square Building Corporation	Totals
Cash and cash equivalents	\$ 3,311	\$ 2,091	\$ 32	\$ 996,945	\$ 500,506	\$ 1,502,885
Receivables:						
Taxes	-	-	3,828	-	-	3,828
Intergovernmental	-	-	269	-	-	269
Total assets	\$ 3,311	\$ 2,091	\$ 4,129	\$ 996,945	\$ 500,506	\$ 1,506,982
 <u>Liabilities and Fund Balances</u>						
Liabilities:						
Unavailable revenue	\$ -	\$ -	\$ 1,393	\$ -	\$ -	\$ 1,393
Total liabilities	-	-	1,393	-	-	1,393
Fund balances:						
Unreserved, reported in:						
Debt service funds	3,311	2,091	2,736	996,945	500,506	1,505,589
Total fund balances	3,311	2,091	2,736	996,945	500,506	1,505,589
Total liabilities and fund balances	\$ 3,311	\$ 2,091	\$ 4,129	\$ 996,945	\$ 500,506	\$ 1,506,982

CITY OF CARMEL
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2007

<u>Assets</u>	<u>Cumulative Capital Improvement</u>	<u>Cumulative Capital Development</u>	<u>Cumulative Capital Storm Sewer</u>	<u>2002 Bond Construction</u>	<u>Civic Square Construction</u>	<u>Land Acquisition</u>
Cash and cash equivalents	\$ 499,330	\$ 308,324	\$ 1,679,786	\$ 127,204	\$ 581	\$ 346,543
Receivables:						
Taxes	-	-	105,892	-	-	-
Intergovernmental	<u>15,795</u>	<u>-</u>	<u>7,446</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 515,125</u>	<u>\$ 308,324</u>	<u>\$ 1,793,124</u>	<u>\$ 127,204</u>	<u>\$ 581</u>	<u>\$ 346,543</u>
 <u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 8,005	\$ -	\$ 162,326	\$ -	\$ -	\$ -
Unavailable revenue	<u>15,795</u>	<u>-</u>	<u>38,533</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>23,800</u>	<u>-</u>	<u>200,859</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Reserved for:						
Encumbrances	369,307	110,268	955,638	-	-	-
Unreserved, reported in:						
Capital projects funds	<u>122,018</u>	<u>198,056</u>	<u>636,627</u>	<u>127,204</u>	<u>581</u>	<u>346,543</u>
Total fund balances	<u>491,325</u>	<u>308,324</u>	<u>1,592,265</u>	<u>127,204</u>	<u>581</u>	<u>346,543</u>
Total liabilities and fund balances	<u>\$ 515,125</u>	<u>\$ 308,324</u>	<u>\$ 1,793,124</u>	<u>\$ 127,204</u>	<u>\$ 581</u>	<u>\$ 346,543</u>

Continued on next page

CITY OF CARMEL
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 December 31, 2007
 (Continued)

<u>Assets</u>	1997 Road Construction	2004 Road Construction	Park Capital	Redevelopment Commission Construction	Totals
Cash and cash equivalents	\$ 418	\$ 615,423	\$ 980,133	\$ 20,297	\$ 4,578,039
Receivables:					
Taxes	-	-	-	-	105,892
Intergovernmental	-	-	-	-	23,241
Total assets	<u>\$ 418</u>	<u>\$ 615,423</u>	<u>\$ 980,133</u>	<u>\$ 20,297</u>	<u>\$ 4,707,172</u>
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 170,331
Unavailable revenue	-	-	-	-	54,328
Total liabilities	-	-	-	-	224,659
Fund balances:					
Reserved for:					
Encumbrances	-	-	-	-	1,435,213
Unreserved, reported in:					
Capital projects funds	418	615,423	980,133	20,297	3,047,300
Total fund balances	418	615,423	980,133	20,297	4,482,513
Total liabilities and fund balances	<u>\$ 418</u>	<u>\$ 615,423</u>	<u>\$ 980,133</u>	<u>\$ 20,297</u>	<u>\$ 4,707,172</u>

CITY OF CARMEL
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2007

	Motor Vehicle Highway	Local Road and Street	Park Impact	Park and Recreation Nonreverting Operating	Tree City Grant Project	Brookshire Golf Course	Local Law Enforcement Continuing Education	Law Enforcement Aid VII
Revenues:								
Property taxes	\$ 5,807,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	17,550	-
Intergovernmental	2,516,455	774,790	-	-	-	-	-	31,221
Charges for services	1,414	-	645,049	4,132,932	-	774,520	14,086	-
Fines and forfeits	-	-	-	-	-	-	19,953	-
Other:								
Interest on investments	56,946	50,839	78,969	39,169	2,459	7,600	2,830	13,954
Sale of property	-	-	-	5,000	-	-	-	-
Donations	-	-	-	8,200	1,811	-	-	89,225
Reimbursements	55,751	4,697	-	3,145	-	4,837	567	-
Total revenues	8,437,994	830,326	724,018	4,188,446	4,270	786,957	54,986	134,400
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	27,982	152,126
Highways and streets	7,778,463	119,422	-	-	-	-	-	-
Culture and recreation	-	-	93,356	4,008,379	4,837	1,085,921	-	-
Capital outlay:								
Public safety	-	-	-	-	-	-	-	24,891
Highways and streets	899,780	109,994	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	113,305	-	-
Total expenditures	8,678,243	229,416	93,356	4,008,379	4,837	1,199,226	27,982	177,017
Excess (deficiency) of revenues over (under) expenditures	(240,249)	600,910	630,662	180,067	(567)	(412,269)	27,004	(42,617)
Other financing sources (uses):								
Transfers in	-	11,802	-	-	-	593,378	-	-
Transfers out	(11,802)	-	-	-	-	-	-	-
Total other financing sources and uses	(11,802)	11,802	-	-	-	593,378	-	-
Net change in fund balances	(252,051)	612,712	630,662	180,067	(567)	181,109	27,004	(42,617)
Fund balances - beginning	2,498,494	1,097,045	1,863,334	515,561	61,400	-	66,195	305,605
Fund balances - ending	\$ 2,246,443	\$ 1,709,757	\$ 2,293,996	\$ 695,628	\$ 60,833	\$ 181,109	\$ 93,199	\$ 262,988

Continued on next page

CITY OF CARMEL
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Emergency Ambulance and Fire	Fire Gift	Police Gift	Park Gift	Community Relations Gift	Court Records Perpetuation	Grant Fund	Rainy Day
Revenues:								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	49,705	-
Charges for services	422,192	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	10,342	-	-
Other:								
Interest on investments	1,808	178	1,112	18,256	4	844	16,701	243
Sale of property	-	-	-	-	-	-	-	-
Donations	5,000	11,307	29,795	7,378	1,500	-	12,500	-
Reimbursements	2,136	-	-	-	-	-	-	-
Total revenues	431,136	11,485	30,907	25,634	1,504	11,186	78,906	243
Expenditures:								
Current:								
General government	-	-	-	-	-	-	65,101	-
Public safety	52,962	9,400	21,036	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	59,739	-	-	-	-
Capital outlay:								
Public safety	505,629	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total expenditures	558,591	9,400	21,036	59,739	-	-	65,101	-
Excess (deficiency) of revenues over (under) expenditures	(127,455)	2,085	9,871	(34,105)	1,504	11,186	13,805	243
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-
Net change in fund balances	(127,455)	2,085	9,871	(34,105)	1,504	11,186	13,805	243
Fund balances - beginning	891,255	2,204	23,416	474,829	-	16,057	424,694	6,092
Fund balances - ending	\$ 763,800	\$ 4,289	\$ 33,287	\$ 440,724	\$ 1,504	\$ 27,243	\$ 438,499	\$ 6,335

Continued on next page

CITY OF CARMEL
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Economic Development	Housing Authority	Barrett Law	Deferral Fund	Thoroughfare	City Court	Court Interpreter	Totals
Revenues:								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,807,428
Special assessments	-	-	308	-	-	-	-	308
Licenses and permits	-	-	-	-	-	-	-	17,550
Intergovernmental	-	-	-	-	-	-	-	3,372,171
Charges for services	-	-	-	-	7,500	-	15	5,997,708
Fines and forfeits	-	-	-	130,868	-	1,423,133	-	1,584,296
Other:								
Interest on investments	1,249	3,035	6,032	13,365	18,079	-	-	333,672
Sale of property	-	-	-	-	-	-	-	5,000
Donations	-	-	-	-	-	-	-	166,716
Reimbursements	-	-	-	-	-	-	-	71,133
Total revenues	1,249	3,035	6,340	144,233	25,579	1,423,133	15	17,355,982
Expenditures:								
Current:								
General government	-	-	593	-	-	1,418,587	-	1,484,281
Public safety	-	-	-	47,653	-	-	-	311,159
Highways and streets	-	-	-	-	113,811	-	-	8,011,696
Culture and recreation	-	-	-	-	-	-	-	5,252,232
Capital outlay:								
Public safety	-	-	-	-	-	-	-	530,520
Highways and streets	-	-	-	-	-	-	-	1,009,774
Culture and recreation	-	-	-	-	-	-	-	113,305
Total expenditures	-	-	593	47,653	113,811	1,418,587	-	16,712,967
Excess (deficiency) of revenues over (under) expenditures	1,249	3,035	5,747	96,580	(88,232)	4,546	15	643,015
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	605,180
Transfers out	-	-	-	-	-	-	-	(11,802)
Total other financing sources and uses	-	-	-	-	-	-	-	593,378
Net change in fund balances	1,249	3,035	5,747	96,580	(88,232)	4,546	15	1,236,393
Fund balances - beginning	31,264	54,122	156,442	300,967	527,172	31,891	-	9,148,039
Fund balances - ending	\$ 32,513	\$ 57,157	\$ 162,189	\$ 397,547	\$ 438,940	\$ 36,437	\$ 15	\$ 10,384,432

