

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF CARMEL  
HAMILTON COUNTY, INDIANA

January 1, 2012 to December 31, 2012



**FILED**  
09/17/2013



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Diana Cordray	01-01-12 to 12-31-15
Mayor	James Brainard	01-01-12 to 12-31-15
President of the Board of Public Works	James Brainard	01-01-12 to 12-31-15
President of the City Council	Richard Sharp	01-01-12 to 12-31-13
Superintendent of Water Utility	Paul Pace	01-01-12 to 12-31-13
Superintendent of Wastewater Utility	Edward Wolf	01-01-12 to 12-31-13
Utility Director	John Duffy	01-01-12 to 12-31-13



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INDEPENDENT AUDITOR'S REPORT

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

***Report on the Financial Statement***

We have audited the accompanying financial statement of the City of Carmel (City), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2012.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2012, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated July 8, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

***Accompanying Information***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

*Other Information*

Included in the financial statement are the receipts and disbursements activity from emergency telephone system fees (IC 36-8-16), enhanced wireless emergency telephone fees (IC 36-8-16.5), and statewide 911 services fees (IC 36-8-16.7). In accordance with Indiana Code 36-8-16-14, Indiana Code 36-8-16.5-41, and Indiana Code 36-8-16.7-38, these fees have been subject to an annual audit performed by the Indiana State Board of Accounts and, in our opinion, are fairly stated, in all material respects, in relation to the financial statement taken as a whole.



Bruce Hartman  
State Examiner

July 8, 2013



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Carmel (City), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated July 8, 2013, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bruce Hartman  
State Examiner

July 8, 2013

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## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF CARMEL  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AD CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
General	\$ 2,827,699	\$ 69,052,706	\$ 69,425,473	\$ 2,454,932
Motor Vehicle Highway	1,058,149	12,679,959	11,032,968	2,705,140
Local Road And Street	1,962,157	1,090,634	995,442	2,057,349
Throughfare Fund	729,508	454,268	700,000	483,776
Economic Fund	53,312	10,040	25,000	38,352
Housing Authority	58,537	53	-	58,590
User Fee Fund	97,390	101,462	72,947	125,905
Clerk's Record Perpetuation	79,555	23,273	7,615	95,213
Deferral Fund	532,918	71,978	45,176	559,720
Rainy Day	6,457,569	2,505,752	-	8,963,321
Hazardous Material Response Fund	7,529	7	-	7,536
Cumulative Captial Development	2,260,872	1,591,680	836,908	3,015,644
Parks Capital	688,643	623	-	689,266
Cumulative Capital Improvement	568,363	324,736	166,006	727,093
Police Pension Fund	3,860,899	535,959	2,012,253	2,384,605
Fire Pension Fund	4,794,304	600,279	2,666,007	2,728,576
Judicial Salary Fees	38,810	51,585	-	90,395
Illinois St Construction Fund	-	700,178	-	700,178
Drug Task Force	618,521	190,817	220,922	588,416
Fire Gift Fund	16,362	17,484	28,120	5,726
Parks Gift Fund	53,588	2,590	6,462	49,716
Ambulance Fund	531,604	954,720	785,760	700,564
Grant Fund	547,199	176,874	149,577	574,496
Police Gift	35,115	18,438	14,753	38,800
Dnr/Tree City	50,178	45	-	50,223
Court Interperter Fund	4,955	54	1,580	3,429
Community Relations Gift Fund	3,241	21,275	5,169	19,347
Public Defenders Fund	1,799	501	1,272	1,028
Redevelopment Commission	23,305	15	8,966	14,354
Crc Regions Account	5,724,398	26,450,853	28,567,401	3,607,850
Carmel City Court	175,114	2,202,939	1,740,792	637,261
Parks Program Fund	734,778	3,429,577	2,990,369	1,173,986
Parks Monon Fund	941,659	5,093,712	4,526,040	1,509,331
Lease Rental Fund	3,830	4	-	3,834
2004 Road Bond	14,852	963,336	978,187	1
Cumulative Capital Sewer	1,237,586	307,110	632,347	912,349
Park Impact Fee Fund	1,094,775	964,481	154,050	1,905,206
Barrett Law Fund	6	-	-	6
Civic Square Construction Fund	595	1	-	596
Old Town/126Th Street	457	-	-	457
Keystone Ave Fund	6,298,527	2,954	3,397,742	2,903,739
Health Insurance Fund	3,771,412	12,281,236	12,674,973	3,377,675
Workers Comp Fund	76,210	445,113	485,153	36,170
Support For The Arts	4,846	1,325,548	1,210,538	119,856
Payroll Fund	738,550	45,065,375	45,526,779	277,146
Barrett Law Surplus	165,457	150	162	165,445
Sewage Works Revenue Bonds	-	18,975,493	10,872,136	8,103,357
Sewer Operating	113,599	7,640,003	7,688,443	65,159
Sewer Depreciating	-	91,843	91,842	1
Sewer Connection Fund	11,408	201,081	206,754	5,735
Sewer Availability Fund	-	202,963	197,598	5,365
Sewer Loan Srf	-	-	-	-
Wastewater Bond & Interest At Bony	1,526,236	2,157,607	1,233,208	2,450,635
Water Construction	-	14,234,033	14,234,033	-
Water Operating	37,329	26,439,455	26,254,487	222,297
Water Bond & Interest	1,072,280	73,860	-	1,146,140
Water Depreciation	-	234,814	234,812	2
Hydrant Meter Deposit Fund	35,990	2,175	1,200	36,965
Water Connection	174,951	2,533,069	2,691,411	16,609
Water Availability	44,480	1,543,046	1,587,525	1
Water Sinking Fund	727,356	4,703,172	4,508,063	922,465
Wells Fargo Water Constr	73,801	-	73,801	-
<b>Totals</b>	<b>\$ 52,762,563</b>	<b>\$ 268,742,988</b>	<b>\$ 261,968,222</b>	<b>\$ 59,537,329</b>