CITY OF CARMEL
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 For The Year Ended December 31, 2007

	Lease Rental	2002 Bond and Interest	2004 Bond and Interest	Redevelopment Commission Bond and Interest	Civic Square Building Corporation	Totals
Revenues:						
Property taxes	\$ -	\$ -	\$ 39,195	\$ 26,959	\$ -	\$ 66,154
Intergovernmental	-	-	2,964	-	-	2,964
Other:						
Interest on investments	3,055	80	-	12,239	4,248	19,622
Reimbursements	-	-	-	198,192	-	198,192
Total revenues	<u>3,055</u>	<u>80</u>	<u>42,159</u>	<u>237,390</u>	<u>4,248</u>	<u>286,932</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	395,000	700,000	1,095,000
Interest	-	-	-	772,594	127,753	900,347
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,167,594</u>	<u>827,753</u>	<u>1,995,347</u>
Excess of revenues over expenditures	<u>3,055</u>	<u>80</u>	<u>42,159</u>	<u>(930,204)</u>	<u>(823,505)</u>	<u>(1,708,415)</u>
Other financing sources (uses):						
Transfers in	-	-	-	912,619	828,000	1,740,619
Transfers out	(46,507)	-	(772,118)	-	-	(818,625)
Total other financing sources and uses	<u>(46,507)</u>	<u>-</u>	<u>(772,118)</u>	<u>912,619</u>	<u>828,000</u>	<u>921,994</u>
Net change in fund balances	(43,452)	80	(729,959)	(17,585)	4,495	(786,421)
Fund balances - beginning	<u>46,763</u>	<u>2,011</u>	<u>732,695</u>	<u>1,014,530</u>	<u>496,011</u>	<u>2,292,010</u>
Fund balances - ending	<u>\$ 3,311</u>	<u>\$ 2,091</u>	<u>\$ 2,736</u>	<u>\$ 996,945</u>	<u>\$ 500,506</u>	<u>\$ 1,505,589</u>

CITY OF CARMEL
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 For The Year Ended December 31, 2007

	Cumulative Capital Improvement	Cumulative Capital Development	Cumulative Capital Storm Sewer	2002 Bond Construction	Civic Square Construction	Land Acquisition
Revenues:						
Property taxes	\$ -	\$ -	\$ 1,084,402	\$ -	\$ -	\$ -
Intergovernmental	178,949	-	81,996	-	-	-
Charges for services	-	-	-	-	-	-
Other:						
Interest on investments	14,610	12,234	46,324	6,633	22	13,315
Reimbursements	-	-	-	-	-	-
Total revenues	193,559	12,234	1,212,722	6,633	22	13,315
Expenditures:						
Current:						
General government	115,402	16,955	-	-	-	-
Highways and streets	-	-	-	89,888	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	594,617	-	-	-
Highways and streets	-	-	-	-	-	-
Total expenditures	115,402	16,955	594,617	89,888	-	-
Excess (deficiency) of revenues over (under) expenditures	78,157	(4,721)	618,105	(83,255)	22	13,315
Other financing sources:						
Transfers in	86,268	-	-	-	-	-
Total other financing sources and uses	86,268	-	-	-	-	-
Net change in fund balances	164,425	(4,721)	618,105	(83,255)	22	13,315
Fund balances - beginning	326,900	313,045	974,160	210,459	559	333,228
Fund balances - ending	\$ 491,325	\$ 308,324	\$ 1,592,265	\$ 127,204	\$ 581	\$ 346,543

Continued on next page

CITY OF CARMEL
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	1997 Road Construction	2004 Road Construction	Park Capital	Redevelopment Commission Construction	Totals
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,084,402
Intergovernmental	-	-	-	-	260,945
Charges for services	-	-	-	-	-
Other:					
Interest on investments	16	188,417	39,092	9,113	329,776
Reimbursements	-	-	-	-	-
Total revenues	<u>16</u>	<u>188,417</u>	<u>39,092</u>	<u>9,113</u>	<u>1,675,123</u>
Expenditures:					
Current:					
General government	-	-	-	-	132,357
Highways and streets	-	-	-	-	89,888
Economic development	-	-	-	366,331	366,331
Culture and recreation	-	-	43,672	-	43,672
Capital outlay:					
General government	-	-	-	-	594,617
Highways and streets	-	5,336,596	-	-	5,336,596
Total expenditures	<u>-</u>	<u>5,336,596</u>	<u>43,672</u>	<u>366,331</u>	<u>6,563,461</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16</u>	<u>(5,148,179)</u>	<u>(4,580)</u>	<u>(357,218)</u>	<u>(4,888,338)</u>
Other financing sources:					
Transfers in	-	-	-	-	86,268
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,268</u>
Net change in fund balances	16	(5,148,179)	(4,580)	(357,218)	(4,802,070)
Fund balances - beginning	<u>402</u>	<u>5,763,602</u>	<u>984,713</u>	<u>377,515</u>	<u>9,284,583</u>
Fund balances - ending	<u>\$ 418</u>	<u>\$ 615,423</u>	<u>\$ 980,133</u>	<u>\$ 20,297</u>	<u>\$ 4,482,513</u>

CITY OF CARMEL
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
 SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2007

	Motor Vehicle Highway			Local Road and Street		
	Amended Budget	Actual Budgetary Basis Amounts	Variance Positive (Negative)	Amended Budget	Actual Budgetary Basis Amounts	Variance Positive (Negative)
Revenues:						
Property taxes	\$ 5,936,244	\$ 5,406,818	\$ (529,426)	\$ -	\$ -	\$ -
Intergovernmental	2,293,893	2,511,416	217,523	746,632	777,904	31,272
Other	40,000	114,111	74,111	60,000	67,338	7,338
Total revenues	8,270,137	8,032,345	(237,792)	806,632	845,242	38,610
Expenditures:						
Current:						
Highways and roads:						
Personal services	4,032,984	3,759,907	273,077	-	-	-
Supplies	624,830	604,511	20,319	-	-	-
Other services and charges	3,299,221	3,195,752	103,469	117,360	117,360	-
Capital outlay	1,023,924	999,225	24,699	109,994	109,994	-
Total expenditures	8,980,959	8,559,395	421,564	227,354	227,354	-
Net change in fund balances	(710,822)	(527,050)	183,772	579,278	617,888	38,610
Fund balances - beginning	2,425,801	2,425,801	-	975,400	975,400	-
Fund balances - ending	\$ 1,714,979	\$ 1,898,751	\$ 183,772	\$ 1,554,678	\$ 1,593,288	\$ 38,610

CITY OF CARMEL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
DEBT SERVICE FUNDS
For The Year Ended December 31, 2007

	Lease Rental			2004 Bond and Interest		
	Amended Budget	Actual Budgetary Basis Amounts	Variance Positive (Negative)	Amended Budget	Actual Budgetary Basis Amounts	Variance Positive (Negative)
Revenues:						
Property taxes	\$ 974,355	\$ -	\$ (974,355)	\$ 2,132,306	\$ 36,491	\$ (2,095,815)
Intergovernmental	58,974	-	(58,974)	128,514	2,964	(125,550)
Other	1,000	3,055	2,055	2,200	-	(2,200)
Total revenues	1,034,329	3,055	(1,031,274)	2,263,020	39,455	(2,223,565)
Expenditures:						
Debt service:						
Interest	-	-	-	1,981,882	-	1,981,882
Total expenditures	-	-	-	1,981,882	-	1,981,882
Excess of revenues over expenditures	1,034,329	3,055	(1,031,274)	281,138	39,455	320,593
Other financing uses:						
Transfers out	(46,507)	(46,507)	-	(772,118)	(772,118)	-
Net change in fund balances	987,822	(43,452)	(1,031,274)	(490,980)	(732,663)	320,593
Fund balances - beginning	46,763	46,763	-	732,695	732,695	-
Fund balances - ending	\$ 1,034,585	\$ 3,311	\$ (1,031,274)	\$ 241,715	\$ 32	\$ 320,593

CITY OF CARMEL
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
 CAPITAL PROJECTS FUNDS
 For The Year Ended December 31, 2007

	Cumulative Capital Improvement			Cumulative Capital Development			Cumulative Capital Storm Sewer		
	Amended Budget	Actual Budgetary Basis Amounts	Variance Positive (Negative)	Amended Budget	Actual Budgetary Basis Amounts	Variance Positive (Negative)	Amended Budget	Actual Budgetary Basis Amounts	Variance Positive (Negative)
Revenues:									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 934,930	\$ 1,091,593	\$ 156,663
Intergovernmental	179,010	178,949	(61)	-	-	-	56,587	-	(56,587)
Other	103,268	100,878	(2,390)	-	12,234	12,234	84,000	46,324	(37,676)
Total revenues	<u>282,278</u>	<u>279,827</u>	<u>(2,451)</u>	<u>-</u>	<u>12,234</u>	<u>12,234</u>	<u>1,075,517</u>	<u>1,137,917</u>	<u>62,400</u>
Expenditures:									
Current:									
Highways and roads:									
Supplies	-	-	-	-	-	-	39,759	37,920	1,839
Other services and charges	51,019	51,019	-	11,025	11,025	-	68,292	68,292	-
Capital outlay	56,378	56,378	-	13,012	5,930	7,082	326,079	326,079	-
Total expenditures	<u>107,397</u>	<u>107,397</u>	<u>-</u>	<u>24,037</u>	<u>16,955</u>	<u>7,082</u>	<u>434,130</u>	<u>432,291</u>	<u>1,839</u>
Net change in fund balances	174,881	172,430	(2,451)	(24,037)	(4,721)	19,316	641,387	705,626	64,239
Fund balances - beginning	<u>326,900</u>	<u>326,900</u>	<u>-</u>	<u>313,045</u>	<u>313,045</u>	<u>-</u>	<u>974,160</u>	<u>974,160</u>	<u>-</u>
Fund balances - ending	<u>\$ 501,781</u>	<u>\$ 499,330</u>	<u>\$ (2,451)</u>	<u>\$ 289,008</u>	<u>\$ 308,324</u>	<u>\$ 19,316</u>	<u>\$ 1,615,547</u>	<u>\$ 1,679,786</u>	<u>\$ 64,239</u>

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CITY OF CARMEL
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 December 31, 2007

<u>Assets</u>	<u>Pension Trust Funds</u>		
	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Cash and cash equivalents	\$ 59,076	\$ 142,017	\$ 201,093
Investments at fair value:			
U.S. Government securities	3,729,710	4,715,251	8,444,961
Interest Receivable	<u>41,394</u>	<u>48,454</u>	<u>89,848</u>
Total assets	<u>3,830,180</u>	<u>4,905,722</u>	<u>8,735,902</u>
 <u>Net Assets</u>			
Held in trust for:			
Employees' pension benefits	<u>3,830,180</u>	<u>4,905,722</u>	<u>8,735,902</u>
Total net assets	<u>\$ 3,830,180</u>	<u>\$ 4,905,722</u>	<u>\$ 8,735,902</u>

CITY OF CARMEL
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 For The Year Ended December 31, 2007

<u>Additions</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Contributions:			
Employer	\$ 336,187	\$ 316,860	\$ 653,047
Plan members	3,427	-	3,427
 Total contributions	 <u>339,614</u>	 <u>316,860</u>	 <u>656,474</u>
Investment income:			
Net increase in fair value of investments	10,502	11,380	21,882
Interest	<u>327,285</u>	<u>395,613</u>	<u>722,898</u>
 Net investment income	 <u>337,787</u>	 <u>406,993</u>	 <u>744,780</u>
 Total additions	 <u>677,401</u>	 <u>723,853</u>	 <u>1,401,254</u>
 <u>Deductions</u>			
Benefits	441,295	471,580	912,875
Administrative expense	<u>1,830</u>	<u>1,292</u>	<u>3,122</u>
 Total deductions	 <u>443,125</u>	 <u>472,872</u>	 <u>915,997</u>
 Changes in net assets	 234,276	 250,981	 485,257
Net assets - beginning	<u>3,595,904</u>	<u>4,654,741</u>	<u>8,250,645</u>
Net assets - ending	<u>\$ 3,830,180</u>	<u>\$ 4,905,722</u>	<u>\$ 8,735,902</u>

CITY OF CARMEL
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 For The Year Ended December 31, 2007

	<u>Payroll</u>
Assets:	
Cash and cash equivalents, January 1, 2007	\$ 559,428
Additions	39,874,352
Deductions	<u>(40,296,647)</u>
Cash and cash equivalents, December 31, 2007	<u>\$ 137,133</u>
Liabilities:	
Withholdings payable, January 1, 2007	\$ 559,428
Additions	39,874,352
Deductions	<u>(40,296,647)</u>
Withholdings payable, December 31, 2007	<u>\$ 137,133</u>

Statistical Section

This part of the City of Carmel'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 City's overall financial health

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	105-111
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	112-115
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	116-121
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	122-124
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	125-126

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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CITY OF CARMEL
Net Assets by Component
As of December 31,

	<u>2007</u>	<u>2006</u>	<u>2005 *</u>	<u>2004 *</u>	<u>2003 *</u>
Governmental Activities:					
Invested in capital assets, net of related debt	\$ 216,510,734	\$ 165,215,713	\$ 153,572,649	\$ 166,265,901	\$ 160,106,455
Restricted	32,888,239	36,514,923	5,347,623	9,285,083	-
Unrestricted	108,094,034	16,729,537	44,376,529	5,114,019	13,225,650
Total governmental activities net assets	<u>\$ 357,493,007 ^b</u>	<u>\$ 218,460,173</u>	<u>\$ 203,296,801</u>	<u>\$ 180,665,003</u>	<u>\$ 173,332,105</u>
Business - Type Activities:					
Invested in capital assets, net of related debt	\$ 109,667,437	\$ 107,993,515	\$ 92,478,300	\$ 102,152,134	\$ 94,570,952
Restricted	2,402,387	2,351,038	1,445,558	1,099,320	951,076
Unrestricted	6,111,311	6,015,017	16,674,672	2,126,310	6,238,349
Total business - type activities net assets	<u>\$ 118,181,135</u>	<u>\$ 116,359,570</u>	<u>\$ 110,598,530</u>	<u>\$ 105,377,764</u>	<u>\$ 101,760,377</u>
Primary government:					
Invested in capital assets, net of related debt	\$ 326,178,171	\$ 273,209,228	\$ 246,050,949	\$ 268,418,035	\$ 254,677,407
Restricted	35,290,626	38,865,961	6,793,181	10,384,403	951,076
Unrestricted	114,205,345	22,744,554	61,051,201	7,240,329	19,463,999
Total primary government net assets	<u>\$ 475,674,142</u>	<u>\$ 334,819,743</u>	<u>\$ 313,895,331 ^a</u>	<u>\$ 286,042,767</u>	<u>\$ 275,092,482</u>

The City of Carmel implemented GASB 34 for the fiscal year ended December 31, 2003. Information prior to the implementation of GASB 34 is not available.

^a The amounts presented for Governmental Activities have been restated. The 2003 balances were restated in 2004 to recognize retroactively recorded infrastructure assets. The 2004 balances were restated in 2005 due to certain prior period adjustments. The 2005 balances were restated in 2006 due to certain prior period adjustments.

^a A notable portion of 2005 net asset increase was due to capital assets and infrastructure contributed by developers and infrastructure acquired through annexation.

^b Increase in capital assets in 2007 is due to the transfer of Keystone Avenue to the City, completed road projects and contributed roads from developers. The increase in unrestricted net assets related to the transfer of \$90 million road maintenance funds from the State, for Keystone Avenue.