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

CITY OF CARMEL  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state,

CITY OF CARMEL  
NOTES TO FINANCIAL STATEMENT  
(Continued)

local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

CITY OF CARMEL  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF CARMEL  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

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

State statutes authorize the City 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.

**Note 5. Risk Management**

The City may be 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; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is 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 this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the City 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 members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

CITY OF CARMEL  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

The 1925 Police Officers' Pension Plan 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*

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

*On Behalf Payments*

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

*C. 1937 Firefighters' Pension Plan*

*Plan Description*

The 1937 Firefighters' Pension Plan 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.

*Funding Policy*

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

*On Behalf Payments*

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

CITY OF CARMEL  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*D. 1977 Police Officers' and Firefighters' Pension and Disability Fund*

*Plan Description*

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) 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 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS 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:

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

*Funding Policy*

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

The City also contributes to additional pension plans unique to the City. Information regarding these plans may be obtained from the City.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the City. It is presented as intended by the City.

CITY OF CARMEL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012

	General	Motor Vehicle Highway	Local Road And Street	Throughfare Fund	Economic Fund	Housing Authority	User Fee Fund
Cash and investments - beginning	\$ 2,827,699	\$ 1,058,149	\$ 1,962,157	\$ 729,508	\$ 53,312	\$ 58,537	\$ 97,390
Receipts:							
Taxes	30,942,582	5,939,039	-	-	-	-	-
Licenses and permits	2,156,934	-	-	-	-	-	55,088
Intergovernmental	29,914,466	2,661,870	1,088,702	-	-	-	-
Charges for services	1,073,800	-	-	-	-	-	-
Fines and forfeits	641,396	-	-	-	-	-	45,864
Utility fees	-	-	-	-	-	-	-
Other receipts	4,323,528	4,079,050	1,932	454,268	10,040	53	510
Total receipts	69,052,706	12,679,959	1,090,634	454,268	10,040	53	101,462
Disbursements:							
Personal services	43,600,756	5,151,309	-	-	-	-	-
Supplies	1,162,716	909,017	-	-	-	-	-
Other services and charges	8,083,412	4,670,819	358,487	-	-	-	64,739
Debt service - principal and interest	10,562,752	-	-	-	-	-	-
Capital outlay	374,022	301,823	636,955	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	5,641,815	-	-	700,000	25,000	-	8,208
Total disbursements	69,425,473	11,032,968	995,442	700,000	25,000	-	72,947
Excess (deficiency) of receipts over disbursements	(372,767)	1,646,991	95,192	(245,732)	(14,960)	53	28,515
Cash and investments - ending	\$ 2,454,932	\$ 2,705,140	\$ 2,057,349	\$ 483,776	\$ 38,352	\$ 58,590	\$ 125,905

CITY OF CARMEL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Clerk's Record Perpetuation	Deferral Fund	Rainy Day	Hazardous Material Response Fund	Cumulative Capital Development	Parks Capital	Cumulative Capital Improvement
Cash and investments - beginning	\$ 79,555	\$ 532,918	\$ 6,457,569	\$ 7,529	\$ 2,260,872	\$ 688,643	\$ 568,363
Receipts:							
Taxes	-	-	-	-	1,451,765	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	2,500,000	-	137,711	-	324,208
Charges for services	23,195	-	-	-	-	-	-
Fines and forfeits	-	71,483	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	78	495	5,752	7	2,204	623	528
Total receipts	23,273	71,978	2,505,752	7	1,591,680	623	324,736
Disbursements:							
Personal services	-	16,031	-	-	-	-	-
Supplies	-	4,792	-	-	15,885	-	-
Other services and charges	1,850	17,146	-	-	521,020	-	51,833
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	5,765	7,207	-	-	300,003	-	114,173
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	7,615	45,176	-	-	836,908	-	166,006
Excess (deficiency) of receipts over disbursements	15,658	26,802	2,505,752	7	754,772	623	158,730
Cash and investments - ending	\$ 95,213	\$ 559,720	\$ 8,963,321	\$ 7,536	\$ 3,015,644	\$ 689,266	\$ 727,093

CITY OF CARMEL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Police Pension Fund	Fire Pension Fund	Judicial Salary Fees	Illinois St Construction Fund	Drug Task Force	Fire Gift Fund	Parks Gift Fund
Cash and investments - beginning	\$ 3,860,899	\$ 4,794,304	\$ 38,810	\$ -	\$ 618,521	\$ 16,362	\$ 53,588
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	535,959	600,279	-	-	75,000	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	51,530	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	55	700,178	115,817	17,484	2,590
Total receipts	535,959	600,279	51,585	700,178	190,817	17,484	2,590
Disbursements:							
Personal services	1,700	2,587	-	-	-	-	-
Supplies	-	-	-	-	2,686	-	-
Other services and charges	100	100	-	-	149,586	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	68,650	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,010,453	2,663,320	-	-	-	28,120	6,462
Total disbursements	2,012,253	2,666,007	-	-	220,922	28,120	6,462
Excess (deficiency) of receipts over disbursements	(1,476,294)	(2,065,728)	51,585	700,178	(30,105)	(10,636)	(3,872)
Cash and investments - ending	\$ 2,384,605	\$ 2,728,576	\$ 90,395	\$ 700,178	\$ 588,416	\$ 5,726	\$ 49,716