CITY OF CARMEL
Changes in Net Assets
Fiscal Years Ended December 31,

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses:					
Governmental Activities:					
General government	\$ 11,814,450	\$ 10,352,967	\$ 12,165,495	\$ 13,636,853	\$ 17,009,153
Public safety	31,793,193	33,557,162	28,861,813	27,547,163	24,568,150
Highways and streets	11,836,008	16,024,468	9,166,819	10,812,132	244,180
Economic Development	3,453,143	3,422,848	5,861,430	1,123,120	509,948
Culture and recreation	7,290,767	3,502,261	2,666,812	2,265,630	2,075,718
Interest on long-term debt	10,926,601	9,252,105	2,453,477	2,822,987	1,267,275
Total governmental activities expenses	77,114,162	76,111,811	61,175,846	58,207,885	45,674,424
Business-Type Activities:					
Water	11,840,245 i	8,457,722	5,885,842	5,483,254	5,218,024
Wastewater	6,698,647	6,536,053	6,023,641	5,574,330	5,238,286
Total business-type activities expenses	18,538,892	14,993,775	11,909,483	11,057,584	10,456,310
Total primary government expenses	95,653,054	91,105,586	73,085,329	69,265,469	56,130,734
Program Revenues:					
Governmental Activities:					
Charges for services:					
General Government	3,385,414	3,945,270	4,367,658	3,752,734	3,193,997
Public Safety	6,663,686	6,807,746	6,272,320	805,812	257,729
Highways and streets	67,948	673,701	455,078	15,956	31,912
Economic Development	-	-	-	3,200	-
Culture and recreation	5,552,501	2,076,007	1,688,746	1,216,231	430,918
Operating grants and contributions					
General Government	108,821	454,867	1,167,542	239,306	6,088,184
Public Safety	80,926	145,953	167,510	6,014,591	5,959,994
Highways and streets	92,743,544 g	3,007,846	2,853,931	2,792,465	1,983,958
Economic Development	-	-	-	5,076,819	-
Culture and recreation	-	-	-	689,637	633,488
Capital grants and contributions					
General Government	-	-	11,392,163 a	-	-
Public Safety	-	-	-	-	2,166,175
Highways and streets	-	5,360,062	16,850,686 a	1,196,477	8,823,512
Economic Development	34,027,106 h	-	-	129,569	715,858
Culture and recreation	-	-	-	55,050	1,223,763
Total governmental activities revenues	142,629,946	22,471,452	45,215,634	21,987,847	31,509,488
Charges for services					
Water	10,304,244 i	6,646,286	5,627,465	5,098,635	4,305,355
Wastewater	5,120,369	5,165,793	4,485,233	4,534,680	4,408,904
Operating grants and contributions					
Water	-	126,804	-	-	-
Wastewater	-	24,029	-	-	-
Capital grants and contributions					
Water	3,093,714	5,551,191	4,693,232	3,108,630	3,407,484
Wastewater	783,712	2,457,234	1,930,671	1,827,112	2,202,283
Total business-type activities revenues	19,302,039	19,971,337	16,736,601	14,569,057	14,324,026
Total primary government revenues	161,931,985	42,442,789	61,952,235	36,556,904	45,833,514

CITY OF CARMEL
Changes in Net Assets
Fiscal Years Ended December 31,
(continued)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net Revenues (expenses):					
Governmental activities	65,515,784	(53,640,359)	(15,960,212)	(36,220,038)	(14,164,936)
Business-type activities	763,147	4,977,562	4,827,118	3,511,473	3,867,716
Total net revenues (expenses):	<u>66,278,931</u>	<u>(48,662,797)</u>	<u>(11,133,094)</u>	<u>(32,708,565)</u>	<u>(10,297,220)</u>
General revenues and other changes in net assets:					
Governmental activities:					
Taxes:					
Property Taxes	37,655,180	35,001,997 d	32,271,048 b	22,419,363	17,343,516
County Option income tax	23,542,260	22,008,393 e	15,251,357 c	10,205,588	11,342,577
Financial institutions tax	-	-	-	-	29,591
Food and beverage tax	1,553,541	1,140,652 f	-	-	-
Auto and aircraft excise tax	2,082,745	2,366,358	2,432,705	1,393,855	1,042,776
Commercial vehicle excise tax	-	-	-	-	11,403
ABC excise tax	-	-	-	-	24,107
ABC gallonage tax	-	-	-	-	76,863
State cigarette tax	-	-	-	-	32,642
Gaming tax	-	-	-	-	238,598
Other taxes	440,302	684,509	63,963	423,863	-
Payment in lieu of taxes	-	-	-	406,350	-
Other	175,373	84,223	1,016,003	386,519	1,625,095
Gain (Loss) on disposal of assets	-	248,277	-	-	-
Unrestricted investment earnings	8,067,649	7,269,322	4,023,102	1,980,313	204,270
Total Governmental activities:	<u>73,517,050</u>	<u>68,803,731</u>	<u>55,058,178</u>	<u>37,215,851</u>	<u>31,971,438</u>
Business - Type activities:					
Other	183,462	-	136,886	48,919	148,177
Unrestricted investment earnings	874,956	783,478	256,762	56,996	97,858
Total Business - Type activities:	<u>1,058,418</u>	<u>783,478</u>	<u>393,648</u>	<u>105,915</u>	<u>246,035</u>
Total Primary Government	<u>74,575,468</u>	<u>69,587,209</u>	<u>55,451,826</u>	<u>37,321,766</u>	<u>32,217,473</u>
Changes in net assets					
Governmental activities	139,032,834	15,163,372	39,097,966	995,813	17,806,502
Business-type activities	1,821,565	5,761,040	5,220,766	3,617,388	4,113,751
Total primary government	<u>\$ 140,854,399</u>	<u>\$ 20,924,412</u>	<u>\$ 44,318,732</u>	<u>\$ 4,613,201</u>	<u>\$ 21,920,253</u>

CITY OF CARMEL
Changes in Net Assets
Fiscal Years Ended December 31,
(continued)

The City of Carmel implemented GASB 34 for the fiscal year ended December 31, 2003. Information prior to the implementation of GASB 34 is not available.

^a Capital grants and contributions increased mainly due to roadways and related infrastructure acquired through annexation or contributed by developers.

^b Large property tax increases needed to fund services to annexed areas and other growing areas of the City. A portion was also due to tax increment revenues increases.

^c The City's share of income tax increased due mainly to prior year annexations.

^d The increase is due to existing debt service levies and additional tax increment revenue captured by the City.

^e Primarily due to growth in the City and throughout the County. The State also updated information on tax collections that supported the reversal of \$1.3 million in unearned revenue from COIT reported as a liability in 2005.

^f Food and Beverage tax was established late in 2005, which generated approximately \$1.37 million in revenue.

^g Increase is due to the transfer from the State to the City of \$90 million in road maintenance fund for Keystone Avenue.

^h State transferred Keystone Avenue as well as the developers contributed \$5.6 million.

ⁱ The City acquired approximately 8,100 customers from Indianapolis Water Company ("IWC") late 2006. Revenues increased due to additional customers which were offset by the purchase of water from IWC.

CITY OF CARMEL
Fund Balances of Governmental Funds
As of December 31,

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund					
Reserved	\$ 2,833,580	\$ 2,246,772	\$ 1,736,655	\$ 1,302,278	\$ 1,035,399
Unreserved	<u>13,129,222</u>	<u>8,638,400</u> ^{b-1}	<u>2,972,271</u>	<u>(4,121,553)</u>	<u>(3,193,397)</u>
Total general fund	<u>\$ 15,962,802</u>	<u>\$ 10,885,172</u>	<u>\$ 4,708,926</u>	<u>\$ (2,819,275)</u>	<u>\$ (2,157,998)</u>
All other governmental funds:					
Reserved	\$ 4,459,424	\$ 3,867,152	\$ 7,273,121	\$ 3,713,301	\$ 3,278,487
Unreserved, reported in:					
Special revenue funds	62,749,474 ^c	10,008,195	7,585,647	10,031,844	8,088,538
Debt service funds	24,641,319 ^d	30,368,689 ^b	2,418,354	3,270,278	677,500
Capital projects funds	<u>114,993,449</u> ^e	<u>139,899,005</u> ^b	<u>12,594,441</u>	<u>25,943,822</u> ^a	<u>6,463,735</u>
Total all other governmental funds	<u>\$ 206,843,666</u>	<u>\$ 184,143,041</u>	<u>\$ 29,871,563</u>	<u>\$ 42,959,245</u>	<u>\$ 18,508,260</u>

The City of Carmel has elected to show only five years of data for this schedule.

^a Increase in other governmental funds due to 2004 bond proceeds for road and redevelopment projects which had not yet been spent.

^b Includes Redevelopment Authority Debt Service Fund (\$28 million) and Construction Fund (\$132.9 million) which were previously reported as Internal Service Funds but reclassified in 2006 to better reflect the function of the Redevelopment Authority.

^{b-1} Growth throughout the City and County generated \$6.8 million income tax increase while general fund expenditures remained fairly flat from 2005 to 2006.

^c Transfer of \$50 million from the State for Keystone Avenue maintenance funds.

^d Decrease payment of capitalized interest funds and lack of new bond issuance in 2007.

^e RDA had disbursements for construction in progress on performing arts center and various road projects.

CITY OF CARMEL
Changes in Fund Balances of Governmental Funds
Fiscal Years Ended December 31,

	2007	2006	2005	2004	2003
Revenues					
Taxes	\$ 61,197,440	\$ 56,880,398	\$ 47,522,405 ^a	\$ 22,759,052	\$ 17,343,516
Special assessments	308	105	1,604	-	-
License and Permits	2,070,653	3,049,987	3,531,624	2,236,155	1,546,783
Intergovernmental	57,118,461 ^d	7,475,059	6,568,796	27,216,483	23,397,298
Charges and Services	10,254,654	6,636,052	7,521,869	3,968,659	2,754,871
Fines and Forfeits	2,089,177	1,917,524	1,728,705	419,648	462,817
Miscellaneous	13,511,398	11,531,062 ^c	1,959,550	18,069,955 ^b	1,910,101
Total Revenues	\$ 146,242,091	\$ 87,490,187	\$ 68,834,553	\$ 74,669,952	\$ 47,415,386
Expenditures					
Current:					
General Government	11,280,100	10,820,398	12,442,630	13,154,132	12,726,665
Public Safety	30,483,230	32,215,245	28,890,720	26,188,240	23,139,182
Highways and Streets	8,457,350	12,224,531	5,944,393	5,907,867	5,483,935
Economic Development	3,887,587	3,646,598	247,552	-	-
Culture and Recreation	7,259,674	3,477,492	2,638,776	1,535,479	1,706,982
Capital Outlay	44,485,093 ^e	29,939,020	25,852,232	13,266,860	13,303,596
Debt Service:					
Principal	6,406,535	12,899,018	3,223,031	8,712,163	953,448
Interest	10,236,232	6,071,621	2,453,477	1,077,568	1,267,275
Bond Issue Costs	-	1,361,195	-	-	-
Total Expenditures	\$ 122,495,801	\$ 112,655,118	\$ 81,692,811	\$ 69,842,309	\$ 58,581,083
Excess (deficiency) of revenues over (under) expenditures	\$ 23,746,290	\$ (25,164,931)	\$ (12,858,258)	\$ 4,827,643	\$ (11,165,697)

CITY OF CARMEL
Changes in Fund Balances of Governmental Funds
Fiscal Years Ended December 31,
(continued)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Other Financing Sources (Uses)					
Transfers in	8,577,634	6,874,103	2,995,148	3,540,518	3,235,519
Transfers out	(8,577,634)	(6,874,103)	(2,995,148)	(3,134,157)	(3,235,519)
Issuance of debt	2,995,000	86,746,246	3,648,648	17,856,352	2,995,000
Capital Leases	1,036,965	732,882	2,023,044	699,352	1,618,619
Notes and loans proceeds	-	1,390,000	-	-	-
Total other financing sources (uses)	<u>\$ 4,031,965</u>	<u>\$ 88,869,128</u>	<u>\$ 5,671,692</u>	<u>\$ 18,962,065</u>	<u>\$ 4,613,619</u>
Net change in fund balance	<u>\$ 27,778,255</u>	<u>\$ 63,704,197</u>	<u>\$ (7,186,566)</u>	<u>\$ 23,789,708</u>	<u>\$ (6,552,078)</u>
Debt service as a percentage of noncapital expenditures	<u>21.3%</u>	<u>22.9%</u>	<u>10.2%</u>	<u>17.3%</u>	<u>4.9%</u>

The City of Carmel has elected to show only five years of data for this schedule.

^a Reflects change of reporting income tax revenues and tax increment revenues from intergovernmental in prior years to taxes in 2005.

^b Approximately \$15 million in bond proceeds were transferred from the Redevelopment Authority Internal Service Fund to the City Construction Fund for road projects.

^c Increase reflects mainly Redevelopment Authority activities in 2006 which were previously reported as an internal service fund and as such not combined with other Governmental Funds.

^d Transfer of \$50 million from the State to the City for Keystone Avenue maintenance funds.

^e Increase reflects expenses relating to the Performing Arts Center and various road projects.

City of Carmel
Assessed Value and True Tax Value of Taxable Property
Last Ten Years

Year Payable	Real Property				
	Residential	Commercial	Industry	Other (3)	Total
2007	\$ 1,649,523,429	\$ 587,364,114	\$ 13,159,000	\$ 17,634,293	\$ 2,267,680,836
2006	1,369,006,170	508,063,858	10,858,033	20,533,062	1,908,461,123
2005	1,282,009,953	467,931,195	10,941,267	25,580,381	1,786,462,796
2004	1,012,372,540	428,357,207	10,935,567	16,476,182	1,468,141,495
2003	797,854,663	387,536,440	9,221,467	1,191,346	1,195,803,916
2002	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A
2000	N/A	N/A	N/A	N/A	N/A
1999	N/A	N/A	N/A	N/A	N/A
1998	N/A	N/A	N/A	N/A	N/A

Year Payable	Personal Property	Total Personal and Real Property	Less: Tax Increment Districts	Total		Total Direct Tax Rate
				Assessed Value (1)	True Tax Value (2)	
2007	\$ 123,040,755	\$ 2,390,721,591	\$ 231,145,674	\$ 2,159,575,917	\$ 6,478,727,754	\$ 0.4329
2006	161,449,537	2,069,910,660	192,540,580	1,877,370,080	5,632,110,240	0.5282
2005	138,953,574	1,925,416,370	155,215,250	1,770,201,120	5,310,603,361	0.5299
2004	124,049,073	1,592,190,568	130,727,548	1,461,463,020	4,384,389,060	0.5284
2003	147,523,707	1,343,327,623	110,319,698	1,233,007,925	3,699,023,774	0.3747
2002	N/A	809,806,732	34,314,043	775,492,689	2,326,478,066	0.5642
2001	N/A	743,484,975	21,879,280	721,605,695	2,164,817,085	1.7103
2000	N/A	709,989,771	17,919,760	692,070,011	2,076,210,033	1.5373
1999	N/A	667,086,756	9,851,820	657,234,936	1,971,704,808	1.5374
1998	N/A	614,403,284	9,358,930	605,044,354	1,815,133,062	1.6711

(1) Property reassessments were effective in 2003.

(2) True tax value is 3 times assessed value. Beginning in 2002, tax rates were based upon \$100 of true tax value. In prior years, the rate was per \$100 of assessed value.

(3) Includes adjustments due to appeals as well as assessed values from property classes of agriculture, exempt, utility and other as defined by the County Auditor's office.

Source: Hamilton County Auditor's Office - Total Assessed and true tax values are those amounts that have been reported to and certified by the State each year. Prior to 2006, this table did not include any breakdown between real and personal property or show classes of real property. The County is only able to go back to 2003 to provide class detail of certified assessed values. Such detail will be provided for future years and reports.

CITY OF CARMEL
Direct and Overlapping Property Tax Rates
Last Ten Years

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
City Direct Rates:										
Corporation General	\$ 0.3268	\$ 0.3512	\$ 0.3947	\$ 0.3193	\$ 0.2381	\$ 0.3051	\$ 1.1175	\$ 0.9784	\$ 1.0722	\$ 1.0982
MVH	0.0889	0.1054	0.0749	0.1281	0.0574	0.1572	0.2879	0.2498	0.1555	0.2531
Cumulative Cap Development	-	-	-	0.0246	0.0236	0.0333	0.1000	0.1000	0.1000	0.1000
Lease Rental	-	0.0173	0.0188	0.0251	0.0257	0.0519	0.1549	0.1591	0.1597	0.1698
Cumulative Cap Sewer	0.0166	0.0166	0.0166	0.0166	0.0167	0.0167	0.0500	0.0500	0.0500	0.0500
Redevelopment Bond	0.0006	0.0377	0.0086	-	-	-	-	-	-	-
Redevelopment Comm TIF	-	-	0.0163	0.0147	0.0132	-	-	-	-	-
Total Direct Rate	<u>\$ 0.4329</u>	<u>\$ 0.5282</u>	<u>\$ 0.5299</u>	<u>\$ 0.5284</u>	<u>\$ 0.3747</u>	<u>\$ 0.5642</u>	<u>\$ 1.7103</u>	<u>\$ 1.5373</u>	<u>\$ 1.5374</u>	<u>\$ 1.6711</u>
Overlapping Rates:										
State	0.0024	0.0024	0.0024	0.0024	0.0033	0.0033	0.0100	0.0100	0.0100	0.0100
County	0.2121	0.2266	0.2317	0.2246	0.2138	0.3310	1.0055	1.0181	1.0330	1.0482
Solid Waste	0.0024	0.0027	0.0028	0.0029	-	-	-	-	-	-
Township - Clay	0.0609	0.0269	0.0089	0.0092	0.0096	0.0135	0.0705	0.0296	0.0241	0.0279
Library	0.0495	0.0451	0.0457	0.0453	0.0437	0.0786	0.2447	0.2233	0.2209	0.2315
School Districts										
Carmel Clay School Corp	1.1519	1.2601	1.2103	1.1548	1.0363	1.5975	4.7806	5.0131	5.0721	5.1111
Total Direct and Overlapping Rate	<u>\$ 1.9121</u>	<u>\$ 2.0920</u>	<u>\$ 2.0317</u>	<u>\$ 1.9676</u>	<u>\$ 1.6814</u>	<u>\$ 2.5881</u>	<u>\$ 7.8216</u>	<u>\$ 7.8314</u>	<u>\$ 7.8975</u>	<u>\$ 8.0998</u>