CITY OF CARMEL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Ambulance Fund	Grant Fund	Police Gift	Dnr/Tree City	Court Interperter Fund	Community Relations Gift Fund	Public Defenders Fund
Cash and investments - beginning	\$ 531,604	\$ 547,199	\$ 35,115	\$ 50,178	\$ 4,955	\$ 3,241	\$ 1,799
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	168,849	-	-	-	-	-
Charges for services	954,198	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	50	-	500
Utility fees	-	-	-	-	-	-	-
Other receipts	522	8,025	18,438	45	4	21,275	1
Total receipts	954,720	176,874	18,438	45	54	21,275	501
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	57,187	-	-	-	-	-	-
Other services and charges	23,756	105,604	-	-	1,580	-	1,272
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	699,984	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	4,833	43,973	14,753	-	-	5,169	-
Total disbursements	785,760	149,577	14,753	-	1,580	5,169	1,272
Excess (deficiency) of receipts over disbursements	168,960	27,297	3,685	45	(1,526)	16,106	(771)
Cash and investments - ending	\$ 700,564	\$ 574,496	\$ 38,800	\$ 50,223	\$ 3,429	\$ 19,347	\$ 1,028

CITY OF CARMEL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Redevelopment Commission	Crc Regions Account	Carmel City Court	Parks Program Fund	Parks Monon Fund	Lease Rental Fund	2004 Road Bond
Cash and investments - beginning	\$ 23,305	\$ 5,724,398	\$ 175,114	\$ 734,778	\$ 941,659	\$ 3,830	\$ 14,852
Receipts:							
Taxes	-	17,056,518	-	-	20,246	-	879,858
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	83,461
Charges for services	-	-	-	3,387,840	4,991,732	-	-
Fines and forfeits	-	-	2,202,939	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	15	9,394,335	-	41,737	81,734	4	17
Total receipts	15	26,450,853	2,202,939	3,429,577	5,093,712	4	963,336
Disbursements:							
Personal services	-	-	-	2,236,778	2,053,247	-	-
Supplies	-	1,533	-	250,164	422,217	-	-
Other services and charges	3,171	4,996,089	-	503,248	2,020,490	-	-
Debt service - principal and interest	-	18,008,081	-	-	-	-	978,187
Capital outlay	-	4,221,743	-	179	15,086	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	5,795	1,339,955	1,740,792	-	15,000	-	-
Total disbursements	8,966	28,567,401	1,740,792	2,990,369	4,526,040	-	978,187
Excess (deficiency) of receipts over disbursements	(8,951)	(2,116,548)	462,147	439,208	567,672	4	(14,851)
Cash and investments - ending	\$ 14,354	\$ 3,607,850	\$ 637,261	\$ 1,173,986	\$ 1,509,331	\$ 3,834	\$ 1

CITY OF CARMEL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Cumulative Capital Sewer	Park Impact Fee Fund	Barrett Law Fund	Civic Square Construction Fund	Old Town/126Th Street	Keystone Ave Fund	Health Insurance Fund
Cash and investments - beginning	\$ 1,237,586	\$ 1,094,775	\$ 6	\$ 595	\$ 457	\$ 6,298,527	\$ 3,771,412
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	963,236	-	-	-	-	-
Intergovernmental	306,180	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	930	1,245	-	1	-	2,954	12,281,236
Total receipts	307,110	964,481	-	1	-	2,954	12,281,236
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	6,067	-	-	-	-	2,325	-
Other services and charges	9,150	-	-	-	-	37,049	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	617,130	-	-	-	-	1,858,368	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	154,050	-	-	-	1,500,000	12,674,973
Total disbursements	632,347	154,050	-	-	-	3,397,742	12,674,973
Excess (deficiency) of receipts over disbursements	(325,237)	810,431	-	1	-	(3,394,788)	(393,737)
Cash and investments - ending	\$ 912,349	\$ 1,905,206	\$ 6	\$ 596	\$ 457	\$ 2,903,739	\$ 3,377,675