CITY OF CARMEL
Principal Taxpayers
Current and Nine Years Ago

2007			1998		
Taxpayer	Assessed Value	Percent of Total City Assessed Value *	Taxpayer	Assessed Value	Percent of Total City Assessed Value *
Duke Weeks Realty/Duke Realty Ltd./Duke Realty Services LP	S 61,962,050	2.87%	OP&F Indianapolis LLC	S 8,582,840	1.42%
Clarian Health Partners, Inc/Clarian Health North LLC	58,678,527	2.72%	Duke Realty LTD	6,392,070	1.06%
Washington National Life Insurance., formerly Bankers National Life Insurance	26,557,567	1.23%	Bankers National Life Insurance Company	5,759,160	0.95%
Clay Terrace Partners, LLC	22,881,733	1.06%	Thomson Consumer Electronics	5,517,270	0.91%
Carmel Indy Properties, LLC	16,437,833	0.76%	Rayman Mohawk Hills Trust	4,810,930	0.80%
ARI MP	10,957,067	0.51%	Phoenix Mutual Life Insurance Co	4,444,300	0.73%
Midwest Independent Trans System Operator Inc.	10,697,623	0.50%	HRB Associates LP	3,506,540	0.58%
Zeller Carmel LLC	10,459,767	0.48%	Meijer	3,204,170	0.53%
GPI Retail Properties/c/o Gibraltar Property Inc.	10,377,833	0.48%	Technology Center Associates	3,172,260	0.52%
Technology Center Associates, Lll/Technology Center Associates II LLC	9,451,367	0.44%	Indiana Insurance Company	3,123,700	0.52%
	<u>S 238,461,367</u>	<u>11.05%</u>		<u>S 48,513,240</u>	<u>8.02%</u>

Source: Hamilton County Auditor's Office

* Based on City's assessed values as reported on assessed value table.

CITY OF CARMEL
Property Tax Levied and Collected
Last Ten Years

	<u>Total Taxes Levied for the</u> <u>Current Fiscal Year</u>		<u>Taxes Collected</u>		<u>Percentage of Levy</u>
2007	\$ 28,046,412	\$	28,279,366		100.83%
2006	29,797,451		29,221,103		98.07%
2005	28,066,712		28,084,717		100.06%
2004	23,209,357		23,370,030		100.69%
2003	13,371,105		13,071,295		97.76%
2002	13,289,762		13,179,751		99.17%
2001	12,668,163		12,662,295		99.95%
2000	10,639,192		10,824,016		101.74%
1999	10,104,329		10,156,535		100.52%
1998	10,110,896		10,326,367		102.13%

Note: Hamilton County Auditor's Office system is not set-up to track collections by year levied. The amount collected includes any delinquent payment plus any penalty or interest applicable. As of the end of 2007, total delinquent property tax due to the City for 2007 and all prior years was approximately \$794,000.

Source: Hamilton County Auditor's Office

CITY OF CARMEL
Ratios of Outstanding Debt by Type
Last Ten Years

Governmental Activities										
Fiscal Year	Property Tax		Revenue Bonds				Bond Anticipation Notes	Capital Leases	Total Governmental Activities	
	Building Corporation Bonds	Redevelopment Bonds	COIT Bonds	Tax Increment Bonds	Notes Payable					
2007	\$ 3,400,000	\$ 33,145,000	\$ 111,430,000	\$ 91,218,227	\$ 962,315	\$ 14,975,000	\$ 2,966,449	\$ 258,096,991		
2006	4,100,000	34,270,000	114,185,000	91,613,227	1,110,982	11,980,000	3,212,352	260,471,561		
2005	5,080,000	35,000,000	44,070,000	91,853,227	-	8,985,000	3,873,615	188,861,842		
2004	6,015,000	35,000,000	46,585,000	11,955,000	-	5,336,352	3,243,602	108,134,954		
2003	6,670,000	-	46,345,000	2,555,000	-	2,995,000	3,706,412	62,271,412		
2002	7,510,000	-	47,925,000	2,655,000	-	-	3,037,432	61,127,432		
2001	8,320,000	-	38,955,000	2,655,000	-	-	934,226	50,864,226		
2000	9,095,000	-	40,370,000	2,655,000	-	-	809,601	52,929,601		
1999	9,840,000	-	41,720,000	2,655,000	-	-	410,859	54,625,859		
1998	10,555,000	-	42,500,000	2,655,000	-	-	-	55,710,000		

Business Activities										
Fiscal Year	Water Revenue Bonds	Water Notes Payable	Sewage Revenue Bonds	Bond Anticipation Notes	Capital Leases	Total Business Activities	Total Primary Government	Percentage of Personal Income ¹	Debt per Capita ¹	
2007	\$ 11,505,000	\$ 20,233,729	\$ 10,635,000	\$ 35,000,000	\$ -	\$ 77,373,729	\$ 335,470,720	10.69%	\$ 4,885	
2006	11,995,000	21,159,434	11,000,000	35,000,000	-	79,154,434	339,625,995	12.76%	5,660	
2005	12,470,000	-	11,000,000	15,000,000	-	38,470,000	227,331,842	8.78%	3,837	
2004	12,935,000	-	-	-	-	12,935,000	121,069,954	5.05%	2,112	
2003	13,385,000	-	-	-	-	13,385,000	75,656,412	3.16%	1,339	
2002	13,640,000	-	-	-	2,591	13,642,591	74,770,023	3.16%	1,380	
2001	4,510,000	-	-	-	10,722	4,520,722	55,384,948	2.42%	1,046	
2000	4,765,000	-	-	-	24,038	4,789,038	57,718,639	2.73%	1,115	
1999	5,005,000	-	-	-	36,753	5,041,753	59,667,612	3.98%	1,581	
1998	5,235,000	-	-	-	11,666	5,246,666	60,956,666	3.77%	1,404	

¹ Population and personal income data can be found in the Demographics and Economic Schedule

CITY OF CARMEL
Ratios of Net General Bonded Debt Outstanding
Last Ten Years

		Building Corporation Bonds	Redevelopment Bonds	Total	Less: Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value ¹	Net Bonded Debt Per Capita ¹
2007	\$	3,400,000	\$ 33,145,000	\$ 36,545,000	\$ 506,553	\$ 36,038,447	1.67%	\$ 525
2006		4,100,000	34,270,000	38,370,000	1,275,469	37,094,531	1.98%	618
2005		5,080,000	35,000,000	40,080,000	639,885	39,440,115	2.23%	666
2004		6,015,000	35,000,000	41,015,000	625,318	40,389,682	2.76%	705
2003		6,670,000	-	6,670,000	677,798	5,992,202	0.49%	106
2002		7,510,000	-	7,510,000	832,573	6,677,427	0.86%	123
2001		8,320,000	-	8,320,000	724,144	7,595,856	1.05%	144
2000		9,095,000	-	9,095,000	705,814	8,389,186	1.21%	162
1999		9,840,000	-	9,840,000	618,840	9,221,160	1.40%	244
1998		10,555,000	-	10,555,000	617,973	9,937,027	1.64%	229

¹ The City's population can be found in the Demographics and Economics Schedule. The assessed value can be found in the Assessed Value Schedule.

Note: This schedule includes only debt repaid with property taxes. It excludes bonds payable from income taxes and tax increment financing bonds.

CITY OF CARMEL
 Direct and Overlapping Debt
 At December 31, 2007

<u>Governmental Unit</u>	<u>Outstanding Debt</u>	<u>Percent Applicable to Carmel</u>	<u>Amount Applicable to Carmel</u>
Direct Debt:			
City of Carmel (see page 116)	<u>\$258,096,991</u>	100.00%	<u>\$258,096,991</u>
Overlapping Debt Paid with Property Taxes:			
Carmel Clay School Corporation	234,380,000	79.85%	187,152,430
Carmel Clay Public Library	16,780,000	79.85%	13,398,830
Clay Township	57,320,000	79.85%	45,770,020
Hamilton County	74,587,202	31.92%	23,808,235
Other Overlapping Debt:			
Hamilton County Tax Increment Bonds	47,810,000	31.92%	15,260,952
Hamilton County - County Option Income Tax Bonds	<u>56,995,000</u>	31.92%	<u>18,192,804</u>
Sub-Total Overlapping Debt	<u>\$ 487,872,202</u>		<u>\$ 303,583,271</u>
Total Direct and Overlapping Debt			<u><u>\$ 561,680,262</u></u>

Note: The percentage of overlapping debt applicable is estimated using assessed values. The percentages are calculated by determining the portion of another governmental unit's assessed value that is within the City's corporate boundaries and dividing it by each unit total assessed value.