CITY OF CARMEL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Workers Comp Fund	Support For The Arts	Payroll Fund	Barrett Law Surplus	Sewage Works Revenue Bonds	Sewer Operating	Sewer Depreciating
Cash and investments - beginning	\$ 76,210	\$ 4,846	\$ 738,550	\$ 165,457	\$ -	\$ 113,599	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	1,814,183	-
Other receipts	445,113	1,325,548	45,065,375	150	18,975,493	5,825,820	91,843
Total receipts	445,113	1,325,548	45,065,375	150	18,975,493	7,640,003	91,843
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	1,210,538	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	10,056,461	-	91,842
Utility operating expenses	-	-	-	-	-	6,053,737	-
Other disbursements	485,153	-	45,526,779	162	815,675	1,634,706	-
Total disbursements	485,153	1,210,538	45,526,779	162	10,872,136	7,688,443	91,842
Excess (deficiency) of receipts over disbursements	(40,040)	115,010	(461,404)	(12)	8,103,357	(48,440)	1
Cash and investments - ending	\$ 36,170	\$ 119,856	\$ 277,146	\$ 165,445	\$ 8,103,357	\$ 65,159	\$ 1

CITY OF CARMEL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Sewer Connection Fund	Sewer Availability Fund	Sewer Loan Srf	Wastewater Bond & Interest At Bony	Water Construction	Water Operating	Water Bond & Interest
Cash and investments - beginning	\$ 11,408	\$ -	\$ -	\$ 1,526,236	\$ -	\$ 37,329	\$ 1,072,280
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	199,502	202,960	-	-	-	25,876,659	-
Other receipts	1,579	3	-	2,157,607	14,234,033	562,796	73,860
Total receipts	201,081	202,963	-	2,157,607	14,234,033	26,439,455	73,860
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	35,593	147,598	-	-	14,234,033	-	-
Utility operating expenses	-	-	-	-	-	14,218,865	-
Other disbursements	171,161	50,000	-	1,233,208	-	12,035,622	-
Total disbursements	206,754	197,598	-	1,233,208	14,234,033	26,254,487	-
Excess (deficiency) of receipts over disbursements	(5,673)	5,365	-	924,399	-	184,968	73,860
Cash and investments - ending	\$ 5,735	\$ 5,365	\$ -	\$ 2,450,635	\$ -	\$ 222,297	\$ 1,146,140

CITY OF CARMEL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Water Depreciation	Hydrant Meter Deposit Fund	Water Connection	Water Availability	Water Sinking Fund	Wells Fargo Water Constr	Totals
Cash and investments - beginning	\$ -	\$ 35,990	\$ 174,951	\$ 44,480	\$ 727,356	\$ 73,801	\$ 52,762,563
Receipts:							
Taxes	-	-	-	-	-	-	56,290,008
Licenses and permits	-	-	-	-	-	-	3,175,258
Intergovernmental	-	-	-	-	-	-	38,396,685
Charges for services	-	-	-	-	-	-	10,430,765
Fines and forfeits	-	-	-	-	-	-	3,013,762
Utility fees	-	1,575	2,184,203	232,907	-	-	30,511,989
Other receipts	234,814	600	348,866	1,310,139	4,703,172	-	126,924,521
Total receipts	234,814	2,175	2,533,069	1,543,046	4,703,172	-	268,742,988
Disbursements:							
Personal services	-	-	-	-	-	-	53,062,408
Supplies	-	-	-	-	-	-	2,834,589
Other services and charges	-	-	-	-	-	-	22,831,039
Debt service - principal and interest	-	-	-	-	-	-	29,549,020
Capital outlay	213,109	-	2,600,602	1,587,525	-	73,801	38,261,652
Utility operating expenses	-	600	-	-	-	-	20,273,202
Other disbursements	21,703	600	90,809	-	4,508,063	-	95,156,312
Total disbursements	234,812	1,200	2,691,411	1,587,525	4,508,063	73,801	261,968,222
Excess (deficiency) of receipts over disbursements	2	975	(158,342)	(44,479)	195,109	(73,801)	6,774,766
Cash and investments - ending	\$ 2	\$ 36,965	\$ 16,609	\$ 1	\$ 922,465	\$ -	\$ 59,537,329

CITY OF CARMEL  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2012

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 735,494	\$ -
Wastewater	274,526	2,038,984
Water	<u>873,704</u>	<u>1,770,297</u>
Totals	<u>\$ 1,883,724</u>	<u>\$ 3,809,281</u>