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

CITY OF CARMEL
Legal Debt Margin
Last Ten Years

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value	\$ 2,159,575,918
Debt Limit (2% of assessed value)	43,191,518
Debt applicable to limit	<u>16,805,000</u>
Legal debt margin	<u>\$ 26,386,518</u>

Year	Debt Limit	Total net debt applicable to limit (A)	Legal Debt Margin	Total debt applicable to the limit as a percentage of debt limit
2007	\$ 43,191,518	\$ 16,805,000	\$ 26,386,518	38.91%
2006	37,547,402	17,775,000	19,772,402	47.34%
2005	35,402,685	9,650,000	25,752,685	27.26%
2004	29,229,260	10,055,000	19,174,260	34.40%
2003	24,660,159	10,450,000	14,210,159	42.38%
2002	15,509,854	10,450,000	5,059,854	67.38%
2001	14,432,114	-	14,432,114	0.00%
2000	13,841,400	-	13,841,400	0.00%
1999	13,114,699	-	13,114,699	0.00%
1998	12,100,887	-	12,100,887	0.00%

(A) All other outstanding debt of the City is structured as lease transactions or tax increment district bonds. Neither of these are subject to the 2% limitation shown above. Currently the only outstanding debt subject to the statutory debt limit are the County Income Tax Revenue Bonds, Series, 2002 and the County Option Income Tax Refunding Bond, Series 2006.

CITY OF CARMEL
 Governmental Activities Pledged Revenue Coverage
 Last Ten Years

Year	County Option Income Tax					Tax Increment Bonds				
	COIT Revenue	Debt Service		Coverage	Tax Increment	Debt Service		Coverage		
		Principal	Interest			Principal	Interest			
2007	\$ 20,610,176	\$ 2,775,000	\$ 1,641,599	4.67	\$ 11,206,216	\$ 410,000	\$ 758,135	9.59		
2006	18,706,287	2,445,000	1,549,819	4.68	6,367,412	385,000	783,920	5.45		
2005	13,719,390	2,540,000	1,888,844	3.10	4,544,547	100,000	163,325	17.26		
2004	10,205,588	1,690,000	1,750,190	2.97	2,765,857	100,000	169,825	10.25		
2003	13,515,144	1,600,000	2,508,336	3.29	1,717,386	100,000	176,325	6.22		
2002	13,874,606	1,520,000	2,120,791	3.81	1,519,971	100,000	182,825	5.37		
2001	11,036,204	1,440,000	2,198,116	3.03	1,685,368	-	182,825	9.22		
2000	10,382,631	1,375,000	2,272,091	2.85	1,145,129	-	182,825	6.26		
1999	9,446,415	1,300,000	2,342,141	2.59	373,156	-	91,413	4.08		
1998	9,584,946	-	503,742	19.03	-	-	-	N/A		

Source: Pledged revenue data provided by the County Auditor is based upon actual annual COIT and Tax Increment distributions to the City. Although the City received tax increment prior to 2000, the County could not readily provide data specific to City only. Since there were no outstanding bonds the coverage test is not applicable, the information was not pursued further.

CITY OF CARMEL
 Business - Type Activities Pledged Revenue Coverage
 Last Ten Years

Water Utility

Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2007	\$ 10,304,244	\$ 7,322,566	\$ 2,981,678	\$ 36,765,705 (C)	\$ 2,366,912	\$ 39,132,617	0.08
2006	6,646,286	5,370,967	1,275,319	16,202,816 (B)	1,086,533	17,289,349	0.07
2005	5,322,117	3,893,290	1,428,827	465,000	647,199	1,112,199	1.28
2004	5,098,635	3,474,951	1,623,684	450,000	571,888	1,021,888	1.59
2003	4,305,355	3,509,940	795,415	4,260,000 (A)	609,751	4,869,751	0.16
2002	4,402,941	3,231,342	1,171,599	270,000	348,765	618,765	1.89
2001	3,657,905	2,425,663	1,232,242	255,000	246,879	501,879	2.46
2000	3,545,649	2,243,979	1,301,670	240,000	259,857	499,857	2.60
1999	3,654,543	2,091,635	1,562,908	230,000	272,451	502,451	3.11
1998	3,166,513	1,872,417	1,294,096	220,000	284,376	504,376	2.57

Wastewater Utility

Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2007	\$ 5,120,369	\$ 4,883,377	\$ 236,992	\$ 365,000	\$ 125,761	\$ 490,761	0.48
2006	5,165,793	4,745,951	419,842	-	315,411	315,411	1.33
2005	4,790,778	4,462,535	328,243	-	45,459	45,459	7.22
2004	4,534,680	3,916,135	618,545	-	-	-	N/A
2003	4,408,904	3,826,044	582,860	-	-	-	N/A
2002	4,422,989	3,476,126	946,863	-	-	-	N/A
2001	4,502,323	3,263,808	1,238,515	-	-	-	N/A
2000	4,312,442	2,927,074	1,385,368	-	-	-	N/A
1999	4,233,712	2,790,905	1,442,807	-	-	-	N/A
1998	4,143,860	2,777,881	1,365,979	-	-	-	N/A

Notes:

- (A) The Water Utility refunded the outstanding balance of its 1993 Revenue Bonds during 2003. Debt service in 2003 on current bonds totaled \$516,846 which is a coverage ratio of 1.86.
- (B) The Water Utility repaid a \$15 million bond anticipation note plus interest in 2006 with a new \$35 million note.
- (C) The Water Utility repaid a \$35 million bond anticipation note plus interest in 2007 with a new \$35 million note.

CITY OF CARMEL
Demographic and Economic Statistics
Last Ten Years

City of Carmel						Hamilton County (3)				
City's Population (1)	School Enrollment (2)	Unemployment Rates (3)	Personal Income (thousands of dollars) (4)	Assumed Per Capita Personal Income (4)	Population	Personal Income (thousands of dollars)	Per Capita Personal Income			
2007	68,677	15,026	2.4%	\$ 3,136,891	\$ 45,676	261,661	\$ 11,509,400	\$ 45,676		
2006	60,000	14,680	2.0%	2,661,240	44,354	250,979	10,677,000	44,354		
2005	59,243	14,517	2.1%	2,588,978	43,701	240,685	10,053,000	43,701		
2004	57,321	14,054	2.9%	2,395,215	41,786	223,176	9,233,000	41,786		
2003	56,514	12,514	2.9%	2,394,442	42,369	216,826	8,780,000	42,369		
2002	54,178	12,905	2.9%	2,369,854	43,742	197,500	8,577,000	43,742		
2001	52,928	12,566	2.2%	2,289,189	43,251	197,477	8,019,000	43,251		
2000	51,781	12,073	1.7%	2,113,804	40,822	182,740	7,158,000	40,822		
1999	37,733	11,628	1.1%	1,498,943	39,725	170,114	6,579,000	39,725		
1998	43,403	11,306	0.9%	1,615,807	37,228	162,597	5,853,000	37,228		

1) 1997 - 1998 & 2000 - 2005 are annual estimates from the Population Division, U.S. Census Bureau. Population for 1999 from the Census 2000. 2006 is an estimate from the City. Population for 2007 was from a special census in December 2007.

2) State of Indiana, Department of Education for students attending Carmel - Clay Corporation schools.

3) State of Indiana, Department of Workforce Development (IDWD). Hamilton County Personal Income and Per Capita Income figures are for the prior calendar year.

4) Personal Income and per capita income statistics are not maintained by the State for municipalities. Personal income data is available through the Indiana Department of Workforce Development, however, the smallest unit of government for which this can be obtained is the county level. In order to provide personal income data for the required ratios outlined in GASB 44, we have used Hamilton County data, as displayed above, from the IDWD. We have assumed that the per capita personal income for the County is reasonably representative of Carmel per capita personal income. Personal income for the City shown above is calculated using City population estimates times the County per capita personal income.

CITY OF CARMEL
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2007</u>			<u>1998</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Conseco, Inc	2,500	1	7.92%	3,100	1	14.16%
Carmel Clay Schools	1,893	2	6.00%	1,565	2	7.15%
Resort Condominium Intl. (RCI)	900	3	2.85%	1,200	4	5.48%
St. Vincent Health	800	4	2.54%			
Charles Schwab & Co.	800	5	2.54%			
Bridgestone/Firestone	800	6	2.54%			
Liberty Mutual Group	800	7	2.54%			
Clarion North Medical Center	775	8	2.46%			
HFC	725	9	2.30%			
Midwest ISO	575	10	1.82%			
Thomson				1,350	3	6.17%
MacMillan Publishing Company				1,000	5	4.57%
Meijer				390	6	1.78%
Indiana Insurance Company				360	7	1.64%
Transcom				360	8	1.64%
One Call Long Distance				350	9	1.60%
City of Carmel				318	10	1.45%

CITY OF CARMEL
 Full-Time Equivalent City Government Employees
 by Function / Program
 Last Ten Years

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
General Government										
Clerk-Treasurer	6	6	5	5	5	5	4	4	4	4
Mayor	3	3	3	3	2	2	2	2	2	2
City Council	7	7	7	7	7	7	7	7	7	7
Board of Public Works	0	0	0	0	0	0	0	0	0	0
Plan Commission	1	1	1	1	1	1	1	1	1	1
Administration	3	4	4	2	2	2	2	2	2	2
City Court	7	7	6	5	5	4	4	4	4	4
Law Department	3	3	3	3	2	2	2	2	2	2
Community Services	25	24	22	18	13	11	11	8	6	4
Public Safety										
Police										
Officers	97	99	98	90	82	77	74	75	72	70
Civilians	19	19	19	18	14	14	14	14	15	15
Fire										
Firefighters and Officers	146	154	152	149	136	129	124	124	112	106
Civilians	10	7	7	7	7	7	6	6	4	4
Culture and Recreation										
Parks Department	60	^a 13	12	10	9	9	8	8	5	4
Water	42	44	32	30	29	23	22	22	20	17
Wastewater	46	48	42	38	40	40	37	37	38	34
Other Programs										
Human Resources	3	3	3	3	2	2	2	2	2	2
Street	45	42	38	34	23	23	20	21	16	15
Engineering	12	11	10	8	5	5	4	4	5	4
Information Systems	9	9	8	8	5	5	4	4	3	3
Communication Center	26	27	23	20	17	17	17	18	18	18
TOTAL	570	531	495	459	406	385	365	365	338	318

^a Increase due to operations of new Monon Center park facility; excludes 259 additional part-time staff.

CITY OF CARMEL
Operating Indicators by Functions / Programs
Last Ten Years

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Government										
Building Permits issued:										
Residential (Single/Multi Families)	581	597	761	847	901	751	826	920	973	1,003
Commercial	35	35	51	42	46	26	40	24	39	11
Estimated Property Value of Building Permits issued (<i>millions of dollars</i>)	\$ 316	\$ 311	\$ 350	\$ 307	\$ 444	\$ 290	\$ 391	\$ 297	\$ 330	\$ 274
Public Safety										
Police:										
Physical arrest	2,872	3,259	3,523	2,935	2,871	2,480	2,347	2,160	2,316	2,138
Parking violations	159	243	121	141	281	219	513	267	196	227
Traffic Citations	7,740	7,453	6,257	5,805	8,228	5,989	5,848	4,676	3,464	3,768
Traffic Warnings	11,646	12,416	12,017	10,542	12,090	13,068	14,231	13,479	11,948	12,429
Fire:										
Emergency Medical responses	2,905	2,997	2,910	2,682	2,591	2,529	2,413	2,352	2,282	2,076
Fire Runs	1,980	1,973	1,831	1,768	1,705	1,769	1,777	1,795	1,562	1,629
Water										
New connections	638	8,911 *	702	680	608	2593 **	510	551	543	516
Water main breaks	35	35	50	31	26	20	27	33	43	39
Average daily consumption (<i>millions of gallons</i>)	9,660	7,478	6,566	6,165	5,463	5,592	4,599	7,466	6,987	5,392
Peak daily consumption (<i>millions of gallons</i>)	23,490	13,268	17,069	13,257	11,297	12,598	10,434	10,527	9,764	8,475
Wastewater										
Average daily sewage treatment (<i>millions of gallons</i>)	9.73	10.88	10.65	9.77	9.89	9.68	8.30	7.83	7.98	8.30

* Includes 8,400 customers acquired from Indianapolis

**Includes 2,200 customers acquired when purchased Hamilton Western

Note: The Carmel Clay Board of Parks and Recreation provides the City's residents with outstanding park and recreation programs and facilities. The Park Board, jointly created in 1991 by the City and Clay Township, owns and operates park facilities throughout the City and Township with the financial support of the City through an interlocal agreement. As such, the operations and capital assets for parks are separate from the City and do not appear on these tables. The financial statements reflect the expenditures for payments under the interlocal agreement but not park assets, liabilities or fund balances.

CITY OF CARMEL
Capital Asset Statistics by Function / Program
Last Ten Years

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Communication Center	1	1	1	1	1	1	1	1	1	1
Fire Stations	4	4	4	4	4	4	4 *	3	3	3
Other public works										
Streets (miles)	406.23	388	371.01	293.86	280.65	216.87	209.27	203.49	199.55	187.69
Traffic Signals	40	40	38	38	35	35	35	35	35	29
Water										
Water mains (miles)	950	860 **	650	650	500	500	300	275	250	205
Fire Hydrant	4,100	4,439 **	2,996	2,642	2,440	1,817	1,770	1,746	1,702	1,593
Wastewater										
Sanitary sewers (miles)	625	575	545	515	485	455	425	395	365	335
Storm sewers (miles)	386.67	368.67	351.68	274.53	261.32	216.87	209.27	203.49	199.55	187.69
Treatment capacity (millions of gallons)	12	12	12	12	12	12	12	12	12	12

Note: See Parks and Recreation discussion on previous page, Operating Indicators Schedule.

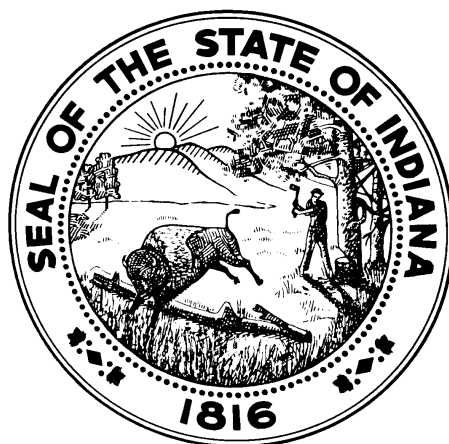
*Two township fire stations built within the corporate limits in 2001

**Includes 160 miles of mains acquired from Indianapolis

***Includes 1300 hydrants acquired from Indianapolis

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

AUDIT REPORT
OF
CITY OF CARMEL
HAMILTON COUNTY, INDIANA
January 1, 2007 to December 31, 2007



FILED
08/26/2008

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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Diana Cordray	01-01-04 to 12-31-11
Mayor	James Brainard	01-01-04 to 12-31-11
President of the Board of Public Works and Safety	James Brainard	01-01-04 to 12-31-11
President of the Common Council	Joseph Griffiths Rick Sharp	01-01-07 to 12-31-07 01-01-08 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

TO: THE OFFICIALS OF THE CITY OF CARMEL, HAMILTON COUNTY, INDIANA

We have audited the records of the Carmel City Offices for the period from January 1, 2007 to December 31, 2007, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Comprehensive Annual Financial Report of City of Carmel for the year 2007.

STATE BOARD OF ACCOUNTS

May 15, 2008

CARMEL CITY OFFICES
CITY OF CARMEL
AUDIT RESULTS AND COMMENTS

PUBLIC WORKS PROJECT

On October 11, 2006, the street department contracted with T & R Traffic Services for street striping and painting in the amount of \$69,125.26. We could not find any evidence that the City of Carmel's Board of Works invited quotes from three persons known to deal in the class of work proposed to be done or that the Board of Works awarded the lowest responsible and responsive quoter. The City paid for the services relating to this contract in 2007.

Indiana Code 36-1-12-4.7(a) states in part: "This section applies whenever a public work project is estimated to cost:

- (1) at least twenty-five thousand dollars (\$25,000) and less than one hundred dollars (\$100,000) in:
 - (A) a consolidated city, second class city, or third class city with a population of fifteen (15,000) or more; . . .
- (b) The board must proceed under the following provisions:
 - (1) The board shall invite quotes from at least three (3) persons known to deal in the class of work proposed to be done . . .
 - (3) The board shall award the contract for the public work . . ."

PENALTIES, INTEREST AND OTHER CHARGES

The City has received numerous notices from the Internal Revenue Service regarding late and incorrect tax payments. These notices are for tax periods dating back as early as December 31, 2005. Among the notices are charges for taxes deemed unpaid, penalties and interest assessed, as well as notices of overpayments and applications of those amounts. The IRS has taken various overpayments reported by the City on the quarterly form 941s and applied them to prior unpaid balances for 941 and 945 taxes, instead of applying them to the subsequent period as requested on the quarterly forms. At this time, it did not appear that the City has paid any penalties and interest with the amount of overpayments applied.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CARMEL CITY OFFICES
CITY OF CARMEL
EXIT CONFERENCE

The contents of this report were discussed on June 12, 2008, with James Brainard, Mayor; Diana Cordray, Clerk-Treasurer; and Rick Sharp, President of the Common Council.