CITY OF CARMEL  
SCHEDULE OF LEASES AND DEBT  
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
2005 Carmel Police and Fire Department	Mobile Command Vehicle	\$ 88,424	05-24-05	08-01-15
2008 Fire Department	Turn out gear	57,421	12-01-08	12-01-12
2008 Police and Fire Vehicles	Purchase Police Vehicles and Fire Durangos	60,180	07-22-08	12-01-12
2009 Engineering-schedule 1	Purchase Escapes and F150	16,744	03-01-10	09-01-13
2009 Golf Course (schedule 2) PNC	Golf equipment	39,438	09-01-09	03-01-15
2009 Golf Course-schedule 2-Huntington	Commercial irrigation pump	31,700	03-01-10	09-01-14
2009 Police Vehicles-PNC Bank	Purchase vehicles	181,379	09-01-09	03-01-13
2010 DOCS Equipment-schedule 6	Purchase Ford F-150's	15,180	09-01-10	09-01-14
2010 Fire department-schedule 5	Purchase Ambulance	37,050	10-01-10	04-01-15
2010 Fire department-schedule 7	Purchase Fire Trucks	143,048	02-15-11	08-15-20
2010 Golf Course-schedule 4	Irrigation system	139,150	10-01-10	10-01-17
2010 Police department-schedule 3	Purchase police cars	203,492	05-15-10	11-15-13
2011 Police department-schedule 8	Purchase police cars	202,974	04-15-11	10-16-14
2012 Fire (schedule 11 Life Pacs)	15 Monitor/Defib CPR and accessories	44,205	09-15-12	03-15-17
2012 Fire (schedule 10)	2 Ambulances	40,020	11-01-12	05-01-17
2012 Fire Equipment(schedule 12)	Radios chargers batteries	23,535	09-15-12	03-15-17
2012 Police department-schedule 9	Purchase police cars	<u>198,496</u>	05-12-12	11-15-15
Total governmental activities		<u>1,522,436</u>		
Total of annual lease payments		<u>\$ 1,522,436</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
Revenue bonds	1998 Merchants Square TIF		\$ 1,470,000	\$ 276,600
Revenue bonds	Redevelopment District Tax Increment Revenue Bonds Series 2004 A (Clarian Hospital) Illinois Street Project		7,045,000	911,177
Revenue bonds	Carmel Redevelopment District Taxable County Option Income Tax Revenue Refunding Bonds Series 2006 (1998 City Center refunded in 2006)		4,895,000	966,374
Revenue bonds	2001 Merchants Pointe-Developer backed		715,000	78,721
Revenue bonds	2003 Parkwood East		2,790,000	391,063
Revenue bonds	2006 Parkwood West		4,070,000	404,808
Revenue bonds	2005 Performing Arts Center		73,847,076	5,490,000
Revenue bonds	Carmel Redevelopment District Certificates of Participation Series 2010C		16,130,000	1,366,169
Revenue bonds	City of Carmel (IN) Redevelopment Authority County Option Income Tax Lease Rental Revenue Refunding Bonds of 2004		11,885,000	2,667,000
Revenue bonds	City of Carmel Redevelopment Authority County Option Income Tax Lease Rental Revenue Bonds Series 2006		61,240,000	5,981,000
Revenue bonds	City of Carmel (IN) Redevelopment Authority County Option Income Tax Lease Rental Revenue Bonds of 2010		25,675,000	1,231,000
Revenue bonds	City of Carmel (Indiana) Redevelopment Authority Lease Rental Revenue Refunding Bonds of 2011		25,190,000	2,611,500
Revenue bonds	County Option Income Tax Revenue Refunding Bonds of 2011 (Street department)		6,785,000	773,816
Revenue bonds	2012 A & 2012B Lease Rental Multipurpose		<u>185,145,000</u>	<u>3,430,000</u>
Total governmental activities			<u>426,882,076</u>	<u>26,579,228</u>
Wastewater:				
Revenue bonds	2012 Wastewater Revenue		11,040,000	297,675
Revenue bonds	2005 Wastewater Plant Expansion		8,590,000	817,591
Revenue bonds	2009 Wastewater Expansion		<u>5,182,746</u>	<u>298,972</u>
Total Wastewater			<u>24,812,746</u>	<u>1,414,238</u>
Water:				
Revenue bonds	2008 Plant Expansion Coupon Bonds		62,790,000	3,429,538
Revenue bonds	2008 Plant Expansion Cap Appreciation Bonds		26,273,075	-
Revenue bonds	2012 Jr Waterworks Rev Bonds		21,455,000	1,429,850
Notes and loans payable	IWC Lines		<u>16,829,948</u>	<u>2,700,000</u>
Total Water			<u>127,348,023</u>	<u>7,559,388</u>
Totals			<u>\$ 579,042,845</u>	<u>\$ 35,552,854</u>

CITY OF CARMEL  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2012

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.

	Ending Balance
Governmental activities:	
Land	\$ 25,852,398
Infrastructure	377,902,881
Buildings	62,847,895
Improvements other than buildings	7,802,312
Machinery, equipment, and vehicles	70,650,207
Construction in progress	82,682,638
Books and other	118,385,925
Total governmental activities	746,124,256
Wastewater:	
Land	117,691
Infrastructure	46,785,347
Buildings	36,767,655
Machinery, equipment, and vehicles	10,556,341
Construction in progress	4,106,923
Total Wastewater	98,333,957
Water:	
Land	2,496,299
Infrastructure	141,186,325
Buildings	23,962,839
Machinery, equipment, and vehicles	8,439,061
Construction in progress	27,381,789
Total Water	203,466,313
Total capital assets	\$ 1,047,924,526

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

***Report on Compliance for Each Major Federal Program***

We have audited the City of Carmel's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2012. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2012.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

***Report on Internal Control Over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Bruce Hartman  
State Examiner

July 8, 2013

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were prepared by management of the City. The schedule and notes are presented as intended by the City.

CITY OF CARMEL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2012

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants 126th & Auman Neighborhood Improvements	Hamilton County	14.218	HC-CDBG 10-7	\$ 420,353
Total - CDBG - Entitlement Grants Cluster				<u>420,353</u>
Total - Department of Housing and Urban Development				<u>420,353</u>
<u>Department of Justice</u>				
Bulletproof Vest Partnership Program Bullet Proof Vests	Direct grant	16.607	2012	<u>6,765</u>
Total - Department of Justice				<u>6,765</u>
<u>Department of Transportation</u>				
Highway Safety Cluster				
State and Community Highway Safety Dangerous Driving Operation Pull Over 10/1/2011-9/30/2012	Hamilton County	20.600	2012 2011-2012	3,182 <u>13,869</u>
Total - State and Community Highway Safety				<u>17,051</u>
Alcohol Impaired Driving Countermeasures Incentive Grants I DUI Task Force Enforcement Program 10/1/11-10/30/2012	Hamilton County	20.601	2011-2012	<u>9,244</u>
Total - Highway Safety Cluster				<u>26,295</u>
Total - Department of Transportation				<u>26,295</u>
<u>Department of Energy</u>				
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG) Retro/Refit of Metal Halide and High Pressure Sodium Street Lights to LED Street Lighths	Direct grant	81.128	DE-SC0002071	<u>95,919</u>
Total - Department of Energy				<u>95,919</u>
Total federal awards expended				<u>\$ 549,332</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF CARMEL  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

***Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Carmel and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

CITY OF CARMEL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of Major Program:

Name of Federal Program or Cluster

CDBG - Entitlement Grants Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

No matters are reportable.

CITY OF CARMEL  
EXIT CONFERENCE

The contents of this report were discussed on August 1, 2013, with Diana Cordray, Clerk-Treasurer, and on August 7, 2013, with James Brainard, Mayor. Our report disclosed no material items that warrant comment at this time.